CONTOURGLOBAL

ENERGY SOLUTIONS FOR A CHANGING WORLD

Annual Report 2021

ENERGY FOR LIFE

ContourGlobal develops, acquires, owns and operates power generation assets around the world, producing reliable energy responsibly.

ContourGlobal operates 138 thermal and renewable power generation assets in 20 countries across Europe, Latin America, North America and Africa, with a total installed capacity of over 6.3 GW.

We add value through best-in-class operations both in our existing portfolio and in the new assets we develop or acquire.

Wherever we operate, we are committed to the highest standards of health and safety, environmental and social responsibility. The reliable electricity our plants generate has a positive impact – powering towns and cities, providing heat and light, and enabling modern life to take place around the clock.

As we grow, we invest in improving the lives of the communities and countries in which we operate and we are proud of the difference we make.

2021
138
Conventional & innovative power plants

2021
6,310.7
Megawatts capacity

SUPPORTING THE ENERGY TRANSITION

Find out more on page 4 about how our Maritsa plant supported Bulgaria with affordable power

COMMITTED TO DECARBONIZATION

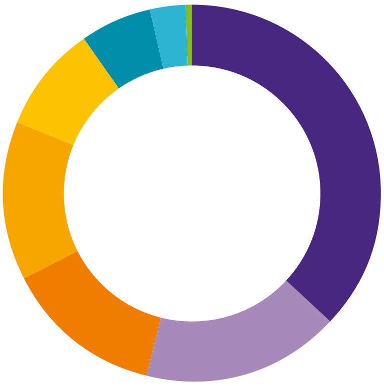
Find out more on page 6 about win-win opportunity for our Austria Wind plants

DELIVERING RELIABLE ENERGY

Find out more on page 8 about how our Arrubal plant provided critical stability to the grid

2021 IN NUMBERS

Capacity split by source

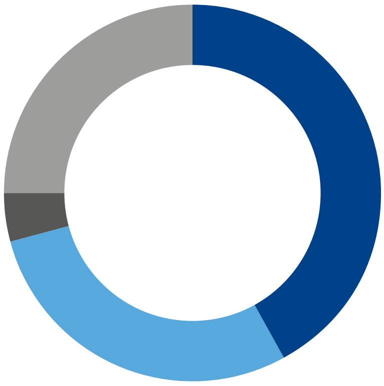


Breakdown	Capacity
Natural gas	37.1%
Coal	17.0%
Wind	13.6%
High Efficiency Cogen[1]	13.6%
Hydro	9.1%
Solar	6.1%
Liquid fuels	3.1%
Biogas	0.4%

Capacity split by energy type

Breakdown	Capacity
Thermal	57%
Renewable	29%
High Efficiency Cogen[1]	14%

Capacity split by geographic region



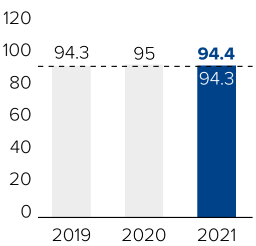
Breakdown	Capacity
Europe	42%
Latin America	29%
Africa	4%
North America	25%

RELIABILITY AND EFFICIENCY

Total portfolio (%)

94.4

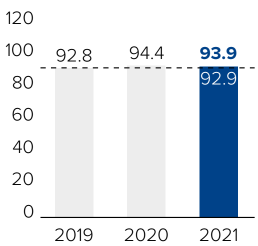
Against a benchmark of 94.3%



Thermal fleet availability factor (%)

93.9

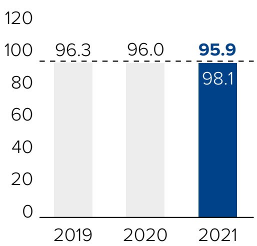
Against a benchmark of 92.9%



Renewable fleet availability factor (%)

95.9

Against a benchmark of 98.1%

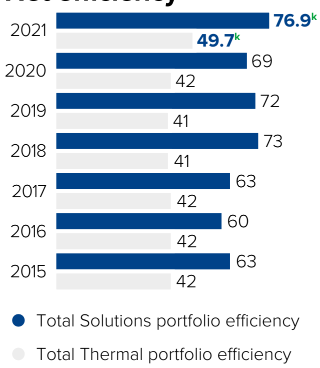


Lost Time Incident Rate

0.073

Against a benchmark of zero

Net efficiency[2]



1. High Efficiency Cogen is part of our Solutions business and included within our Thermal segment for financial reporting purposes.
2. The net thermal efficiency of our assets is calculated using the following formula:
Net efficiency = net energy produced / total fuel energy input
Full details on ContourGlobal Greenhouse Gas Emissions and Thermal Efficiency Calculation Methodology 2021 can be found on our website at: https://www.contourglobal.com/environmental-responsibility

K ContourGlobal plc engaged KPMG LLP ("KPMG") to undertake limited assurance under the assurance standard ISAE (UK) 3000 over selected information. KPMG's full assurance statements for 2019, 2020 and 2021 can be found on our website at https://www.contourglobal.com/reports

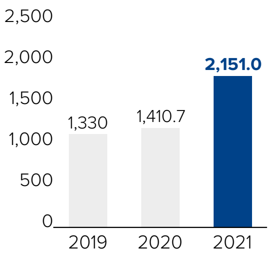
FINANCIAL AND OPERATIONAL HIGHLIGHTS*

2021 Financial KPIs have been positively impacted by the acquisition of the Western Generation assets in February 2021

Revenue ($m)

2,151.9

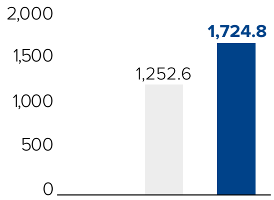
2021 change: +53%



Adjusted revenue[1] ($m)

1,724.8

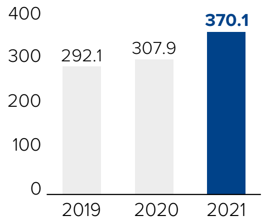
2021 change: +38%



Income from operations[1] ($m)

370.1

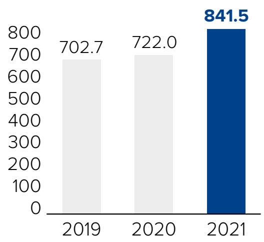
2021 change: +20%



Adjusted EBITDA[1] ($m)

841.5

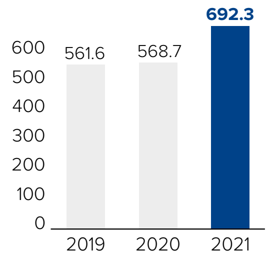
2021 change: +17%



Proportionate adjusted EBITDA[1] ($m)

692.3

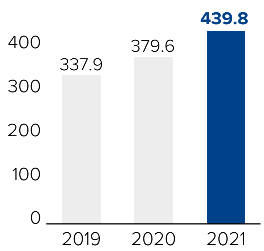
2021 change: +22%



Funds from operations[1] ($m)

439.8

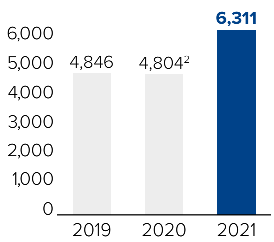
2021 change: +16%



Installed capacity (MW)

6,310.7

2021 change: +31%

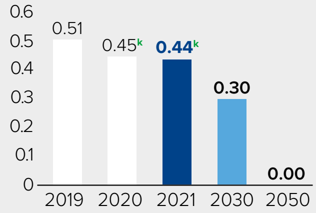


In 2021 we continued to enhance our reporting and aligned it with the recommendations of the TCFD (see on pages 50 to 53).

ContourGlobal's sustainability strategy is built upon our four sustainable business principles (see on pages 40 and 41) and our activities are aligned with the Sustainable Development Goals and the United Nations Global Compact commitments. Reducing the CO_2 intensity of the total energy production is a vital component of our environmental strategy, alongside water usage, waste and biodiversity.

CO_2 intensity[K]

0.44



Calculated as CO_2 (metric tonnes)/total energy produced

* For non-financial highlights see page 39
1. See pages 38 for definitions.
2. Capuava plant transferred to customer and Guadeloupe plant dismantled further to Power Purchase Agreement expiry in 2020.

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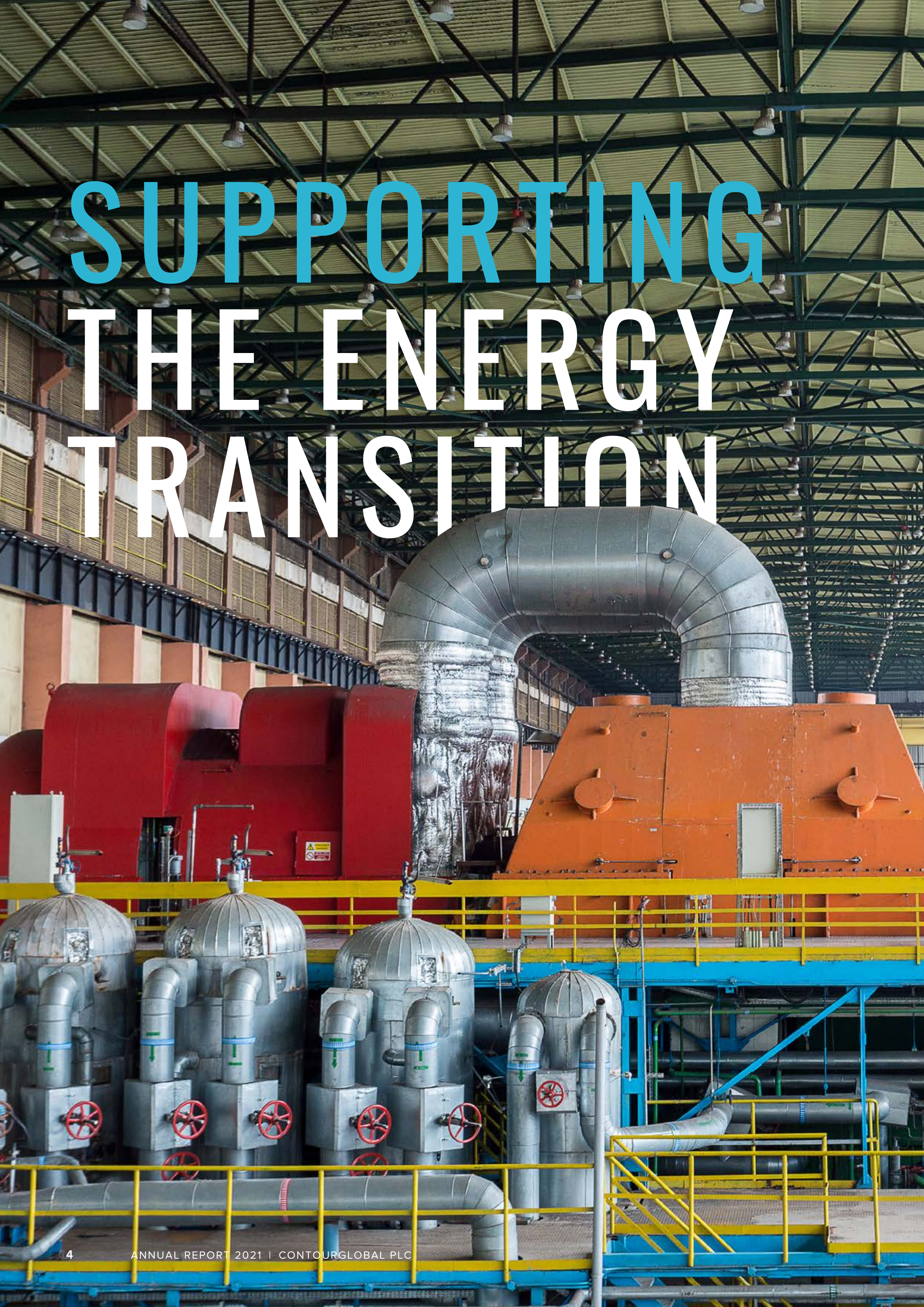
SUPPORTING THE ENERGY TRANSITION



The global population is growing, demand for electricity is increasing and transitioning to net zero is one of the key challenges of our time.

To meet this challenge, ContourGlobal is deploying its deep expertise and experience in power generation to ensure the security and affordability of power supply while gradually reducing CO_2 emissions intensity.

Guided by our purpose and our four sustainability principles, we are growing while maintaining operational excellence and increasingly deploying low-carbon technologies. Through all these initiatives we will deliver a reliable and flexible supply of electricity to our clients and the communities where we operate.

It is key for us to deliver attractive risk-adjusted returns for our shareholders whilst reducing the CO_2 intensity of the portfolio of assets we own, and we continue to maintain a disciplined capital allocation process to achieve that objective.

ENSURING ENERGY SECURITY, AFFORDABILITY AND ORDERLY TRANSITION

During 2021, we have seen some of the side effects of the disruption caused by the energy transition: record gas and electricity prices, disruption of supply, among others.

Our Maritsa plant in Bulgaria has been running at a very high capacity factor using indigenous fuel sources (lignite). The electricity it generates keeps the lights on. In addition, our contracted prices are well below market prices, benefiting Bulgaria's people and businesses, and avoiding the need to import expensive electricity from other countries. The plant's reliable operation in 2021 accounted for 15% of domestic consumption, providing affordable power to the equivalent of 1.235 million households, quality employment for 450 direct employees and several thousand indirect jobs in the supply chain. Being fully compliant with the latest environmental requirements, the plant is well positioned to serve consumers in Bulgaria as part of an orderly energy transition, by providing secure and affordable power and valuable electricity system services, while the newly required mix of low- and no-carbon flexible capacity in the country is developing.

Electricity for
1.235
million households

Quality employment
450
direct & thousands of indirect jobs

Local resources
100%
indigenous fuel (lignite)

COMMITTED TO DECARBONIZATION

The energy industry is going through a meaningful shift and its transition to net zero is vital to reach a 1.5°C pathway.

ContourGlobal plays its part in the transition to net zero by 2050, and has committed to make no new investments in coal. The timing of exiting coal completely will depend in large part on geopolitical events and pressures related to commodity pricing and availability and, in particular, the timing of the implementation of the energy transition in Bulgaria where we are working actively in cooperation with the new Bulgarian government. Additionally, exiting coal will take into consideration the need for a "just transition", protecting the interests of our employees and the community, balanced by the impact on climate.

Our diverse portfolio combines renewable assets in diverse regions and flexible and low-carbon sources of energy production - such as efficient gas-fired and co-generation plants. The last ones provide reliable sources of electricity base-load and supply flexibility, thus contributing to balancing the generation of electricity for renewable energy.

In the medium term, we are focused on delivering a 40% decrease in CO_2 intensity by 2030 from 2019 levels.

This commitment is reflected in our sustainability business principles: "Operate safely and efficiently and minimize environmental impacts" and permeates our strategy and capital allocation.

DISRUPTION OF ENERGY MARKETS – AUSTRIA

The disruption in the energy market created a win-win opportunity for our wind assets in Austria, where the energy law allows renewable companies to temporarily suspend the Feed-in-Tariff (FiT).

As market prices went dramatically above the average FiT of €92.4 / MWh, ContourGlobal suspended the FiT starting from December 2021 onwards and entered into a fixed price Power Purchase Agreement (PPA) based on forward prices. This benefited both parties: the Austrian Government and Austrian households, as the renewable levy on monthly electricity bills for 2022 was suspended temporarily, at a time when the household price of electricity has dramatically increased, and ContourGlobal, who sold power produced at market prices, earned an additional EBITDA of €650k for December 2021 compared to the FiT.

DELIVERING RELIABLE ENERGY

Renewable capacity is increasing and managing its intermittency is a key challenge for the energy transition.

Sometimes renewable production exceeds demand but when the sun goes down or the wind does not blow, production is insufficient.

Hence flexible sources of power generation, such as gas, have an important role to play. The introduction of new technologies, such as carbon capture, makes gas a viable low-carbon option to support a smooth energy transition.

Building on our deep expertise and experience, ContourGlobal is well-placed to capitalize on this opportunity and generate attractive returns that support our dividend policy of 10% growth per annum.

This commitment is reflected in our sustainability business principles: “Grow well” and “Enhance our operating environment” and is embedded in our strategy and capital allocation.

ENSURING A RELIABLE SUPPLY

Following the expiry of the previous 10-year PPA, our gas-fired plant in Arrubal (Spain) sold generated energy directly on power markets from July 2021. During the last five months of the year, the plant operated in the ancillary services market, providing critical stability to the energy system in a challenging volatile market where electricity prices have been well above €200/MWh. Our gas-fired plant can rapidly dispatch electricity, generating a reliable supply of electricity. This flexible capacity is critical to address the intermittency of renewables and the current limitations of storage solutions.

In this context, the plant achieved 98% availability and delivered an outstanding financial performance in 2021. Arrubal will continue to play an important role in the stability of the energy system and is expected to run merchant in 2022.

89%
of the days from August to December 2021 dispatched in the power markets

98.7%
availability achieved despite the demanding operational regime with a higher number of start-ups and running the two units simultaneously (which had not happened since 2013)

WHO WE ARE

ContourGlobal develops, acquires, and operates thermal and renewable power plants to generate electricity.

ContourGlobal is a power generation company committed to growth with a focus on low-carbon technologies. Since our foundation in 2005, we have become an internationally recognized company with technologically and geographically diverse assets and best-in-class operations.

Our purpose is to create economic and social value through developing, acquiring, and operating electricity generation businesses worldwide. In this regard, our strategy is built on operational excellence, high growth and financial strength throughout our business.

We supply electricity principally in the wholesale market, selling it under contracts and regulated tariffs to those who then distribute it or sell it on to households, businesses, and others in the retail market. Our customers include national grids and utilities that supply these grids, as well as commercial and industrial customers that receive electricity, steam, water, or CO_2 directly from on-site facilities.

Because the vast majority of our revenues are derived from long-term contracts or long-term regulated tariffs with creditworthy counterparties, cash flows are predictable, and risk is relatively low.

Our portfolio is diversified across different technologies, and geographies. At the end of 2021, we owned and operated 138 thermal and renewable power generation assets in Europe, Latin America, North America and Africa, with a total installed capacity of 6.3 GW.

We take innovative approaches to energy storage and fuel sources to ensure that we are able to offer reliable supply around the clock where solar, wind or hydro power are the source of base-load.

In all the regions we operate in, we aim to support the local communities.

The Company's five values and four sustainability principles underpin everything we do.

What we do

Our **thermal fleet** uses conventional fossil fuels

natural gas (and biogas)

Natural gas consists mainly of methane and is created as a result of underground decomposition. The gas is used as fuel for different technologies to produce electricity.

high efficiency cogen[1]

Cogeneration is the simultaneous production of electricity and useful heat. Cogeneration uses the waste heat produced in the generation of electricity but lost in regular power plants to increase efficiency.

coal

Coal is burned in a furnace to produce heat. This produces steam which is then piped to a turbo-generator. While we have coal plants in our portfolio currently, we will not be adding new coal capacity in the future.

liquid fuels

Liquid fuels are used in reciprocating engines to produce electricity.

Our **renewable fleet** uses sustainable resources:

wind

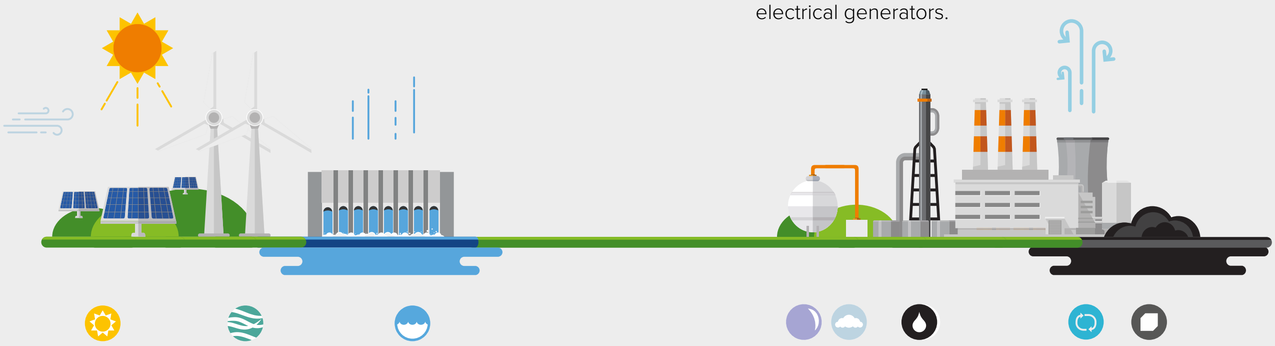
Wind turbines harness the kinetic energy of the wind and redirect it to a generator to convert it to electrical power.

solar

Photovoltaic solar power is generated using solar cells to convert energy from the sun into a flow of electrons. The cells produce a direct current which can be used to power equipment. Concentrated solar power generates power by concentrating sunlight onto a small area using mirrors or lenses. Electricity is generated when this is converted to heat, which produces steam for a turbo-generator.

hydropower

Hydropower is produced by moving water spinning turbines at speed, which in turn are attached to electrical generators.



1. High Efficiency Cogen is part of our Solutions business and included within our Thermal segment for financial reporting purposes.

OUR PURPOSE

Our purpose is to create economic and social value through developing, acquiring and operating electricity generation businesses worldwide.

OUR STRATEGY

Our overall strategy to achieve our purpose is built on three pillars[1]:

Operational excellence

High growth

Financial strength

Four sustainability principles and five Company values underpin everything we do

OUR SUSTAINABLE BUSINESS PRINCIPLES[2]

Operate safely and efficiently and minimize environmental impacts

By running our power plants efficiently, we maximize electricity output, minimize environmental impacts, and reduce costs. We seek to promote health, safety, and well-being throughout the organization: safety is our number one priority.

Grow well

By growing well, we help meet energy needs through a clean energy model that reduces climate impacts. We promote energy and economic security and increase energy access, creating economic wealth for investors, our employees, and, indirectly, our communities.

Manage our business responsibly

We are committed to maintaining the highest ethical and legal standards wherever we operate. We seek to attract, develop, and retain a workforce that reflects the diversity of the communities in which we operate.

Enhance our operating environment

We share our expertise and improve quality of life through long-term sustainable improvement of the electricity sector, civil society, and local communities.

OUR VALUES

1
We care about our people's health, safety, well-being, and development

2
We expect, embrace, and enable excellence and continuous learning through humility and the knowledge that we will fail – but when we do, we will learn

3
We act transparently and with moral integrity

4
We honor the commitments of those who have placed their trust in us

5
We work hard and without boundaries as a multinational, integrated team

1. See pages 30 and 31 for further information on strategy.
2. See pages 40 and 41 for further information on our sustainable business principles.

WHERE WE OPERATE

Our business is international with a concentration in three primary regions: Europe, the Americas and sub-Saharan Africa.

Our seven largest assets

1 **MARITSA, BULGARIA**
908 MW

2 **ARRUBAL, SPAIN**
800 MW

3 **HOBBS, UNITED STATES**
604 MW

15 **MEXICO CHP, MEXICO**
518 MW

24 **VOROTAN, ARMENIA**
404 MW

25 **CSP, SPAIN**
250 MW

26 27 33 **CHAPADA I, II & III, BRAZIL**
438 MW

138
Power generation assets
(including Brazil Hydro plants held for sale)

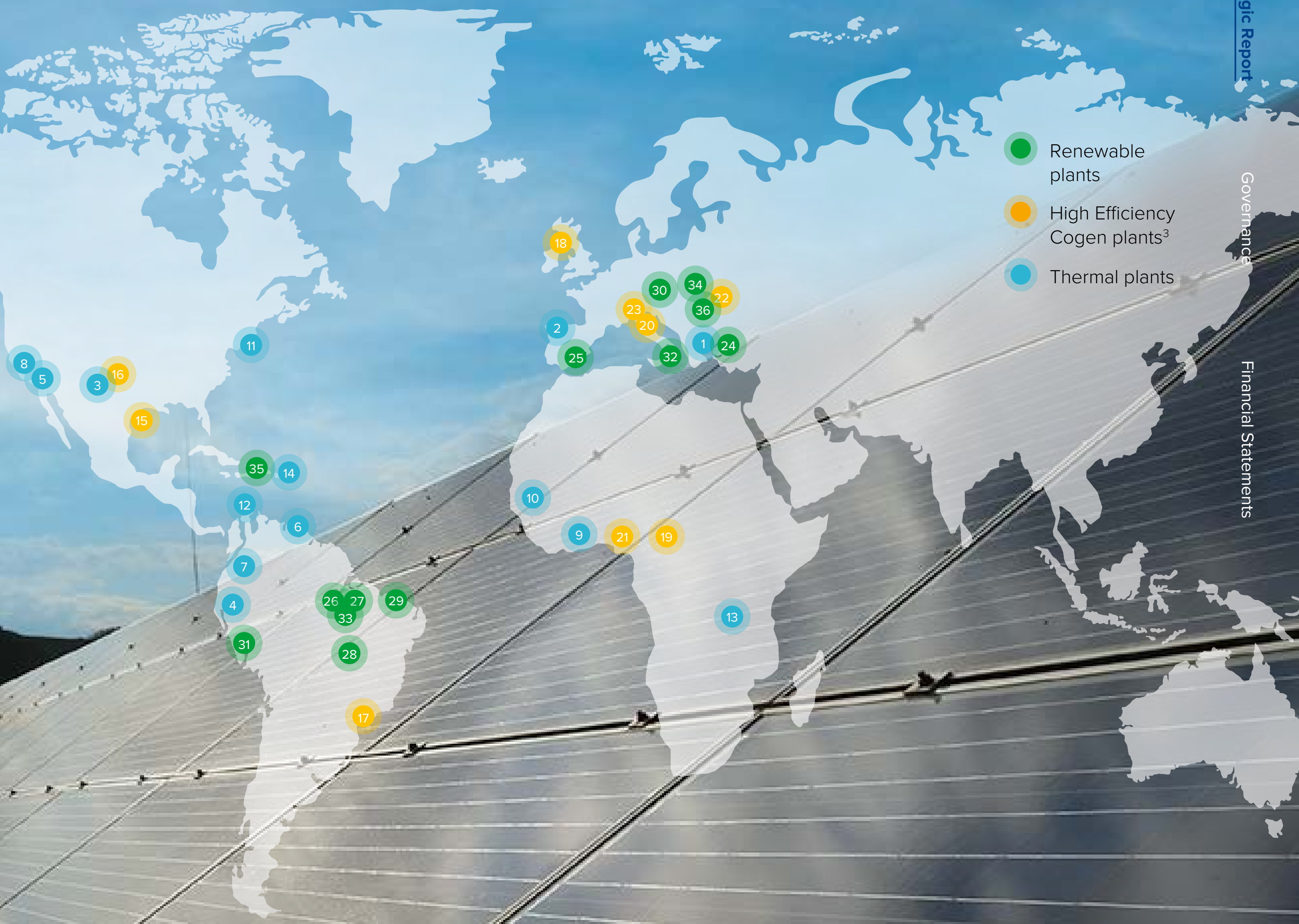
32
Thermal plants
(including 12 High Efficiency Cogen plants)

1.	Maritsa, BULGARIA	coal	908 MW
2.	Arrubal, SPAIN	natural gas	800 MW
3.	Hobbs, UNITED STATES	natural gas	604 MW
4.	TermoemCali, COLOMBIA	natural gas	240 MW
5.	Five Brothers, UNITED STATES (5)*	natural gas	230 MW
6.	Trinity, TRINIDAD & TOBAGO	natural gas	225 MW
7.	Sochagota, COLOMBIA	coal	165 MW
8.	Three Sisters, UNITED STATES (3)*	natural gas	141 MW
9.	Togo, TOGO	natural gas	100 MW
10.	Cap des Biches I & II, SENEGAL	liquid fuels	86 MW
11.	Waterside, UNITED STATES	liquid fuels	72 MW
12.	Bonaire Engines, DUTCH ANTILLES	liquid fuels	27 MW
13.	KivuWatt, RWANDA	biogas	26 MW
14.	Saint Martin, FRENCH TERRITORY	liquid fuels	14 MW

106
Renewable plants

24.	Vorotan complex, ARMENIA	hydro	404 MW
25.	CSP, SPAIN (5)*	solar	250 MW
26.	Chapada I, BRAZIL	wind	205 MW
27.	Chapada II, BRAZIL	wind	172 MW
28.	Hydro Brazil, BRAZIL (9)	hydro	168 MW[1]
29.	Asa Branca, BRAZIL	wind	160 MW
30.	Austria Wind, AUSTRIA (10)	wind	136 MW[2]

1. currently held for sale. 2. not including windfarms currently being repowered.



Thermal: High Efficiency Cogen

15.	Mexico CHP, MEXICO (2)*	natural gas	518 MW
16.	Borger, UNITED STATES	natural gas	230 MW
17.	Solutions Brazil, BRAZIL (3)*	natural gas	59 MW
18.	Knockmore Hill, NORTHERN IRELAND	natural gas	15 MW
19.	Solutions Benin, NIGERIA	natural gas	10 MW
20.	Solutions Nogara, ITALY	natural gas	9 MW
21.	Solutions Ikeja, NIGERIA	natural gas	7 MW
22.	Ploiesti, ROMANIA	natural gas	6 MW
23.	Solutions Oricola, ITALY	natural gas	3 MW

4,494.3
Gross capacity (MW)

31.	Inka, PERU	wind	114 MW
32.	Solar Italy, ITALY (71)*	solar	95 MW
33.	Chapada III, BRAZIL	wind	59 MW
34.	Solar Slovakia, SLOVAKIA (3)*	solar	35 MW
35.	Bonaire Wind, DUTCH ANTILLES	wind	11 MW
36.	Solar Romania, ROMANIA	solar	7 MW

1,816.4
Gross capacity (MW)

* (x) indicates the number of individual plants constituting the asset

3. High Efficiency Cogen is part of our Solutions business and included within our Thermal segment for financial reporting purposes.

FINDING NEW OPPORTUNITIES

> "WE HAVE EXTENSIVE EXPERIENCE IN CARBON CAPTURE, WHICH WE BEGAN USING IN 2010, AND ARE INVESTING INCREASINGLY IN THIS TECHNOLOGY AROUND THE WORLD."

Craig A. Huff,
Chairman

The energy transition is upon us. The world faces the dilemma of how to reduce carbon emissions while providing sufficient energy to keep everyone's lights on at an affordable price.

Although Contour's financial performance in 2021 was very strong, overall it was a disappointing year given the fatality of a sub-contractor on our premises in Brazil. Our Health and Safety record is in the top decile of our peer group, but this is an unacceptable event (see page 42 for details and corrective action).

Our cash flow generation was particularly strong in 2021 as management did a superb job of managing the business through COVID-19 and optimizing our assets in a very volatile power market. Management is very focused on risk mitigation with respect to our current portfolio and has successfully integrated our most recent acquisitions. In addition, the continued uncertainty in Europe given the Russian invasion of Ukraine and the overall strain on the power markets should provide ContourGlobal with some interesting opportunities over the next several quarters. For example, as countries in Europe rethink the phasing out of thermal power plants, the opportunity for economic carbon capture projects becomes much more likely.

We remain frustrated with our share price and are actively trying to close the gap between our share price and the intrinsic value of ContourGlobal. The previously announced Brazil asset sales are a good first step.

Cutting carbon emissions

We have been cutting our carbon intensity for several years and are committed to further reducing it by 40% by 2030 against a 2019 base. We have committed not to develop or acquire coal power plants in the future.

We have extensive experience in carbon capture, which we began using in 2010, and are investing increasingly in this technology around the world. Our thermal businesses are largely based on natural gas, and 43% of our net generation capacity comes from renewable or high efficiency co-generation. We use batteries, as well as gas, to help balance the intermittency of solar and wind generation and continue to invest in storage technologies.

We welcome the reporting framework established by the Task Force on Climate-related Financial Disclosures (TCFD). It continues to enhance our reporting as we make further progress evaluating and managing climate-related risks and opportunities.

Financial success

2021 was a very strong financial year for ContourGlobal with record cash flow generation. In addition to our strong contracted cash flows across our portfolio, we benefited from high power prices in Europe through the small piece of our portfolio with merchant exposure, primarily from our natural gas-fired power plant in Arrubal, Spain.

Operations

We suffered several major outages in 2021, but our systems proved effective to remedy them, and I thank the management for their hard work minimizing business interruption. Similarly, efficient handling of the implications of the COVID-19 pandemic

UNLOCKING VALUE ON BRAZIL ASSETS

In 2021, the Company announced that it had started the process of monetizing its renewable business in Brazil in order to unlock value for shareholders and close the gap between its share price and the intrinsic value of the Company's assets as valued by the private market.

On 19th January 2022 we agreed the sale of our hydro assets in Brazil to Pátria Investments at a valuation of BRL 1.73bn ($313m[1]). This sale is consistent with our drive to realize value from undervalued assets in our portfolio and deliver further attractive risk-adjusted returns for our shareholders. This demonstrates the value differential between the public and private markets for our assets.

[1] Exchange rate 1 BRL = $0.181159; valuation including the assumption of net debt and other customary adjustments

in 2021 kept the business running smoothly while ensuring the welfare of our people. Management also effectively executed several major construction projects, notably in Mexico, Austria and Armenia.

Health and Safety

In Health and Safety, however, 2021 was a poor year. We bitterly regret experiencing one fatality and one Lost Time Injury, resulting in two Lost Time Incidents (LTI), failing to meet our Target Zero objectives. These events weigh heavily on us, and we have learned important lessons for the future about how to mitigate such risks inherent to our activities. Please see page 42 for more details.

Social investment

We continue to execute on our responsibilities to behave as good corporate citizens wherever we do business, helping to strengthen civil society. After having channeled our social investment into healthcare following the pandemic outbreak in 2020, we reverted to investing in a broader mix of health, education and other social projects in 2021 for the benefit of the communities in which we operate. We have switched from one-year to three-year projects to ensure a more impactful and sustainable outcome for communities.

Dividends

We have continued to grow ordinary dividends per share at 10% annually thanks to the strength of our earnings and predictable cash flows. Dividend cover is strong and stable. The total dividend payable for the full year of 2021 is $117 million. The fourth quarter dividend of 4.465 cents per share, equivalent to $29.3 million, will be paid on 14th April 2022. The dividend receivable in pounds sterling will be based on the exchange rate on the applicable announcement date. Further information on dividends can be found on page 61.

These past two years have been challenging for our world and for ContourGlobal. I am very proud of and grateful to the ContourGlobal team for the way they have conducted themselves throughout the challenges of COVID-19 and the more recent volatility in Europe. Their dedication and professionalism have been exemplary.

Craig A. Huff,
Chairman

BUSINESS MODEL

How we create value

We supply electricity principally in the wholesale market, mainly selling it under long-term contracts to clients, or 'offtakers', who transmit and sell it to retail customers. These contracts are typically :

- Power Purchase Agreements (PPAs) by which the power plant gets remunerated to be available to generate electricity; and
- Regulated tariffs or other regulated mechanisms, by which we agree a price per unit of electricity output.

These contracts give us good visibility of long-term, de-risked cash flows, which in turn underpin our progressive dividend policy.

Inputs

Our business depends on a range of inputs:

Human

The skills and expertise, motivation and conduct of our 1,518 employees and contractors are critical to our success. We hire, train, and develop a diverse workforce, offering equal opportunities for progression. We insist on the highest standards of health and safety and have a progressive policy of reward for performance.

Financial

We finance our projects with debt and equity, mostly debt, aiming to mitigate risks and optimize the cost of capital. We assess the economic return of our projects on a risk-adjusted basis and typically seek a minimum double digit internal rate of return for our equity investments.

Natural Resources

We use natural resources to produce electricity such as coal, gas, sun, wind, or hydro. We seek to minimize environmental impacts arising from our activity, notably when using chemicals.

Social

We invest in developing strong relationships with customers, contractors, suppliers, governments, regulators, and communities in every region we operate in.

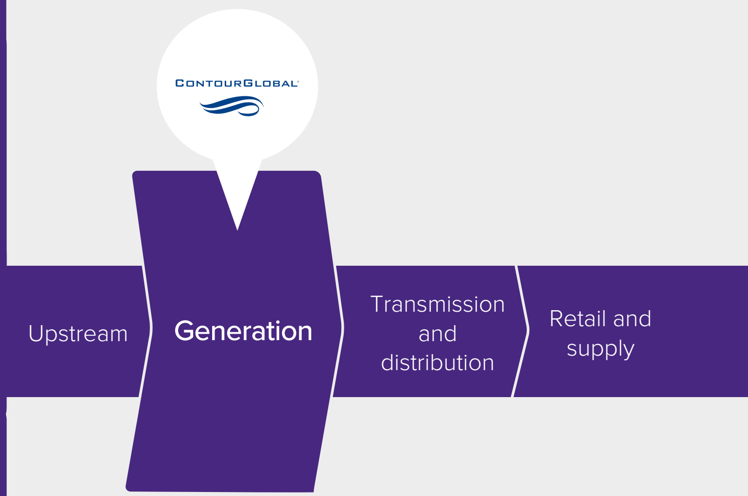
Intellectual

We apply the deep expertise we have accumulated in running power plants safely and efficiently, using a wide range of technologies to produce and store electricity, while minimizing our carbon footprint.

Technological

Power plants and their equipment are the key fixed assets we use to convert all our inputs into a safe and reliable supply of electricity.

WHERE CONTOURGLOBAL SITS IN THE VALUE CHAIN:



Aside from operating renewable assets in diverse regions, through our use of flexible and low-carbon sources of energy production (such as efficient gas-fired and co-generation plants) we can provide reliable sources of base-load electricity and supply flexibility, contributing to balancing the generation of electricity for renewable energy.

Stakeholders' value distribution

We distribute the value we create to a wide variety of stakeholders:

Governments/ regulators
We pay local, state and national taxes. In 2021, we paid $36.6 million income tax across the Group

Employees
We typically spend 3.8% of our revenues on salaries and performance incentive plans; in 2021, we provided 39,867 hours of employee training

Customers
We supply electricity reliably, safely, and efficiently, in both developed and underserved areas

Community
We create jobs for a total of 1,518 people worldwide; and we invest in education, healthcare and other social projects, in an amount of $6.24 million for the three-year period

Outputs

We create a range of outputs aligned with the UN Sustainable Development Goals (SDGs):

Outputs	Metrics	SDGs alignment
Human		
A skilled, diverse workforce operating safely with opportunities to grow and develop.	39% of senior leadership positions filled by women; one Lost Time Injury and one fatality, resulting in two Lost Time Incidents (LTIs) in 2021.	3, 5, 8, 10
Financial		
Stable cash flows supporting 10% annual growth of our dividend. Our capital structure provides ample opportunities for further growth.	10% annual dividend increase in FY 2021.	8
Natural Resources		
A commitment to reduce our environmental impact – decarbonization by 2050 – and an active role in the energy transition.	Reduction of CO_2 intensity of energy production to 0.44 in 2021.	6, 7, 9, 12, 13
Social		
We create a positive long-term impact on the communities in which we operate and strong relationships with other stakeholders, notably supporting our supply chain in applying our highest standards in terms of compliance.	86 social investment projects pursued in 2021, including 47 projects completed.	3, 4, 7, 8, 16
Intellectual		
Increasing innovation and continuous learning improves the way we generate electricity. We notably provide innovative low-carbon solutions such as hybrid technology plants which work with an optimal mix of resources available.	Equivalent Availability Factor of 94.4%. CO_2 intensity of energy production of 0.44 in 2021.	7, 12, 13
Technological		
A reliable supply of power produced safely and efficiently is at the core of the value we bring. As part of our High Efficiency Cogeneration activity, we also supply other products to our clients, such as heat, or CO_2 for industrial purposes (carbon capture).	Equivalent Availability Factor of 94.4%. CO_2 intensity of energy production of 0.44 in 2021.	7, 12, 13

CEO LETTER

"THE COMPANY NAVIGATED WELL THROUGH YEAR TWO OF THE PANDEMIC."

Joseph C. Brandt,
CEO

2021 was not a particularly good year for ContourGlobal.

We failed to honor our commitment, to keep our people, contractors and visitors safe while on our sites. In August a contractor at one of our wind farms in Piaui Brazil died when he was electrocuted at our substation.

This was our second fatality in 15 years and our first in Brazil. It profoundly shook the company and casts a pall over all of the year's accomplishments. A detailed investigation revealed poor work practices by a long-standing maintenance provider and poor management by us of them. Learnings from this have been shared throughout the company but will not bring back this life. Elsewhere we experienced a Lost Time Incident in Spain, our third there in four years. We will improve in 2022.

The Company navigated well through year two of the pandemic despite facing challenges travelling to sites and reliably receiving equipment and other supply for maintenance works. We largely kept our sites COVID free and expanded testing globally, encouraging our workforce to get vaccinated and boosted. Mandates in many of the countries where we operate created tension in the organization as many employees chose not to vaccinate, a situation that prompted us to debate whether to impose our own mandates. We chose not to do so, and instead decided to encourage vaccination, to offer free testing for employees and their families, all the while speaking regularly about the benefits of vaccination. By year-end, 71% of our workforce was fully vaccinated but with meaningful differences in uptake particularly in nearly all of the countries in Eastern Europe and several states in the US. Unfortunately, we continue to experience the impact of the disease primarily in those businesses where vaccine uptake has been low.

Our offices were mostly open throughout 2021 and although we created a hybrid-working option enabling office based employees to work up to two days per week from home, we continue to emphasize the benefits of in office work for achieving business objectives and developing people.

We performed well financially in 2021 and this in turn was a result of good power plant operations. Equivalent Availability Factors ("EAF") were generally on target across the entire thermal fleet and, among the large assets, particularly strong at Arrubal (Spain), Hobbs (New Mexico), the California peaking plants, Borger (Texas) and Maritsa (Bulgaria). As the above list indicates, performance of the newly acquired businesses in the United States and the Caribbean was good with only our Trinidadian business performing materially below plan as the result of an extended forced outage, albeit one which had a minor financial impact.

Total thermal division EAF was 93.9% and better than plan overall but the details show below plan performance for several key assets. EAF for our CCGT and coal plant clusters was better than last year. Our performance in the Engines and

Solutions cluster was mixed with EAF in Brazil and Mexico Solutions lower than plan, reflecting equipment failures in Brazil and a longer outage than planned at CGA. We also experienced a major unplanned outage in Togo related to an engine failure, despite which the plant still was able to achieve its guaranteed availability for the year thereby minimizing financial impact.

Cost control was again excellent in 2021 and as planned which is a significant tribute to our operating organization given the supply chain cost pressures we experienced starting in Q1. Fleet wide capex was worse than plan by approximately 10% largely reflecting cost pressures related to unplanned outages in Mexico. Our 2022 budgeting and planning cycle has been focused on identifying the pinch points in our supply chains as well as sourcing new suppliers to replace ones vulnerable to economic sanctions and other trade restrictions (Maritsa), ESG concerns (solar panel replacement in Italy and Slovakia and new solar development in Bonaire) or significant shipping costs.

CREATING VALUE BY IMPROVING THE PERFORMANCE OF OUR WIND ASSETS IN AUSTRIA

The approach we took to growth in the Austrian renewable sector is a good example of how we create value through expanding and improving platforms in those markets where we have a long-standing presence. We chose to invest in upgrading the wind turbines at our existing plants. This type of project enabled us to grow while taking advantage of synergies and operational expertise, yet minimizing development risk and uncertainties on local resource (wind).

By leveraging relationships with existing offtakers, lenders, and contractors and utilizing our expertise at project level, we have been able to improve the efficiency and power generation of our wind turbines. We were able not only to limit construction risk but also to obtain favorable financing terms.

"Scharndorf 4+5" assets became fully operational during 2021 and sold electricity produced under the feed-in-tariff in place. Berg and Trautmannsdorf are progressing well and are expected to become operational over the next twelve months.

This organic growth initiative is likely to result in significant value creation, as similar assets in Europe trade at 13-15x EV/EBITDA.

Operating performance in the renewable fleet was mixed-- excellent hydroelectric and solar (ex- CSP) EAF was offset by suboptimal performance in the wind fleets. The Equivalent Forced Outage Rate ("EFOR") was worse than planned reflecting an extended unplanned outage in Majadas and Palma II while within the wind fleets strong EAF at Peru & Austria was offset by continued weak performance in Brazil, mostly in our Chapada wind farms where a recovery plan was implemented and the assets have achieved budgeted levels in 1Q2022.

Renewable resource performance in 2021 was generally in line, with a 4% negative variance to plan consisting of slight negative performance in all clusters with the exception of Brazil which was 2% better than plan due to superb wind resources during the year. Underscoring the balance and risk mitigation inherent in the portfolio, this 4% variance in renewable output had less than a one percent impact on our consolidated EBITDA performance.

One outstanding accomplishment achieved in 2021 was our record performance distributing cash to the parent company — the entity that pays dividends, interest and provides capital for new investment — known in the covenants of our bonds as Cash Flow Available for Debt Service[1] (CFADS). CFADS in 2021 was $367 million, approximately 34% higher than in 2020, reflecting not only strong operational performance but also our agile commercial and financial teams. In 2021 we took advantage of market opportunities to sell power and ancillary services from businesses like Arrubal and the Italian solar portfolio, and aggressively tapped the project finance market for financing and refinancing several of our existing businesses. These financings not only locked in attractively low long-term interest rates but enabled us to bring forward future dividends. The interest rates and terms of these refinancings were the best in our history but then window closed quickly and by year end rates had moved meaningfully higher.

Growth, Capital and Market Outlook

With the exception of the repowering of our Austrian windfarms, the acquisition of Western Generation and a bolt on solar acquisition in Italy, we did not expand the portfolio with new acquisitions in 2021 — unusual for us but reflecting our decision in the second half of the year to take a very cautious approach to our markets.

1. See page 60 for definition

"WE ARE IN THE MIDST OF A LENGTHIER TRANSITION WHICH WILL SEE A LARGER THAN PREVIOUSLY EXPECTED ROLE FOR POWER GENERATION BASED ON LIGNITE COAL, NUCLEAR AND LIQUIFIED NATURAL GAS."

We were concerned about a rapidly shifting financing and supply chain not yet reflected in sellers' price expectations. For example, we spent the better part of eight months preparing a large acquisition of thermal and renewable assets in the Americas only to walk away in the third quarter when seller would not change its terms. To provide an example of how dynamic and downside oriented the market became, our underwriting rebaselined our financing assumptions three times in four months (and never for the better), while assumptions related to sellers' solar and wind development assets proved nearly impossible to risk adjust and price, reflecting growing price, availability, and transport challenges within the renewable related supply chains. All of the proceeding factors served to eliminate any margin of safety and turned the investment decision into a bet that things would quickly recover. With the benefit of hindsight provided by the surreal events of early 2022, our caution provided the best investment returns of the year.

We continue to see excellent opportunity to grow our wind business in Austria through greenfield development and the repowering of our existing wind assets, an activity which we have been pursuing for over five years. A very strong development and operations team in Vienna have shown the ability to execute our wind repowering strategy despite unexpected challenges ranging from low water levels on the Danube, to financial distress in the wind turbine industry to a global pandemic.

We made excellent progress repowering our Trautmannsdorf and Berg wind farms in lower Austria executing well our long-standing repowering plan and achieving some unexpected upside along the way. The Berg project is a ~20 MW repowering with an expected entry into commercial operations in September of 2022. We are on plan and below budget and made very good progress constructing the on-site infrastructure. The project known as Trautmannsdorf is a 21 MW repowering, also located in lower Austria, and is expected to enter into commercial operations less than one year from now in January 2023. Trautmannsdorf is similarly on plan for both budget and schedule.

Like our other Austrian repowering projects, the wind generated output receives a 13 year feed-in-tariff leaving us with no price risk until late in the next decade. Unlike earlier projects, both Berg and Trautmannsdorf also benefitted from a COVID-19 investment bonus designed by the Austrian government to encourage further investment during the height of the pandemic and further enhancing the projects' returns. These are exceptional projects and we expect continuous growth in Austria.

Finally, in the last months of 2021 we were able to successfully negotiate the sale of our hydro portfolio in Brazil which culminated in the signing of the transaction with Patria Investments in January of this year. This transactions unlocks significant value to our shareholders with the hydro portfolio being valued at 9.7 x LTM EBITDA and net proceeds to ContourGlobal of approximately $110m, that adds to an earlier distribution of approximately $26m coming from the refinancing of this portfolio in the Brazilian capital markets.

Going into 2022 and with Mergers & Acquisitions still an important part of our growth strategy we remain cautious despite seeing more realistic expectations from sellers about the pricing of risk/reward amidst much uncertainty. Supply chain and financing pressures are being acutely felt in the greenfield renewable segment which is starting, for the first time in seven years, to create opportunities for us as renewable developers with sizable pipelines become more selective about which projects they will move forward. Gone are the days when renewable developers boasted of enormous pipelines all of which were expected to be built. However, as I write this letter in March 2022 these bottom-up fundamentals are overshadowed by the impacts on the European power markets caused by Russia's invasion of Ukraine. The dramatic increase in natural gas and electricity prices is leading to a fundamental rethinking of the very cornerstones of these power markets beginning with the principle of marginal cost pricing. We have been saying for four years that the future of the European power generation market looked to be increasingly a regulated one with the abandonment of marginal cost pricing and its replacement with some form of a guaranteed regulated rate of return applied to the entire generation sector. Such a prospect became visible several years ago with the progressive elimination of coal and nuclear in Europe's base-load production thereby increasing the reliance upon natural gas-fired generation which, in the marginal price setting framework defining competitive power markets, meant that the entire uncontracted generation stack would earn revenues set by a gas-fired power plant.

Even prior to unprecedented volatility and price increases in natural gas that accompanied building tensions and then Russia's invasion of Ukraine, Europe's power markets were engaging in self-help to diversify away from natural gas whenever possible, as evidenced by the significant amount of "gas to coal" switching which characterized the central European power markets by mid 2021 with German lignite leading the way and this despite a policy framework designed to engineer the opposite (coal to gas switching).

Now in March 2022, policy innovation abounds in Europe as a new set of market rules are floated including:

i. elimination of the marginal cost price setting system,
ii. price caps on natural gas and electricity,
iii. special taxes on certain generation profits,
iv. reintroduction of coal plants, and
v. possible extension of nuclear plants, and other measures meant to eliminate volatility in the price for power and, potentially limit the financial impact on business and residential consumers by adopting price caps and direct subsidy schemes

These measures create risk but also opportunity for our European operations and growth prospects. Dismantling the price setting mechanism which has characterized competitive power markets for nearly three decades will have multiple unintended and unpredictable consequences. At the same time, in the absence of a price signal, there will need to be incentive frameworks to enable base-load power plants to provide energy and ancillary services and this will require a remuneration regime that will likely look like some combination of:

i. more predictable and longer capacity payments
ii. a regulated rate of return which treats power generation like regulated distribution, wires and pipes (one model would be the regulatory framework adopted by Spain applicable to renewable energy technologies)
iii. or a direct subsidy to generators to protect end use customers

This wave of policy intervention may be a Russia-Ukraine related set of measures that only temporarily transform the way electricity is bought and sold or a further step towards creating a regulated and policy directed environment which administratively prices electricity energy and capacity and admits to the reality, as noted in this letter last year, that "absent a technological breakthrough in the energy storage space, the energy transition will be a long one, and under-investment in reliable base load and mid-merit generation is a significant challenge for grid stability and the ability of power systems to incorporate increasing amounts of renewable generation" albeit. A new realism about the geo-politics of electricity supply emphasizing the need for diverse sources of base-load generation and decreased reliance on Russian gas supports our view that we are in the midst of a lengthier transition which will see a larger than previously expected role for power generation based on lignite coal, nuclear and Liquified Natural Gas.

As we did last year, we continue to view such an environment as mostly one of opportunity which will reward business models embracing diverse sources of power generations and market exposure.

Joseph C. Brandt
Chief Executive Officer

THE ENERGY TRANSITION

How to meet the increasing demand for a reliable and affordable supply of electricity?

Record high gas and energy prices combined with demand recovery and extreme weather events in 2021 are a reminder that security of supply remains a key topic for energy markets. The 2021 United Nations Climate Change Conference (COP26) in the UK in November brought to the fore questions about how the world could continue to balance energy supply and demand while cutting CO_2 emissions.

Growth in power demand

Long-term power demand is expected to double from 2020 to 2050[1], driven by long-term growth in population and GDP. Over the same period, the share of electricity in the energy consumption mix is expected to grow by a third to 30%[2], as a result of consumer trends and new technologies, such as electric cars.

Growth in renewable capacity brings new challenges

On the supply side, strong policy support will continue to channel huge amounts of investment into renewable energy generation. As a result, power generation from renewable could exceed 25% of total generation by 2030 and 50% by 2050[3]. Managing the intermittency of renewable is therefore vital to ensure a reliable supply of electricity and a smooth energy transition. Long-term societal well-being and sustainable economic growth rely heavily on this.

Natural gas will therefore continue to play a key role in the energy mix[4], together with the generation of electricity from natural resources such as the sun and the wind.

ContourGlobal plays a critical role here. Aside from operating renewable assets in diverse regions, through our use of flexible and low-carbon sources of energy production – such as efficient gas-fired and co-generation plants – we can provide reliable sources of base-load electricity and supply flexibility, contributing to balancing the generation of electricity from renewable energy.

In addition, investments in renewable assets have been under pressure over recent years, showing low levels of return often not in line with our expectations. ContourGlobal is highly disciplined in capital allocation and other technologies have been recently providing more attractive return opportunities.

Decarbonization

More countries are making public declarations of goals for reductions in emissions. President Biden took the US back into the Paris Agreement and set emissions goals of a 50-52% reduction from 2005 levels by 2030, and net zero by 2050. The EU, in its Green Economy Plan, agreed to reach net zero emissions by 2050, with an intermediate objective of a 55% reduction from 1990 levels by 2030.

ContourGlobal will play an important part in decarbonization efforts. In support of the UN Global Compact environmental principles and the Sustainable Development Goal on climate, we have been cutting our carbon intensity for several years and are committed to further reducing it by 40% by 2030 to our target established in 2019. We aim to be net carbon zero by 2050.

We have committed not to develop or acquire coal power plants in the future and intend to exit coal as early as we can. This will depend on outcomes of geopolitical events and pressures related to commodity pricing and availability and, in particular, the timing of the implementation of the energy transition in Bulgaria where we are working actively in cooperation with the new Bulgarian government, as well as the interests of our employees and the community. We will continue to invest in improving the efficiency of our plants as well as in no- and low-carbon generation.

Battery storage

An important step forward in battery development was taken at COP26 in November. Some 25 companies joined forces to launch the Long Duration Energy Storage (LDES) Council. The Council's mission is to replace the use of fossil fuels in meeting energy imbalances with zero-carbon alternatives and enable a net zero emissions electricity grid by 2040.

BloombergNEF's 2021 Global Energy Storage Outlook estimates that 345 gigawatts/999 gigawatt-hours of new energy storage capacity will be added globally between 2021 and 2030, which is more than Japan's entire power generation capacity in 2020

Batteries play an important part in the further development of hybrid plants, which combine different energy sources (such as wind, solar and thermal) and storage to produce an optimal mix of low- and no-carbon electricity. In our Bonaire plant, we currently employ three sets of batteries that can sustain up to 6 MW for one hour. This allows us to switch smoothly from renewable to diesel when wind is intermittent, without any loss of power to the island's grid. We are currently exploring further storage opportunities.

Carbon capture

To prevent carbon emissions reaching the atmosphere, the gases can either be sequestered and stored permanently underground or can be used for industrial purposes, such as in the food and beverage industry. For the last 13 years, ContourGlobal has developed,

constructed, and operated carbon capture technology, utilizing the carbon in carbonated beverages for our flagship client, the Coca-Cola Hellenic Bottling Company, putting fizz in fizzy drinks.

Carbon capture, utilization and storage (CCUS) technologies are gaining momentum across the globe, stimulated by tax incentives – such as the 45Q tax credit and California Low Carbon Fuel Standard in the US as well as carbon taxes in Europe. Over 40 CCUS power generation projects are currently under development, of which 15 involve gas-fired generation, primarily in the United States and the United Kingdom. The Net Zero Emissions by 2050 Scenario envisions ~170 TWh of generation from CCUS-equipped gas plants by 2030[5].

ContourGlobal's expertise in carbon capture at our Solutions plants in Europe and Africa will prove invaluable as we continue to explore further opportunities for this technology in Mexico, Africa and the United States.

Hydrogen

In the longer term, so-called 'green hydrogen' – which is produced by splitting water using electricity generated from renewable sources, has enormous potential as a low-carbon energy source. However, infrastructure build takes between three and ten years, depending on project size and location, and it is estimated that it will take ten years before this form of clean energy can be produced as cost effectively as its less environmentally friendly counterparts, 'blue' and 'grey' hydrogen. It therefore remains a hope for the future. At ContourGlobal we are exploring hydrogen technology with our first green hydrogen pilot project in our Maritsa plant. Hydrogen is a storable gas with high energy density and zero CO_2 emissions at the point of use and this project will lay the groundwork for new opportunities with 'green' gas usage.

Market trend	What this means for CG	Link to risk (see page 62 for more details)
Growth in power demand	Growth opportunities	• R01. Strategy – Impact of governmental actions and regulations • R02. Strategy – Geopolitical uncertainties and social instability (including environmental activism, sanctions and trade war) • R04. Operation and execution – Pandemic virus • R05. Operation and execution – Supply chain • R12. People and organization – Key people (senior executive management) succession planning
Increasing demand for lower-carbon solutions	Continued investment in low- carbon generation and select renewable projects	• R01. Strategy – Impact of governmental actions and regulations • R04. Operation and execution – Pandemic virus • R05. Operation and execution – Supply chain • R06. Operation and execution – Project execution (CAPEX) • R07. Operation and execution – Asset integrity (OPEX) • R08. Operation and execution – Resources/Climate change
Demand for reliable supply of electricity to support the energy transition	Continued investment in natural gas, co-generation, and in battery storage to balance intermittency	• R01. Strategy – Impact of governmental actions and regulations • R04. Operation and execution – Pandemic virus • R05. Operation and execution – Supply chain • R06. Operation and execution – Project execution (CAPEX) • R07. Operation and execution – Asset integrity (OPEX)

1. McKinsey Global Energy Perspective 2021
2. Idem
3. BP Energy Outlook 2020, share of electricity in total final consumption, Rapid scenario https://www.bp.com/content/dam/bp/business sites/en/global/corporate/pdfs/energy-economics/energy-outlook/bp-energy-outlook-2020.pdf
4. IEA Global Report 2021
5. IEA (2021), Natural Gas-Fired Power, IEA, Paris https://www.iea.org/reports/natural-gas-fired-power

WORKING IN PARTNERSHIP

As responsible leaders in power generation, and in accordance with our Section 172 obligations described below, we engage closely with our key stakeholders in line with our commitment to make a positive long-term impact around the world. In 2021, the Board continued to engage closely through our ongoing response to the pandemic.

Our principal stakeholders are:

- **Shareholders, investors and lenders** – critical partners in the long-term success of our business
- **Customers and clients** – these range from governments to industrial businesses and multinationals
- **Employees** – our outstanding people are at the heart of ContourGlobal
- **Government and regulators** – including energy, finance, and infrastructure ministries; environmental authorities; health and safety agencies; and governmental labor bodies
- **Communities** – we are deeply committed to making a positive long-term improvement wherever we operate

EXAMPLES OF PRINCIPAL DECISIONS FROM 2021

In January 2022, the Company approved the sale of the Brazil hydro-electric generation business, at a valuation of 1.73bn BRL, to Patria Investments.

Objective

To unlock value from undervalued assets within the Company's portfolio, and to deliver further attractive risk-adjusted returns for shareholders.

Strategic and stakeholder considerations

The Board considered the long-term success of the Company in conjunction with the benefits to its key stakeholders including shareholders, employees, and our customers and clients. The Board concluded that the sale was consistent with its objective to unlock value from undervalued assets, would result in creating compelling value for shareholders, and would strengthen the Company's balance sheet and enable more effective capital allocation.

Key themes

- Economic performance
- Growth
- Value creation

In November 2021, the Company acquired Green Hunter Group S.p.A., a portfolio of Solar Photovoltaic assets totalling 18 MW located in Italy, for €45.6 million on a debt free, cash free basis.

Objective

To increase our installed solar capacity in the Italian market.

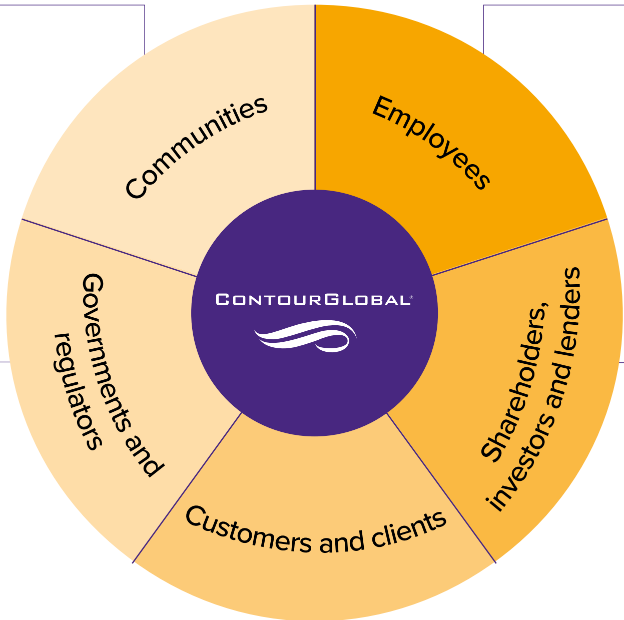
Strategic and stakeholder considerations

The Board considered the long-term success of the Company in conjunction with the benefits to its key stakeholders including shareholders, employees, and our customers and clients. The Board concluded that the acquisition was consistent with its operationally led solar strategy in Italy, and would result in an increase in our installed solar capacity in the Italian market by approximately 24%.

Key themes

- Economic performance
- Growth
- Value Creation
- Grow Well

OUR KEY STAKEHOLDERS



Communities

Long-term engagement to social investment which is aligned to societal needs

Input – investment in health, education and social projects

Output – shared value social investment in areas in which we operate

Employees

Engagement to attract, support and retain an engaged workforce

Input – career development, remuneration and health and safety

Output – diverse, high-performing workplace

Governments and regulators

Engagement & dialogue to support energy transition plans and sustainability pathways in the sector

Input – public policy and regulatory consultations

Output – informed investor frameworks based on shared societal expectations

Shareholders, investors and lenders

Engagement to provide confidence to our shareholders and investors

Input – strategic direction and stewardship

Output – sustainable return on investment

Customers and clients

Engagement to ensure delivery of our commitments and to support supplier needs

Input – customer expectations and requirements in a commercial environment

Output – operational flexibility and stable provision of services; highly valued relationships

During the year, the Board considered the provisions of the UK Corporate Governance Code in respect of stakeholder engagement, and the duties of each Director to take the Company's stakeholders and the long-term interest of the Company into account in accordance with section 172 of the Companies Act 2006 ("s172").

The role of the Board is to promote the long-term sustainable success of the Company, generating long-term value for shareholders and contributing to wider society. The Board recognizes the importance of ensuring that the interests of all parties that have a stake in our Company are factored into our decision-making process, both as a general principle and as part of each Director's s172 duty under the Companies Act 2006. Our Board decisions can have a significant impact on one or a number of our stakeholder groups, and it is therefore essential that we engage with those groups in a way that helps and supports our understanding of the potential wider, long-term impact of those decisions.

We communicate with our stakeholders through a range of channels and we have a number of ways in which the Board is informed of these engagement activities and the key themes arising from such engagement. We set this out in more detail on the following pages. We are also keen to continue to develop ways of encouraging direct Board engagement with stakeholder groups – one example being that one or more Directors can often be involved directly with a shareholder, employee or investor networking forum.

In each case, it is important for all members of the Board to gain sufficient understanding of the issues relating to each of our key stakeholder groups. Board members are invited to provide updates during Board meetings on any engagement that they have had with our stakeholders and Chairs of the Committees are given a standing agenda item to update the Board on the views and recommendations made by the relevant Committee.

We continue to develop our stakeholder engagement program to ensure that the Board has had regard to its duties under s172. As explained in the Governance Report on pages 81 and 95, the Board considered that it has complied with its duties under s172 of the Companies Act 2006 through its active engagement with stakeholders. The following report sets out more information about our stakeholder engagement activities over the year, and the Board's consideration toward our stakeholder groups throughout the year, including the ways in which we have factored each group into our ongoing response to the COVID-19 pandemic.

The Board works hard to ensure that the expectations and concerns of stakeholders are taken into consideration, and is of the view that their feedback is invaluable in helping the Board formulate the longer-term strategy, and the long-term success, of the Group. The Board also encourages management to consider s172 matters when presenting to the Board, particularly where decisions are required. Examples of principal decisions taken by the Board during the year are set out on page 24 and in the pages below:

OUR KEY STAKEHOLDERS

EMPLOYEES

How we engage
We engage closely with our employees around the world to ensure we have communication and clarity around their careers and aspirations, health and safety, diversity, learning and development, remuneration and rewards and other key issues.

We have a number of ways of engaging with our employees, including structured career conversations, internal media platforms, employee forums and engagement with trade unions.

Key engagement and activities in 2021:

- The Board regularly receives and discusses reports from the designated Non-Executive Director for workforce engagement, which outline the issues raised and outcomes from the engagement.
- The CEO and leadership team have visited many sites throughout the year to meet with employees. Specifically, the newly acquired sites previously owned by Western Generation Partners to ensure the smooth integration of both employees and operations.
- Site visits by the designated Non-Executive Director for workforce engagement to meet with Bulgarian management, employees and employee representatives.
- Post-COVID-19 return to work forum with the designated Non-Executive Director for workforce engagement, with a cross-country group of management and employees.

Key themes
- Health and safety
- Support during the pandemic
- Grievance mechanisms
- Labor and human rights
- Training and education
- Freedom of association and collective bargaining
- Career development

Outcomes of engagement
The Board agreed a workforce engagement plan for the designated Non-Executive Director for workforce engagement, which aims to ensure that employees, as well as unions and works councils, will be given the opportunity to directly feed back their views to the Board. More detail on the outcomes from this engagement can be found on page 87 of this report, which includes additional measures to ensure employee safety during the pandemic, and taking forward a number of practices implemented during this time such as hybrid working to support employee well-being.

There were regular updates to employees on return to work following the ending or changing nature of COVID-19 restrictions and ongoing discussions on potential future ways of working to ensure employee well-being and safe working.

The health and safety of employees remains a key priority and the Company has a regular, detailed communication process with all employees, including, in particular, our power plant-based employees. We continued to apply our detailed internal guidelines, and internal health and safety audits were carried out using remote technology where appropriate.

Following regular site visits from the management team, the integration of our Western Generation acquisition continues to advance in line with our expectations, and the acquired assets are performing well operationally and financially. Our 604 MW Hobbs flagship CCGT in New Mexico achieved its best operational performance in 13 years, and we have also successfully onboarded all on-site employees in the United States and Trinidad and Tobago. The acquisition contributed to our robust financial performance in 2021.

Strategic pillars

CUSTOMERS AND CLIENTS

How we engage
We constantly interact with our customers throughout the course of long-term contracts to ensure that we deliver energy in full accordance with our contractual commitments and adapt to needs that may evolve throughout the life of the contract.

Key engagement activities include the following matters, all discussed in depth, reviewed and sanctioned by the Board:

- A number of site visits took place during the year, and a hybrid approach has been undertaken in 2021 dependent on localized COVID-19 travel restrictions. Specifically, through meetings in Maritsa, Bulgaria, the senior management team has engaged significantly with the public supplier.
- At each Board meeting performance of the operations is reviewed.

Key themes

- Top-tier availability of our power plants fully meeting our customers' requirements
- Competitive pricing
- Health and safety
- Compliance, anti-bribery and anti-corruption
- Procurement practices

Outcomes of engagement
A number of operational changes have been introduced to protect our customers at our plants during the COVID-19 outbreak. Health and safety of employees was considered daily by our task force and protective measures were put into place to protect the workforce and provide for minimum disruption to services. Employees have remained extremely vigilant and resilient during the ongoing pandemic, which has led to minimal disruption to operational delivery for our customers.

By holding considerable engagement with Natsionalna Elektricheska Kompania EAD, the national electric company in Bulgaria, we were able to ensure Maritsa provided operational flexibility to ensure the stability of supply in line with their needs. A number of visits were made to our sites in Senegal and Togo, where we met with customers, energy ministers and embassy representatives. In Mexico, we engaged on a wide range of commercial matters with offtakers, and our CEO held meetings with Alpek, a leading petrochemical manufacturing company.

Strategic pillars

SHAREHOLDERS, INVESTORS AND LENDERS

How we engage

During the course of 2021 the Company undertook its regular programme of engagement which included: the full reporting cycle and half-year financial results as well as two quarterly trading statements, and face to face meetings with investors, bondholders and lenders through many channels, including our AGM, roadshows, conferences and regular calls.

The Board receives regular reports from our Investor Relations team and brokers. These reports provide clarity on the investor landscape and help to update Directors on our investors' views.

Our corporate website provides a dedicated investor section which contains all London Stock Exchange regulatory announcements and a copy of all of our Annual Reports. Webcasts of our results and other investor presentations are also available to shareholders.

Key themes

- Economic performance
- Growth
- Value creation
- Environmental, social and governance (ESG) issues

Outcomes of engagement

Shareholder views consistently inform strategic decision-making and shareholder opinion was central to the Company's decision to increase its installed solar capacity in the Italian market by c.24% by acquiring, in partnership, Green Hunter Group S.p.A, a portfolio of solar photovoltaic assets.

Engagement with shareholders has resulted in the Board setting a dividend policy of 10% year-on-year growth as a key priority. This is an important factor for the Board when determining the strategy and resulting dividend policy and recommending each year the dividend to be paid. We have continued to grow dividends in line with our 10% year-on-year dividend growth policy, and in combination with our prior share buyback program, by August 2021 more than $411 million had been returned to our shareholders since IPO. Following meeting with investors and a presentation from external advisors, the Audit and Risk Committee and Board have reviewed our disclosures in line with the Task Force on Climate-related Financial Disclosures to ensure we have built climate risks and opportunities into our risk management processes and strategic planning. We also held calls on wider ESG matters with a number of investors throughout the year.

When approving the transaction to sell our Brazil hydro-electric generation business, the Board considered the long-term success of the Company in conjunction with the benefits to its key stakeholders. The Board concluded that the sale would result in compelling value for shareholders and would allow for more effective capital allocation.

We communicated to the market the appointment of Liberum Capital Ltd as joint Corporate Broker, together with Investec Bank plc, to further enhance our coverage to shareholders and the market on the outlook for future growth and return of capital to shareholders.

We continue to communicate with shareholders and investors on the performance of our key assets.

In terms of lenders' engagement, the Board reviewed and approved corporate debt refinancing transactions.

The Board reviewed the issuance of a bond, corporate debt and refinancing of transactions and concluded it was in the best interest of shareholders to explore these options further.

Strategic pillars

A friend in need

A friend in need is a friend indeed. The Galabovo Hospital, which is the only one fully operational within Maritsa East energy complex, copes with COVID-19 better equipped thanks to the support of ContourGlobal Maritsa East 3 TPP.

The municipal hospital in the energy city annually treats over 3,300 patients and like all medical facilities is faced with the serious challenges of the pandemic. It is the only medical institution with a specialized COVID-ward responsible for 30,000 people in 2 municipalities. Since the wake of the pandemic ContourGlobal Maritsa East 3 has set aside more than BGN 500,000 to support the local medical institution. With the first virus wave, equipment and consumables for treatment were delivered, including multiparameter intensive care monitors, a central monitoring station and mobile X-ray for lung graphs for the COVID-ward, mobile wireless monitors, an ECG device and biphasic defibrillator for the ambulance, personal protective kits, disinfectants, and quick tests. The power plant has also undertaken to urgently repair the 60-year-old oxygen supply system of the hospital, investing BGN 70,000 so that the vital gas can reach the patients in need. In 2021 the local team again initiated timely discussions with the hospital management and was thus able to support the medics when the fifth wave of COVID-19 swept the country, providing additional equipment worth BGN 100,000, including emergency respirator apparatus, additional multi-parameter monitors a second central monitoring station, remote modules, an ECG, a defibrillator, intensive care hospital beds, perfusors, pulse oximeters and an X-ray digitalization system.

COMMUNITIES

How we engage

As a business we are deeply committed to making a positive long-term improvement wherever we operate and we engage closely with communities around the world. The following matters have been discussed in depth, reviewed and sanctioned by the Board:

The Board reviewed the Modern Slavery Statement to ensure it accurately reflected changes in our portfolio composition and geographical locations.

As part of our commitment to moving towards decarbonizing the energy sector, the management team has worked with a number of universities and academic researchers in terms of ongoing research into reducing carbon emissions, as well as preventing the rise of carbon emissions, through initiatives involving carbon storage.

Key themes

- Health and safety
- Emissions and biodiversity
- Compliance and anti-bribery and anti-corruption
- Grievance mechanisms
- Labor and human rights
- Water and waste

Outcomes of engagement

As a result of the management team's engagement activities, we have put in place a Social Investment Strategy which provides guidance to our businesses on the successful implementation of health, education and social projects. Having focused our social investment into healthcare following the pandemic outbreak in 2020, in 2021 we adopted a three-year plan to help ensure that the desired outcomes of our projects can be achieved and are sustainable.

The Board, having considered the impact of COVID-19 on the Company's ability to undertake anti-slavery risk assessments, especially in high-risk locations, and ensured that on-site assessments were scheduled as soon as local travel restrictions allowed, approved the Modern Slavery Statement.

Following engagement with local community leaders to understand their needs and what support we can best provide assistance with, we undertook to support a hospital local to our Maritsa plant, more details of which can be found on page 28. This support included BGN 97,000 ($58,000) invested in medical equipment for the hospital, where 30,000 people in two local municipalities were under that hospital's care.

Strategic pillars

GOVERNMENTS AND REGULATORS

How we engage

We promote sector development and laudable business practices by interacting with governments and civil society.

Our plant managers meet regularly with host government counterparts, including the ministries of finance, energy and infrastructure, and regular regulatory updates are provided and considered at Board meetings.

We invite government officials to plant inaugurations and other public events, and organize private working events for visiting officials.

Active participation in several industry associations (including ABEEólica, the Brazilian Association of Wind Power, the Bulgarian Energy Chamber and international organizations and the United Nations Development Program).

Key themes

- Health and safety
- Capacity, reliability and efficiency
- Emissions and biodiversity
- Compliance and anti-bribery and anti-corruption
- Labor and human rights
- Water and waste
- Training and education

Outcomes of engagement

Following regular dialogue with the EU and the Bulgarian government on the proposed market reforms and energy transition plans, the Company is working with the American Chamber of Commerce to support a transition to green energy, and will work to play a leading role in developing viable pathways. We have engaged with international consultants to produce studies on the substantiality of such pathways, and to see which outcomes could be achieved at the least cost to society. This has enabled us to ensure a meaningful contribution to the public debate on energy transition plans and to ensure that public opinion can be built into our investor framework. This in turn ensures we are able to support environmental goals, as well as security and affordability of supply as Bulgaria transitions to low-carbon policies.

In Armenia, we successfully worked with the regulator on the post-project work for critical hydro infrastructure, providing support through periods of conflict in the region. In addition we successfully worked together through the disruption caused by COVID-19.

At our Bonaire asset in the Dutch Antilles, we have engaged with the government, local authorities and regulator in working towards a transition to renewable energy whilst securing the supply chain.

Strategic pillars

OUR STRATEGY FOR GROWTH

A three-pronged business strategy

Our purpose is to develop, acquire and operate electricity generation businesses worldwide, creating economic and social value through better operations, and assisting the communities where we work.

The four sustainable business principles permeate through our culture and strategy, ensuring value generation is shared with a wide range of stakeholders.

Our strategy is aligned to our purpose, putting operational excellence, high growth and financial strength at the core of our objectives and decisions.

Our values support a culture of continuous improvement and learning alongside a commitment to transparency and sharing of information. We operate under a lean and flat organizational structure, investing in collaboration tools and technology to support future growth.

STRATEGY DASHBOARD

Strategic aims	2021 progress	Forward-looking priorities	KPI (see pages 38-39 for more details)
OPERATIONAL EXCELLENCE	• Achieved EAF of 94.4%, in line with our target, and EFOR of 1.8%, which was slightly above our target • In 2021 we successfully integrated the assets acquired in the United States and the Caribbean • Improved sustainability ratings (MSCI, CDP and Sustainalytics) • Failure to achieve Target Zero KPI	• Strong focus on operational excellence and recommitment to our Target Zero LTI policy • Continued improvement of sustainability performance • Engaged with Bulgarian government and other stakeholders involved in the energy transition of the country	• Lost Time Incident (LTI) • Equivalent Availability Factor (EAF) • Equivalent Forced Outage Rate (EFOR) • CO_2 intensity ratio
HIGH GROWTH	• In 2021 we successfully integrated the portfolio of assets from Western Generation Group in the US and Trinidad and Tobago. We also closed the acquisition of the solar portfolio from Green Hunter Group S.p.A. in Italy • Austria Wind repowering project remained on track and on budget • Vorotan refurbishment completed on schedule and on budget • Record Adjusted EBITDA of $841.5 million, 17% above 2020	• Focus on gas-fired and cogeneration assets in Americas region with carbon capture optionality • Austria Wind repowering • Italy solar roll-up strategy	• Adjusted EBITDA growth • Adjusted Revenue
FINANCIAL STRENGTH	• Funds From Operations of $440 million • Robust cash conversion ratio of 52.3% • 10% annual dividend increase • Net leverage ratio of 4.6x • Sale of Brazil Hydro assets	• Disciplined capital allocation seeking mid-teens risk-adjusted returns • Ongoing commitment to BB rating • Commercial opportunity in certain contracted assets • Continued focus on closing the valuation gap in renewable assets	• Funds From Operations (FFO) • Net leverage ratio

Link to risk	Link to remuneration	Sustainability principle
• R06. Operation and execution – Project execution (CAPEX) • R07. Operation and execution – Asset integrity (OPEX) • R08. Operation and execution – Resources/Climate change • R09. Health, safety and environment (HSE) and food – Prevention and regulation • R11. Information technology – Cyber security and system integrity See more on pages 62 to 71	Annual bonus and LTIP (LTI and EAF) See more on page 120	Operate safely and efficiently and minimize environmental impacts Manage our business responsibly Enhance our operating environment
• R01. Strategy – Impact of governmental actions and regulations • R02. Strategy – Geopolitical uncertainties and social instability (including environmental activism, sanctions and trade war) • R03. Strategy – Disruptive innovation in power generation and storage technologies • R04. Operation and execution – Pandemic virus • R05. Operation and execution – Supply chain • R12. People and organization – Key people (senior executive management) succession planning See more on pages 62 to 71	Annual bonus and LTIP (Refurbishments/ repowering and M&A) See more on page 120	Grow well
• R01. Strategy – Impact of governmental actions and regulations • R02. Strategy – Geopolitical uncertainties and social instability (including environmental activism, sanctions and trade war) • R06. Operation and execution – Project execution (CAPEX) • R07. Operation and execution – Asset integrity (OPEX) • R10. Regulation and compliance – Fraud, bribery and corruption See more on pages 62 to 71	Annual bonus (Adjusted EBITDA and Funds From Operations) See more on page 120	Grow well Operate safely and efficiently and minimize environmental impacts

OPERATIONAL EXCELLENCE

Striving to achieve operational excellence, which includes health and safety, lies at the heart of all we do.

We have a Target Zero commitment in respect of health and safety – that is, a target of zero Lost Time Incident (LTIs). Ensuring a safe working environment is also one of our core sustainable business principles.

We monitor key operational metrics across our plants every week, checking how these measure up against internal targets. We then undertake an analytical review, seeking to improve performance by learning from what has worked well and what has not gone according to plan.

Our deep expertise and experience allow us to improve our operational performance and create economic value. This operational approach is applied to all plants, developments and acquisitions.

Metrics

- LTI (annual bonus and LTIP metric)
- Equivalent Availability Factor (annual bonus metric)
- Equivalent Forced Outage Rate
- CO_2 intensity reduction

For more information on our Remuneration Report, see pages 112 to 129

CREATING VALUE BY IMPROVING THE PERFORMANCE OF OUR HYDRO ASSETS IN ARMENIA

A major 2021 milestone is the completion of the Electromechanical Refurbishment of our Vorotan hydro plants in Armenia -- a 4-year long project affected by pandemic and military conflict, fulfilling a key requirement of the assets purchase agreement with the Government of Armenia.

As a result, we fully refurbished three turbine units in Tatev and two in Shamb Hydro Power Plants, modernized the switchyards of all three power stations and established a joint control room in our main office in Goris. More importantly, we achieved a prolongation of the useful life of the equipment for at least another 40 years, as well as an increase in operational efficiency and energy production. All these works were performed while keeping these critical plants in Armenia 's energy system running.

The project had a significant impact on the sustainability of operations and the environment. In particular, we removed 100% of the asbestos while replacing or repairing any piece of equipment, small and big.

We did a comprehensive study of the impact of operations on the aquatic life of the Vorotan river basin and identified specific measures to be taken in future to improve the environment.

We pursued our social investment projects to contribute to the welfare of local communities. A common project with the contractor companies on this refurbishment project, Voith Hydro and EFACEC, led us to establish a regional training center at the American University of Armenia in Goris and provide funds to help medical clinics in two nearby towns – Goris and Sissian – to upgrade their equipment and facilities.

HIGH GROWTH

To achieve high growth, we adopt four core investment approaches focused on contracted or regulated wholesale power generation, fostering low- and no-carbon technologies:

1. Greenfield development: when we can take advantage of cyclical under-supply of capital and create opportunities for higher returns
2. Strategic acquisitions: when we can improve operations and have a clear competitive advantage based on, for example, complexity of process, geography or technology
3. Development of customized projects in partnership: with governments, utilities and corporations in regions where there is a need for a reliable supply of power but insufficient expertise or capital
4. Platform expansion: leveraging existing stakeholder relationships and replicating the same technology and structure. This approach tends to result in lower risk and high returns due to cost synergies

Metrics

- Adjusted EBITDA growth (annual bonus and LTIP metric)

For more information on our Remuneration Report, see pages 112 to 129

ACQUISITION OF WESTERN GENERATION PORTFOLIO

The acquisition closed in February 2021, adding to our fleet contracted assets up to 12 years with high-quality counterparties located in New Mexico, Texas, California and Connecticut in the United States and in Trinidad and Tobago. It increased adjusted EBITDA by approximately $85 million for FY 2021 and represented a meaningful increase in long-term contracted cash flows in US$. This, in turn, supports the current dividend policy of 10% dividend growth year-on-year and enhances the dividend coverage.

This acquisition is expected to generate a risk-adjusted return well in excess of ContourGlobal's cost of capital.

In addition, it provides significant future potential for ContourGlobal to create value as a result of its operational platform and capabilities.

The Company expects to further invest in these assets and adjacent spaces for incremental commercial optimization, battery storage and hybrid deployment and repowering.

FINANCIAL STRENGTH

Strong operational performance combined with an efficient capital structure have allowed us to deliver superior returns at asset level.

Our business model is based on contracted or regulated revenue streams combined with operational excellence, which results in stable and predictable cash flow generation. This in turn allows us both to fund new growth projects and support our progressive dividend policy.

We seek to maintain a highly efficient capital structure to support our business, using a two-tier financing structure:

- Majority non-recourse project level debt for power plants; and
- Attractive bond financing to maximize financial flexibility for the parent company.

As of 31st December 2021, our cost of capital was approximately 4%.

Metrics

- Net debt/ adjusted EBITDA
- Funds from operations (annual bonus metric)

For more information on our Remuneration Report, see pages 112 to 129

OUTSTANDING FINANCIAL PERFORMANCE OF OUR PLANT IN ARRUBAL

Our Arrubal power plant is an 800 MW Combined-Cycle Gas-Turbine plant located in Spain's La Rioja region. ContourGlobal acquired it in 2011.

In addition to its base-load capability, Arrubal also helps balancing the highly variable output of the region's solar and wind-turbine installations. The plant can respond quickly to net-load fluctuations to provide needed stability.

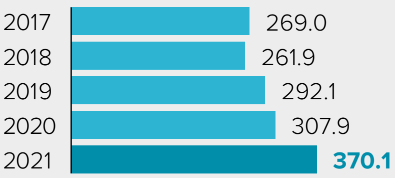
In July 2021, the power purchase agreement expired and since then, the plant has been operating on a merchant basis. The performance of the plant in the second half of 2021 was outstanding, driven by the level of dispatch and the conditions of the energy market in Spain. The plant operates in the ancillary services market providing critical stability to the energy system.

OUR KPIS

We measure our performance against 11 financial and non-financial key performance indicators (KPIs). A new financial metric has been added in 2021: Adjusted Revenue.

FINANCIAL KPIS

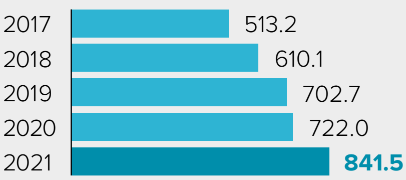
Income from Operations ($m)



Income from Operations (IFO) is derived from the IFRS consolidated statement of income and corresponds to the sum of the following line items: Revenue, Cost of sales, Selling, general and administrative expenses, Other operating income, Other operating expenses, Acquisition-related items.

This is a measure of profitability that includes depreciation and amortization expenses as well as development costs. IFO has increased by 19.2%, driven by strong performance at Arrubal post PPA and Mexico CHP, as well as the acquisition of Western Generation.

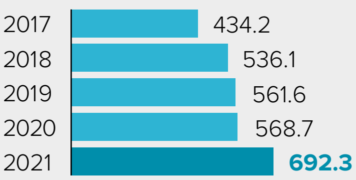
Adjusted EBITDA ($m)



Adjusted EBITDA is defined as profit for the period from continuing operations before income taxes, net finance costs, depreciation and amortization, acquisition related expenses, plus, if applicable, net cash gain or loss on sell down transactions (in addition to the entire full period profit from continuing operations for the business the sell down transaction relates to) and specific items which have been identified and material items where the accounting diverges from the cash flow and therefore does not reflect the ability of the assets to generate stable and predictable cash flows in a given period, less the Group's share of profit from non consolidated entities accounted for on the equity method, plus the Group's pro rata portion of Adjusted EBITDA for such entities.

Adjusted EBITDA grew by 17% compared to last year, primarily driven the acquisition of Western Generation and the strong operating performance in Arrubal in the post PPA period.

Proportionate Adjusted EBITDA ($m)

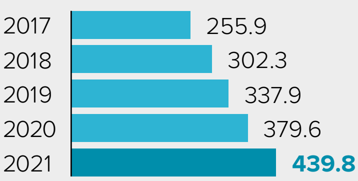


Proportionate Adjusted EBITDA is presented using Adjusted EBITDA calculated on a proportionally consolidated basis based on ContourGlobal's ownership percentage of assets.

The Proportionate Adjusted EBITDA as well includes the net cash gain or loss on sell down transactions, if applicable, as well as the underlying profit from continuing operations for the business the minority interest sale relates to, reflecting applicable ownership percentage going forward from the date of completion of the sale of the minority interest.

Proportionate Adjusted EBITDA grew by 22% as compared to 2020, for similar reasons as Adjusted EBITDA, primarily driven by the acquisition of Western Generation and the strong operating performance at Arrubal.

Funds from Operations ($m)

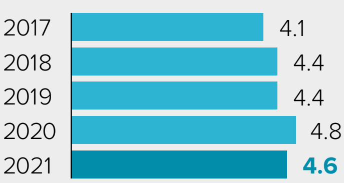


Funds from Operations is the cash flow from operating activities, excluding changes in working capital, less interest paid, maintenance capital expenditure[1] and distribution to minorities.

This is the key measure of the Company's cash flow.

Strong operational performance and highly contracted cash flows allowed us to maintain the Group's high level of FFO. The growth of 16% compared to 2020 is mainly driven by the Adjusted EBITDA growth, as explained above.

Net Leverage ratio (x)



The Group net leverage ratio is measured as total net indebtedness (reported as the difference between Borrowings and Cash and Cash Equivalent under the IFRS statement of financial position) to Adjusted EBITDA. The leverage ratio also excludes IFRS16 liabilities.

This is the key credit measure of the Group. The net leverage ratio has decreased as compared to 2020, due to an increase in Adjusted EBITDA as explained above, partially offset by an increase in net debt during the year.

Adjusted Revenue ($m)

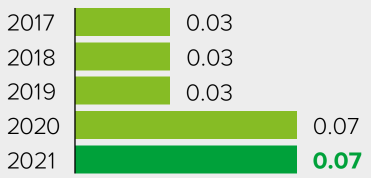
Adjusted Revenue excludes CO_2 emission cost recharges from IFRS revenue and is a key metric as it provides a more comparable basis for assessing revenue generating capabilities across the portfolio. The metric has been added due to the significant increase in carbon pricing which has resulted in CO_2 pass throughs distorting IFRS Revenue. Adjusted Revenue has increased by 38% during the year primarily due to completion of the Western Generation acquisition, higher generation at Maritsa and higher dispatch and pricing at Arrubal.

1. Maintenance capital expenditure is defined on page 59.

Grow well
Operate safely and efficiently and minimize environmental impacts
Manage our business responsibly
Enhance our operating environment
High growth
Financial strength
Operational excellence
KPIs entering into executive remuneration's determination – more details can be found on page 120

NON-FINANCIAL KPIS

Lost Time Incident Rate

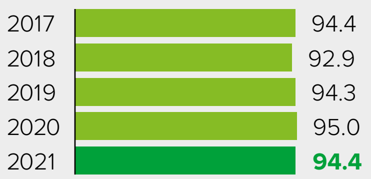


The Lost Time Incident Rate (LTIR) shows the recordable lost time injuries per 200 000 labor hours so they can be compared across any industry. The chart presents our performance over recent years.

This is the key measure for our health and safety performance.

Our LTI rate of 0.07 corresponds to two LTIs, of which there was one fatality. However, we remain fully committed to Target Zero in the future.

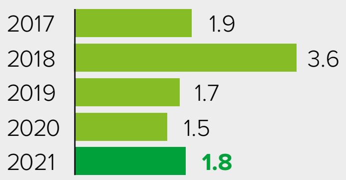
Availability Factor (%)



The Equivalent Availability Factor (EAF) represents the portion of the production capacity of a power plant that was available and ready to operate in a given period of time. It is widely used in the industry to track the technical performance of power plants and for benchmarking. We use it as a primary KPI for our assets.

The decrease in the EAF from 95% in 2020 to 94.4% in 2021 is linked to a lower budgeted KPI due to our outage planning, which partially was shifted from 2020 to 2021 due to COVID restrictions in 2020.

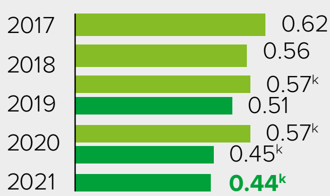
Equivalent Forced Outage Rate (%)



The Equivalent Forced Outage Rate (EFOR) represents the production capacity that is lost, over a given period of time, due to equipment failure or operational mistake (error). Like the EAF, the EFOR is widely used in the industry to measure technical performance.

The increase of EFOR in 2021 is linked to some longer forced outages in Spain, Togo and Caribbean.

CO_2 emissions intensity (net CO_2 emissions tonnes/MWh)



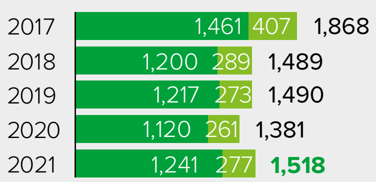
CO_2 emissions intensity is our key climate measurement and we have historically reported our intensity using MWh from electricity production. In 2019, we set our targets using MWh from total energy production to better reflect the impacts of our cogeneration power plants.

The reporting for 2017 and 2018 reflects our historical CO_2 intensity based on electricity production as variances to energy production are immaterial.

For 2019 to 2020, CO_2 emissions intensity for both electricity and energy production are reflected. CO_2 emissions based on energy production is the relevant metric for our 2030 climate target and thus this is the only metric shown for 2021.

Our performance in 2021 reflects the improvement recognized in 2020 of the addition of our highly efficient Mexico cogeneration facilities with a slight improvement in 2021 resulting from the addition of the Western Generation portfolio[1].

Gender diversity (total employees)



We are committed to building a diverse workforce ensuring equal opportunities for all in the long term. Aligned with our sustainability principles, gender diversity is a key metric.

Women represented 18% of our workforce in 2021 and 50% of senior management.

1 In 2021, we recalculated our 2019 base year using our re-baselining policy as set out in our ContourGlobal Greenhouse Gas Emissions and Thermal Efficiency Calculation Methodology 2021, which is based on the GHG Protocol. The recalculated CO_2 emissions intensity for energy production is 0.43[k], including impacts of acquisitions and disposals. We have also recalculated our 2021 energy intensity figure to include a full year of data for the Western Generation portfolio to ensure like for like comparison. As acquired in February 2021, this results in no change from the 0.44 reported above. Our CO_2 emissions intensity increased compared with the recalculated 2019 base year, mainly due to increased production of our Maritsa facility.

K ContourGlobal plc engaged KPMG LLP ("KPMG") to undertake limited assurance under the assurance standard ISAE (UK) 3000 over selected information. KPMG's full assurance statements for 2019, 2020 and 2021 can be found on our website at https://www.contourglobal.com/reports

OUR SUSTAINABLE BUSINESS PRINCIPLES

ContourGlobal's Sustainability Strategy has been in place since 2010, driving its sustainable progress.

Our sustainability strategy is centered around our four business principles and advances the Sustainable Development Goals (SDGs) and the United Nations Global Compact commitments, to which we have been a proud signatory since 2010.

It focuses on the material impacts and sustainability risks. Such risks are embedded in our corporate risk register that is reviewed quarterly by the Audit and Risk Committee and the Board of Directors.

CONTOURGLOBAL'S FOUR BUSINESS PRINCIPLES

Operate safely and efficiently and minimize environmental impacts

We seek to promote the health, safety, well-being, and development of everyone who works for us, as employees or contractors, as well as visitors. Safety is our number one priority.

Although in the industrial space in which we operate there are significant risks to life and health, we believe that all injuries are preventable if we apply a 24/7 approach to health and safety. We therefore have committed to "Target Zero", striving for zero harm and zero injuries. Further, we include this target in our performance and remuneration objectives.

By running a power plant efficiently, we maximize electricity output, minimize environmental impacts and reduce costs. We gauge our operational performance by benchmarking ourselves against the performance of comparable peers. Our reliability performance targets are based on two main metrics: Equivalent Availability Factor % ("EAF %"), which measures the percentage of time that a generation unit is available to produce electricity if called upon in the marketplace; and Equivalent Forced Outage Rate ("EFOR"), which allows us to measure our unplanned forced outages.

We commit to minimizing environmental impacts – carbon, air, water, waste, and biodiversity – across all phases of business operations, while complying with environmental regulations and global best practices. Our environmental management is aligned with UN SDG 12 for responsible consumption and production.

KPIs

- LTIR of 0.07
- EAF of 94.4%
- EFOR of 1.8%
- CO_2 intensity target of 0.3 by 2030; net carbon zero by 2040

2021 progress

- Failed to achieve our LTIR targets
- Achieved EAF in line with our target and EFOR slightly better than our target
- On track to achieve our 2030 CO_2 intensity target

Grow well

Growing well means meeting energy needs while reducing the impact on the climate, promoting energy and economic security, and increasing energy access. This creates economic wealth for investors, our employees, and, indirectly, our communities.

Our strategy is to acquire and develop businesses utilizing low- or no-carbon technologies. We deploy innovative technologies to increase energy efficiency and continue to develop businesses that expand power infrastructure access in underserved parts of the world.

Our investment process has yielded strong growth throughout the Company's history.

KPIs

- Adjusted EBITDA growth of 17% over 2020
- Funds From Operations $440 million up 16% over 2020
- Net leverage ratio of 4.6x

2021 progress

- Record adjusted EBITDA of $841.5 million
- Successfully closed the acquisitions of Western Generation Group and Green Hunter S.p.A.
- Repowering of Austria Wind on track and on budget

Enhance our operating environment

We promote private sector and market-based solutions to address electricity sector challenges such as intermittency of renewable resources and low-carbon alternatives to maintain price stability.

We also focus on strengthening capacity in the sector, and in the supply chain, by promoting transparent processes and developing sector expertise. We achieve this through community engagement and social investment.

KPIs

- Approved 3-year social investment plans with a value of $6.2 million
- 29 social investment plans with 129 distinct projects were approved in 2021

2021 progress

- 86 social investment projects were pursued in 2021, out of which 47 were completed, with a total spent of $1.5 million

Manage our business responsibly

We are committed to maintaining the highest ethical and legal standards, including complying with both the letter and the spirit of all applicable local and national laws and regulations wherever we operate. This commitment to transparency and moral integrity is unwavering, and we apply it equally throughout our supply chain. We commit to communicating transparently, which helps to cultivate trust and encourages ownership and accountability.

We believe in attracting, developing, and retaining a workforce that reflects the diversity of the communities in which we operate. Not only does this provide opportunities to underrepresented groups – particularly females at power plants – but it also creates a more dynamic and understanding work environment, resulting in better business decisions.

KPIs

- Group gender diversity of 18% broadly in line with the previous year
- 506 5 Whys analysis conducted
- 1,041 third-parties undergoing due diligence and subject to our Supplier Code of Conduct
- 1,299 employees receiving online anti-bribery and corruption training
- 1,636 employees acknowledging our Conflict of Interest policy

2021 progress

- Continued efforts to attract women in roles at our power plants

HEALTH & SAFETY

Target Zero

Our global Target Zero program lies at the heart of our approach to health and safety. We want to ensure that 'everyone goes home safe, every day, everywhere'.

Despite our strong performance against benchmarks and our intense commitment to health and safety excellence, we were not successful in achieving Target Zero in 2021. Most regrettably, we experienced a devastating fatality during the year and there was one Lost Time Injury, resulting in two Lost Time Incidents (LTI) for 2021.

Immediately after any adverse safety event, we conduct a thorough investigation, communicate the lessons learned throughout the organization, and incorporate them into our health and safety procedures so that we continuously improve them.

In response to the fatality at one of our wind farms in Brazil caused by electrocution, we commissioned a certified third party to conduct an in-depth investigation of the accident. We analyzed every step in our Lock-out Tag-out (LOTO) programs to understand whether actions were not correctly executed and implemented more rigorous safety permits for people involved in medium and high voltage activities. In relation to the LTI, where a hand fracture occurred when a contractor slipped on the slope of an evaporation pond, we stepped up our procedures to ensure more rigorous adherence to safety protocols. We put in place new safeguards for employees and contractors working around or near open water and upgraded these locations to "high risk" environments, which are audited annually.

LEARNING FROM FAILURE

In 2021 we had a hard lesson to learn with the fatality at our facility of Chapada.

A deep investigation was carried out including involvement of third party experts to find all possible gaps that, if removed, would have prevented the occurrence and increase the health and safety maturity of the businesses.

The scope of the investigation was:

a) Determine the sequence of relevant events leading up to the incident

b) Identify the Immediate, Underlying and Root Causes

c) Make suitable recommendations (SMART actions) to prevent the same or similar events occurring again

d) The effectiveness of safety critical barriers

e) Any communication, automation and operational safety failures.

Based on these findings we started implementing a fleet wide health and safety improvement campaign on electrical safety, permits to work and change management. New set up working groups are updating the health and safety processes related to the above campaign and ensuring that the new process flows are timely implemented by milestones follow up and audited for quality focusing the 2022 site audits on electrical procedures and related process flow.

Emergency response

Each of our sites has its own bespoke Emergency Response Plan, based on global guidance but considering the unique attributes of the site and surrounding community. The Plan covers all potential risks at each business, from hospital transportation in a health emergency to community evacuations in the case of a more devastating event.

All employees receive training on emergency response, even if they do not work in a power plant. They also receive our Emergency Response and Reporting instructions, which provide information on how to handle an emergency and who to contact when an emergency arises. Emergency contact information is updated regularly.

Training

Our commitment to health and safety is reflected in our intensive training program. We target investing at least 2% of our total working hours in safety training. In 2021, we achieved a training hours rate of 2.89% in our Thermal plants and 3.90% in our Renewable plants.

Audits and interventions

In 2021, one scheduled external audit, eight scheduled internal audits and two unannounced internal audits were carried out. Two safety interventions were performed through the year. These audits and interventions help us to identify gaps and improve our processes. They are a logical application of our value "We expect, embrace and enable excellence and continuous learning through humility, and the knowledge that we will fail but when we do, we will learn".

Lost Time Incident Rate:
0.073
(target: 0)

Level of Safety inspection per working hours (based on average headcount):
84%
(target 25% - O&M; 30% - Construction)

Hazard Identification Rate:
79%
(target 40%)

Reported Corrective and Preventive Actions (CAPA) closed:
93.4%
(target 85%)

Number of ContourGlobal employees Working hours dedicated to safety training:
2.8%
(target: 2%)

SAFETY AWARDS

As tribute to our value "We care about our people's health, safety, well-being, and development", ContourGlobal maintains an award system to recognize businesses that have the highest level of health and safety performance. The awards, Mont Blanc, Denali and Everest, recognize that ensuring a healthy and safe workplace is a climb, with each step requiring increasing and long-lasting performance. We are proud of seeing over the years more and more of our plants and teams receiving recognition through the awards program.

Everest – 8848m

- 3 years without LTI or RI
- 40% headcount of safety inspections per month*
- 3% of Training hours
- 95% closure of CAPA*
- 60% Hazard identification rate
- 90% compliance against Power for HSE standards & 0 High Non-Conformances**

2021

- Galheiros & SDII
- Cupisnique
- Knockmore Hill
- Maritsa
- Mogi Guaçu
- Rio PCH
- Talara

2020

Brahma Rio
Galheiros & SDII
Goias Sul
KivuWatt
Maritsa
TermoemCali

2019

Cap des Biches
KivuWatt
Saint Martin

Denali – 6194m

- 2 years without LTI or RI
- 30% headcount of safety inspections per month*
- 2.5% of Training hours
- 90% closure of CAPA*
- 50% Hazard identification rate
- 85% compliance against Power for HSE standards & 0 High Non-Conformances**

2021

- Austria Wind O&M
- Bahia PCH
- Balsa Nova
- Asa Branca
- Ploiesti
- Orellana

2020

Cupisnique
Italy Solar
Knockmore Hill
Mogi Guaçu
Rio PCH
Solar Slovakia
Talara

2019

Brahma Rio
Galheiros & SDII
Goias Sul
Maritsa
TermoemCali

Mont Blanc – 4807m

- 1 year without LTI or RI
- 25% headcount of safety inspections per month*
- 2% of Training hours
- 85% closure of CAPA*
- 40% Hazard identification rate
- 80% compliance against Power for HSE standards & 0 High Non-Conformances**

2021

- Arrubal
- Benin
- Cap des Biches
- CGA Altamira
- Hobbs
- Ikeja
- Majadas
- Solar Slovakia
- Togo
- Vorotan
- Waterside

2020

Arrubal
Asa Branca
Austria Wind
Bahia PCH
Balsa Nova
Benin and Ikeja
CELSA
Chapada
Nogara and Oricola
Orellana
Palma del Rio
Ploiesti
Romania Solar

2019

Alvarado
Cupisnique
Italy Solar
Knockmore Hill
Majadas
Mogi Guaçu
Rio PCH
Solar Slovakia
Talara
Togo

* Over the last 12 months.
** Assessed within the last 12 months – exempt from this requirement are ISO 45001 certified plants.
Definitions: LTI = Lost Time Incident; RI = Recordable Incident; CAPA = Corrective & Preventive Action.

OUR PEOPLE

Our people-the heart of our business

We aim to recruit and retain the best people, ensuring we deliver our strategy and run our operations safely and productively. Around 1,518 employees and contractors work for us globally; they are the foundation of our business. We create and promote an inclusive and diverse environment where the safety and well-being of our people is the highest priority. To enable our people to perform at their best, we continue to invest in technology and innovative ways to manage risk, streamline processes, and improve productivity. We offer competitive remuneration that rewards expertise and we invest in the development of our people to build capability and improve performance.

Developing our capabilities

The people we employ around the world are central to our success. To drive continuous improvement, we respect people's differences and encourage self-accountability, a hunger to learn, and a commercial mindset.

In 2021, we focused on building capability to position the organization for the next phase of growth, recruiting at all tiers of leadership below the most senior level. We also moved towards a regional operating model, creating an Africa region and planning similar structures for the Americas and Europe, in order to keep close to our customers and to our businesses.

We put greater focus on objectives and key results within our performance management system, to encourage longer-term thinking and alignment to our business strategy. By building capability and improving performance in this way, we will be able to transform our business, deliver our strategy, and realize our vision.

Worker Exchange Program

Worker Exchange Program

ContourGlobal believes that sharing knowledge within the organization is critical to achieving our goal of operational excellence. We also believe that professional development must include a cultural component. It's good for our people to appreciate the benefits of working in a global environment and they can learn this best by immersion into another business's daily work life.

With the easing of travel restrictions in the second half of 2021, we worked on revamping our Worker Exchange Program. Founded on the belief that our success depends upon creating a multinational workforce "from within", the program emphasizes experiential learning for professionals and emerging leaders to prepare them to manage our assets.

Employee profile

At the end of 2021, we employed 1,518 people (2020: 1,381), an increase of 10% on the prior year. Employee turnover in 2021 (10.1%) was slightly higher than in 2020 (8.0%), notably as a result of people reviewing their roles and moving in the post pandemic era.

Approximately 79% of our workforce are employed in our operating plants with the largest concentration of employees by far in Bulgaria. None of the countries in which we operate feature on the UK Government's Foreign, Commonwealth and Development Office list of priority countries for human rights concerns, published in November 2021.

Information on our employee profile is illustrated in the graphs on page 47 while our gender diversity is detailed on page 39.

Pay and reward

To attract and retain the best talent, and reward our colleagues for their work, we regularly review pay and benefits in the context of competitiveness, sustainability, and fairness. For all ContourGlobal employees eligible for a bonus, we use a combination of a Group-wide and localized scorecard with a mix of financial and non-financial measures. In this way, our bonuses match our strategic priorities and stakeholder responsibilities.

Employee rights

Aligned with our commitment to the UN Global Compact, our Code of Conduct and Business Ethics, together with other policies and procedures, ensures employee rights are respected. We support freedom of association and collective bargaining wherever it is permitted: 987 employees participated in collective bargaining agreements in 2021. If employees have any labor concerns, we encourage the use of informal processes to resolve them, but we provide a formal grievance mechanism if these prove insufficient. We seek to ensure our suppliers follow the same high standards of labor relations as those we practice ourselves, and train our employees to identify any instances of non-compliance. If these arise, our human resources teams work actively with our contract managers to find suitable remedies.

Information systems

To enable our people to perform at their best, we continue to invest in technology and innovative ways to manage risk, streamline processes, and improve productivity.

Over the course of the year, we simplified and automated our HR processes, bringing together information from disparate systems into a single platform – our Human Resources Information System (SuccessFactors). We now have one unified source of truth on all employee data and have the platform to enable all people-related processes through it.

We completed a full cycle of our annual performance management process in 2021 using this system. Streamlined HR figures are now readily available to inform management decisions about human resources. An important priority for ContourGlobal in the year ahead will be to continue to leverage the system capabilities, so that we can quickly and cost-effectively start up and deliver HR services to smooth employee transitions in further acquisitions.

Our policies

Our people policies are designed to provide equal opportunities and create an inclusive culture, in line with our values and in support of our long-term success. They also reflect relevant employment law, including the provisions of the Universal Declaration of Human Rights and ILO Declaration on Fundamental Principles and Rights at Work. We expect our people to treat each other with dignity and respect, and do not tolerate discrimination, bullying, harassment, or victimization on any grounds.

We are committed to paying our people fairly and equitably relative to their role, skills, experience, and performance – in a way that balances the needs of all our stakeholders. That means our remuneration policies reward sustainable performance that is in line with our values as well as our risk expectations. We encourage our people to benefit from ContourGlobal's performance.

"WE CREATE AND PROMOTE AN INCLUSIVE AND DIVERSE ENVIRONMENT WHERE THE SAFETY AND WELL-BEING OF OUR PEOPLE IS THE HIGHEST PRIORITY. TO ENABLE OUR PEOPLE TO PERFORM AT THEIR BEST, WE CONTINUE TO INVEST IN TECHNOLOGY AND INNOVATIVE WAYS TO MANAGE RISK, STREAMLINE PROCESSES, AND IMPROVE PRODUCTIVITY."

Sean McGrath
Chief Human Resources Officer

Our culture

Our Company culture and sustainable business principles embrace the well-being and development of our people and a commitment to continuous learning. They drive our passion to provide a safe and healthy work environment and to learn from our mistakes – we encourage employees to be curious, to experiment, and to share things they learn.

As a learning organization, we conducted 506 "5 Whys" investigations this year, where employees work together to analyze why things do not always go according to plan and to propose how to make processes better. We publish these and disseminate them widely to achieve continuous improvement.

Our culture is encapsulated by the ContourGlobal Way – a system of leading and working that focuses on the safety of our people, value for our customers and a mindset of zero waste.

This approach has helped us become more empathetic toward our colleagues and enabled us to work together as a team – particularly during the past year of disruption and transformation. And it underlies our approach to diversity and inclusion.

When we completed our Western Generation acquisition of assets in the United States and Trinidad and Tobago in 2021, we hired approximately 120 people in key operational and support function roles and introduced our internal policies and practices, setting the foundation for the ContourGlobal Way of working.

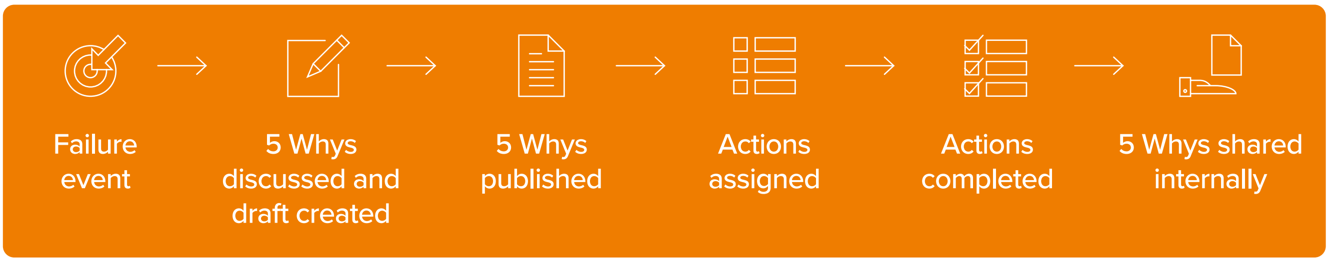
Equality, diversity and inclusion

We are committed to developing an inclusive and diverse workforce, and one that provides equal opportunities for all in the long term. This promotes safety, productivity, and well-being, and underpins our ability to attract new employees. The more representative we are of the communities where we live and work, the better we become at truly serving people and society.

We were delighted in 2021 to be recognized for our efforts to increase the representation of women in senior leadership positions. In the independent Hampton-Alexander Review, supported by the UK Government, we ranked fifth out of the 350 largest companies listed on the London Stock Exchange for the proportion of women in roles on the Board or the two leadership layers below it.

> "OUR CULTURE IS ENCAPSULATED BY THE CONTOURGLOBAL WAY – A SYSTEM OF LEADING AND WORKING THAT FOCUSES ON THE SAFETY OF OUR PEOPLE, VALUE FOR OUR CUSTOMERS AND A MINDSET OF ZERO WASTE."

Sean McGrath
Chief Human Resources Officer



However, gender diversity is much more challenging at the power plants. We are committed to actively attracting women into these roles. We believe that hiring women in leadership positions in a largely male-dominated workplace is vital to drive innovation and inclusivity.

We celebrated International Women's Day to promote the role of women in the workplace and we will continue to strive for increased gender diversity throughout the Company.

Flexible working

After successfully working remotely due to the COVID-19 pandemic, most employees returned to the office in 2021. However, we introduced a pilot hybrid working model for corporate office-based employees, allowing them to work from home for 40% of the week depending on the nature of their work.

While many site-based employees are in roles that by their very nature cannot be performed remotely, we will continue to seek to provide flexible working through part-time and job-share arrangements, flexible rosters, and career breaks.

Looking ahead to 2022

We have all witnessed an at-scale shift to remote work, the dynamic reallocation of resources, and the acceleration of digitization and automation to meet changing individual and organizational needs. We have by and large met the challenges of this crisis moment. But as we move towards a post-pandemic era, we will continue to build a model that is more agile and responsive, built around interrelated trends of more connections, more automation, lower transaction costs, and continued demographic shifts.

Organizations that can reallocate talent in step with their strategic and operational plans are more likely to outperform their peers. The best talent should be shifted into critical value-driving roles. We will therefore build an analytics capability to mine data which will be used to influence decisions on hiring, developing, and retaining the best employees.

A tidal wave of change positions the human resources organization to transform, lead the employee experience, and shape the workforce into the form that the business needs for its future growth. The HR function will position themselves as business partners, who consider themselves internal service providers who ensure high returns on human-capital investments. Over the course of 2022 we will continue to make hiring better, faster, and more diverse, focusing on talent that can best drive value in our business, and build processes that will give us opportunities to better plan mission-critical capabilities for the future.

Senior leadership

During the year we welcomed Mr. Stuart Altman as our Chief Compliance Officer and Executive Vice President to further strengthen our compliance agenda and our senior management team.

Gender diversity in numbers

Board

Male	89% (8)
Female	11% (1)

Executive management*

Male	50% (5)
Female	50% (5)

Executive management and their direct reports

Male	61% (25)
Female	39% (16)

Total Group

Male	82% (1,241)
Female	18% (277)

* Executive management refers to the senior managers of the Group, employees who have responsibility for planning, directing or controlling the activities of the Group. This figure includes the Chief Executive Officer and the Chief Financial Officer, who are Executive Directors on the Board of Directors.

ENVIRONMENT

Strategic framework

Our policy on environmental sustainability, which provides the framework under which we work, is aligned both with the targets in UN SDG 12 and with the International Finance Corporation (IFC) performance standards. Our environmental impacts are intensively regulated in all our markets and reported publicly.

For our European assets, we comply with EU environmental standards. These promote environmental stewardship, including pollution prevention and abatement, biodiversity conservation and responsible management of sustainable natural resources.

Carbon emissions

The importance of growing well by investing in low- and no-carbon technologies drives our efforts to combat climate change and its impact. Our long-term target is to achieve net zero carbon by 2050 and, in the interim, to reduce the CO_2 intensity of total energy production to 0.30 by 2030 (a 40% reduction from the 2019 value of 0.51). We have expanded assurance of our carbon emissions and have bolstered our reporting to CDP. On pages 50 to 53 we present the Group's disclosures relating to the Task Force on Climate-related Financial Disclosures.

Our growth in low-carbon technologies, notably through our significant acquisition in the United States and Trinidad and Tobago of 1,502 MW of contracted, flexible gas-fired generation that completed in 2021, is part of our sustainability strategy and is critical to the climate transition. Investments in efficient, low-carbon technology ensures reliability and base-load power, supporting the new renewable loads on the grid.

Over the last 12 years we have increased our renewable energy from zero to 1,816 MW of installed capacity across wind, solar and hydro (including 168MW of hydro in Brazil currently held for sale and 596MW of wind in Brazil subject to an ongoing sale process). We use battery storage at our Bonaire business to smooth the intermittency of solar and wind power and are investigating further opportunities elsewhere to use battery storage as a no-carbon method of maintaining a reliable flow of electricity.

Additionally, continued growth in renewable technologies and further development of hybrid technologies is also core to our strategy. In 2021, we announced the expansion by c. 24% of our solar portfolio in Italy, with the acquisition, in partnership, of 18MW of photovoltaic assets. Additionally, at our Bonaire business, where we use batteries to smooth the intermittency of wind power, we are developing new solar capacity.

On 19th January 2022 we agreed to the sale of our hydro assets in Brazil, in accordance with our strategy to realize value from our undervalued renewable businesses, where appropriate opportunities are available to do so, in order to unlock value for shareholders.

Carbon capture technology also continues to play an integral role in our climate strategy. Our European Solutions plants continue to utilize carbon capture technology.

The carbon emissions of our coal plant in Bulgaria are the most significant in our portfolio. Our regulatory and engineering teams are investigating ways to convert the plant to operate on low- and no-carbon fuels, such as low-carbon gas or renewable biomass combined with carbon capture technology. The timing of exiting coal completely will depend in large part on geopolitical events and pressures related to commodity pricing and availability and, in particular, the timing of the implementation of the energy transition in Bulgaria. Additionally, exiting coal will take into consideration the need for a "just transition", protecting the interests of our employees and the community, balanced by the impact on climate.

Our greenhouse gas (GHG) emissions are reported according to the GHG Protocol guidelines. The majority of these are generated from our thermal electricity and steam production, with CO_2 emissions representing 99% of total emissions. In addition to carbon emissions, we carefully manage other atmospheric emissions, such as nitrogen oxide (NOx), sulfur oxide (SOx), and particulate matter (PM), to reduce health risks and environmental impacts.

Using water responsibly

Our businesses, most of which are intensively regulated, undertake extensive monitoring and risk mitigation activities related to water withdrawal, use, and discharge, as well as biodiversity impacts.

In 2021, we have undertaken high level assessments of water stressed areas and of water impacts to the business as part of our environmental management process and water was a key physical risk assessed in our TCFD requirements.

Where water is a primary fuel source – in hydro-electric generation – we ensure we utilize it in the most efficient manner possible; we also manage other impacts, including sedimentation, drainage, vegetation, and biodiversity.

At our Vototan business in Armenia, our hydroelectric complex utilizes dams to generate electricity. We undertook a large-scale refurbishment of the facility from 2018-2022 to increase its generating capacity while maintaining the size and impact of the dams and increasing the efficiency of water resources.

> "THE IMPORTANCE OF GROWING WELL BY INVESTING IN LOW- AND NO-CARBON TECHNOLOGIES DRIVES OUR EFFORTS TO COMBAT CLIMATE CHANGE AND ITS IMPACT."

Sarah Flanigan
EVP Special Projects

Where water is required as an input in thermal operational processes, we access only the amount required to meet our needs so that it is available elsewhere. Where we discharge water, such as at our KivuWatt business in Rwanda, we replenish the sources from which it came with equivalent volumes, properly treated. Where we can, we recycle water – for example, as in other plants, at our Cap des Biches plant in Senegal, we now recover water used in plant operations to use for cleaning and sanitary purposes.

Limiting waste

We minimize waste as far as possible through planned reuse and recycling. However, some waste – including hazardous waste – is unavoidable during power plant operations. We ensure this is properly handled and treated.

We have several hazardous waste initiatives at our plants. At our Maritsa plant, for example, we have a long-term project to replace all fluorescent lighting containing mercury with LED lights.

Spills and grievances

While we never want to experience an incident or grievance, we keep ourselves fully prepared to deal with emergencies, unexpected environmental impacts, or complaints from our stakeholders. We therefore train our employees on how to recognize and avoid environmental risks and we report environmental incidents transparently. Each time a spillage occurs, we conduct a full root cause analysis to learn from our mistakes. Grievances are also reported in monthly management reports and action plans are developed to address them.

Biodiversity

To achieve sustainable resource management, we manage the use, development and protection of renewable natural resources in a way, or at a rate, which enables people and communities to provide for their present social, economic, and cultural well-being while also sustaining the potential of those resources to meet the reasonably foreseeable needs of future generations and safeguarding the life-supporting capacity of air, water, and soil ecosystems.

Vorotan, Armenia

We take a proactive and systematic approach to local threats to biodiversity beyond our business activities. We adopt biodiversity plans after consultation with impacted stakeholders, including governments, non-governmental organizations, and communities. We seek to prevent and protect ecosystems from unwanted impacts, but where we cannot achieve that objective entirely, we seek to rehabilitate, restore, and offset, in line with best-practice mitigation hierarchy.

Our track record on protecting and promoting biodiversity has generally been good. One area we continue to monitor is the effect on fish of the dams used at our Brazil hydro plants, where we are seeking to mitigate variations in river water levels.

For further details on our environmental impact, please refer to our Sustainability Report, available on our website at: https://www.contourglobal.com/our-principles-values.

While we endeavour to include as much information as possible on the methods we have used to calculate our GHG measures in the annual report, the ContourGlobal Greenhouse Gas Emissions and Thermal Efficiency calculation Methodology 2021 document offers a more comprehensive disclosure. It can be found on our website at:
https://www.contourglobal.com/environmental-responsibility

	2021	2020
Scope 1 CO_2e tonnes *	12,396,842[k]	8,522,809[k]
Scope 2 CO_2e tonnes - Location based	29,903[k]	19,957[k]
Scope 2 CO_2e tonnes - Market based	22,968[k]	15,321[k]
Electricity production (MWh)	21,357,862	14,966,706
Energy production (MWh)	27,889,630	18,810,716
Total Energy Input (MWh) **	46,225,154	29,133,980
Scope 1 CO_2 emissions intensity – electricity produced (tCO_2e/MWhe)	**0.58**[k]	0.57[k]
Scope 1 CO_2 emissions intensity – energy produced (tCO_2e/MWhe)	**0.44**[k]	0.45[k]

* 0.1% of the Scope 1 CO_2e tonnes is related to UK emissions
** 0.2% of the total energy input is related to the UK proportion of energy
K ContourGlobal plc engaged KPMG LLP ("KPMG") to undertake limited assurance under the assurance standard ISAE (UK) 3000 over selected information. KPMG's full assurance statements for 2019, 2020 and 2021 can be found on our website at https://www.contourglobal.com/reports

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Included below are the Group's disclosures relating to the Task Force on Climate-related Financial Disclosures ("TCFD"). The disclosures made are compliant with the TCFD requirements.

Governance

The Board of Directors is ultimately responsible for the oversight of climate-related risks and opportunities. ContourGlobal's processes to identify, assess, and respond to climate-related risks and opportunities are critical for executing our sustainability strategy. At the highest level, our processes for identifying climate risks are embedded in our corporate risk register. The risk register is reviewed quarterly by the Audit and Risk Committee and the Board of Directors, and explicitly incorporates climate change as an operational and execution risk. Refer to page 76-78 and 96-98 for the skills and experience of the Board and their responsibilities.

The senior management team plays a key role in managing, reviewing and responding to climate-related risks and the day-to-day impact on the business. A focus group of key senior management members reviews and updates the risk register on an ongoing basis throughout the year, which includes consideration of climate-related risks. The impacts of identified climate risks and opportunities are monitored and reviewed by management on a monthly basis through integration into internal management reporting processes. The Board of Directors and the Audit and Risk Committee review management reporting which includes various climate-related operational risks on a quarterly basis and the complete risk register is reviewed and approved on an annual basis.

Refer to page 62 for further details on our approach to risk management. Refer also to the Corporate Governance report on page 85 regarding the Board's oversight of sustainability matters.

The senior management team is also responsible for the delivery of our aim to reduce Scope 1 GHG emissions intensity of energy production by 40% by 2030 (against a 2019 baseline), and achieve net zero carbon emissions by 2050.

Strategy

The three core elements to our strategy as set out on page 30 are: operational excellence, high growth and financial strength. All three of our strategic aims are impacted by the climate transition and the associated risks and opportunities. Given the typical life spans of the assets in our portfolio, we define time horizons as, short term 5 years, medium term 6 – 15 years and long term 15+ years.

Our transition risks, those related to changes in climate policy and regulation during the transition to a low-carbon impact, are largely mitigated by the fact most of our power plants have long-term power purchase agreements ("PPAs") or operate under regulated pricing mechanisms, limiting exposure to changes in power pricing. Critically, our PPAs generally ensure we have no obligation to provide replacement power and allow us to pass through climate-related costs as well as fixed costs. However, these same contractual protections also limit our ability to capture pricing and demand opportunities in a dynamic market and where we do have limited opportunities, regulatory authorities may cap potential upsides. Thus, managing our businesses in accordance with PPA terms and ensuring new investments include protection against climate risks is an essential risk management strategy.

In the post PPA periods (which is typically the medium or longer term) the business assesses exposure to climate risks, including but not limited to possible changes in market prices. Our Arrubal business, for example, is currently operating without a PPA and contributes 1.7% of total assets and 9.8% of Adjusted EBITDA. Here, as with other assets in the post-PPA periods, our strategy is to closely monitor merchant exposure to capture upsides and mitigate unplanned risks.

Our physical risks, including impacts related to extreme weather or shifts in weather patterns such as droughts, floods, changes in wind speed and unplanned irradiation, largely impact our renewable portfolio. While our scenario analysis indicates these are low to medium risks, we manage these through carefully planning around resource assumptions. Geographical diversification also mitigates the risk of concentrated impacts to the global portfolio.

The climate-related risks and opportunities we have identified over the operational life of our asset portfolio and their link to our strategic aims are as follows:

Climate-related risks	Time horizon	Principal risk	Link to strategic aims
Transition impacts, including policy and regulatory changes related to the transition to a low-carbon economy: • Change in fuel prices • Carbon pricing • Change in demand • Change in power pricing • Change in labor costs	Our PPAs, which differ at each asset, typically protect against these transition impacts over the duration of the agreement, which is typically the short and medium term	These risks are inherent in our principal risks R01, R02 and R03 on pages 65-66	• High growth • Financial strength
Physical impact, including extreme weather or shifts in wind patterns: • Extreme heat • Drought • Flood	Physical risks are more relevant over the medium and long term	These risks are inherent in our principal risk R08 on page 69	• Operational excellence

Opportunities	Link to strategic aims
• Growth in no- and low-carbon technologies • Exiting coal as part of the Bulgarian energy transition • Carbon capture • Energy storage • Repowering and refurbishment • Green hydrogen	• Operational excellence • High growth • Financial strength

For more details of our strategic aims, progress and links to risk and sustainability principles, refer to pages 30-31.

Given transition risks are able to be largely mitigated during the PPA contracted period, our financial modeling and strategic planning is focused on potential impacts and sensitivities in the post PPA period, whether that be in the short, medium or long term for a particular asset.

Impact of climate-related risks and opportunities

Scenario analysis

We performed scenario analysis on a selection of six assets to assess the impact of identified climate-related risks and opportunities under 4°C and 1.5°C scenarios. These six assets are across a broad range of both thermal and renewable assets (gas, coal, solar and hydro) and represent approximately 55% and 60% of Adjusted EBITDA and Revenue respectively. The Thermal assets selected cover the geographies which contribute most significantly to our results. Given the representative mix of fuels and geographies, we consider the assets included in the scenario analysis to be representative of our wider portfolio. The scenario analysis covers the remaining economic life of each of the assets modeled.

We engaged a third party to provide climate scenario modeling expertise and assist us in performing the analysis. They utilized an Integrated Assessment Model and combined climate science, macroeconomics and financial information in generating scenarios.

The scenario analysis separately considered both transition and physical risks and was developed using a scenario analysis model considering a number of factors from atmospheric changes and societal behavioral changes to assumed new government policies under the different temperature pathways. A summary of the results of our scenario analysis is presented below.

Transition risks

Two gas assets were assessed in North America and the extent of exposure between the 4°C and 1.5°C scenarios showed upside for one asset and insignificant downside for the other. These impacts were due to movements in energy and carbon prices in the post PPA periods.

Our Bulgarian coal asset was assessed and noted to have insignificant downside risk from 2024 when the PPA ends due to energy and carbon pricing. However there are also opportunities in the post PPA period to participate in the Bulgarian energy transition.

We also modeled two solar and one hydro assets, all of which had limited impact from transition risks due to the PPA arrangements in place.

There are various mitigating actions available for consideration of risks in the post PPA period, including ongoing monitoring of price and demand forecasts and evaluation of opportunities such as carbon capture or hydrogen, which could extend the period over which thermal assets are able to remain competitive.

Physical risks

We performed physical risk scenario analysis on the same selection of six assets, taking into account extreme heat, drought and flood (riverine and surface water) under both 4°C and 1.5°C scenarios. These specific hazards were chosen for scenario analysis based on the location and resource dependencies of the assets within our portfolio.

The analysis performed indicates that the physical climate risk is lower as compared to transition risks, with the greatest physical risk being potential impact from flooding given the proximity of our sites to sources of water which are used in operations.

The result of the analysis was that there is insignificant exposure to riverine flood, surface water flood, extreme heat and drought under either 4°C or 1.5°C scenarios.

Scenario analysis findings

The transition risks identified and the associated impacts highlight the importance of our long-term PPAs which protect against fuel, carbon pricing and elements of demand risk during the contracted period.

As noted in the scenario analysis, there are risks and opportunities in our gas generation assets. We continue to see a key role for our gas assets as part of the energy transition beyond the next decade. Our Group sustainability strategy will also help to mitigate risks and provide opportunities in our thermal portfolio, particularly in relation to our commitments to: increase investment in carbon capture technology, reduce our CO_2 emissions intensity of energy generated by 40% by 2030 compared with 2019 levels, and achieve carbon neutrality by 2050. We are also exploring opportunities to use hydrogen as an alternative fuel to gas.

Regarding our Bulgarian coal asset, there is downside risk in a 1.5°C scenario, however given the current status of the energy transition in Bulgaria and the high reliance on coal in the current energy mix, we do not consider a 1.5°C scenario to be likely over the remaining period of forecast production from plant. There are also opportunities in Bulgaria to proactively participate in the energy transition, with our commercial and engineering teams investigating ways to convert the plant to operate on low- and no-carbon fuels, such as low-carbon gas or renewable biomass combined with carbon capture technology.

In terms of the renewable assets, there is limited exposure to risks based on our scenario analysis. Renewable assets are critical to the climate transition and will continue to play an important role in our strategy and our commitment to a future portfolio of low- and no-carbon assets. There are also opportunities present across our existing portfolio associated with repowering, refurbishment, battery storage and efficiency improvement.

Physical risks are and will continue to be monitored by the site operational management on an ongoing basis in order to mitigate relevant impacts wherever possible as part of our operational excellence strategy.

These findings are not only relevant to those assets included within the scenario analysis. The risks and opportunities identified are evaluated across all of our assets on an ongoing basis. As part of our future scenario analysis under the TCFD framework, we intend to expand the number of assets over which we perform scenario analysis, both in terms of physical and transition risks and to also include a wind asset.

Risk management

Most of our identified climate-related opportunities are associated with future acquisitions or capital investments on existing assets or projects and hence the importance of growing well and taking advantage of climate-related opportunities by investing in low- and no-carbon technologies drives our efforts to combat climate change and its impact.

In terms of assessing opportunities and risks, we have embedded processes to assess carbon impacts for all new investments. Our Investment Committee, Executive Management, and Board of Directors ensure carbon impacts of new investments are aligned with our climate strategy. As part of this assessment, financial models project both financial and climate impacts by considering the sensitivity of key assumptions and impact on the businesses' key metrics, including our CO_2 intensity.

Regarding the climate-related risks identified above, none of the impacts result in significant downside to the specific assets modeled within the scenario analysis. In terms of the risks on a stand-alone basis, whilst individually a risk may have a significant impact, the use of PPAs mitigates our exposure to many of the pricing risks. Also certain risks (such as increasing electricity prices) provide benefits to the organization and offset the impact of those from changes in the cost of inputs. As such we do not consider any of the risks above to be individually significant and our principal risks as identified in Our Approach to Risk Management remain appropriate.

On a forward-looking basis, through our existing risk management framework we will continue to monitor, update and respond to the identified climate-related risks as circumstances change in the future.

Metrics and targets

Our key climate reduction target is our commitment to achieve net carbon zero GHG emissions by 2050, with an interim target to reduce our CO_2 intensity for energy produced by 40% by 2030 from a base year of 2019. Our CO_2 intensity metric is the most meaningful metric for the short and medium term and most effectively demonstrates our climate impacts, given the nature of our business. We are a growth company and, as such, our carbon emissions will increase when we grow – even when we are investing in low-carbon technologies. Further, our power plants are generally contracted with long-term PPAs where we are responsible for being available, but we do not control when we are dispatched and thus cannot predict with any certainty our carbon emissions. The intensity metric reveals whether we have incrementally reduced our climate impacts while continuing to grow our portfolio without being distorted by years of varying dispatch.

Our path to achieving net zero assumes a reasonable period for climate transition. Absent an unforeseen technological breakthrough in energy storage, reliable base-load and mid-merit generation will remain critical in the long term. Given this, it is critical to focus on delivering the required generation in a responsible manner, focusing on operational excellence and efficiency. Further competition, slow-downs in permitting, and under-appreciated risks in the renewable power sector (such as replacement power obligations and supply chain risks) may adversely impact returns on renewable investments to the point it is difficult to fulfill commitments to shareholders to generate returns.

Prior to making a new investment, in accordance with our strategy the investment case considers the CO_2 intensity of the target business and the impact that the target business would have on the Group's overall CO_2 intensity.

Refer to Our KPIs for our CO_2 intensity performance during 2021.

In 2021, we engaged KPMG LLP ("KPMG") to undertake limited assurance using the assurance standards ISAE (UK) 3000 and ISAE 3410 over selected information as listed below[1]:

- Total Scope 1 emissions (tCO_2e): 12,396,842
- Total Scope 2 emissions – market based (tCO_2e): 22,968
- Total Scope 2 emissions – location based (tCO_2e): 29,903
- Emissions intensity – electricity produced (electricity produced (tCO_2e/MWhe)): 0.58
- GHG emissions intensity – energy produced (energy produced (tCO_2e/MWhe)): 0.44

We are also aiming to assure our Scope 3 emissions that will be reported in our 2021 Sustainability Report.

1. KPMG's full assurance statements for 2021 can be found on our website at https://www.contourglobal.com/reports

COMMUNITIES

A core part of ContourGlobal's mission is to make the places where we work better because we are there. We achieve this by engaging with our communities to identify opportunities to make high-impact social investments in the areas of education, health and safety, the environment, human rights, and anti-corruption. Our investments align with United Nations Sustainable Development Goals, our Social Responsibility and Environmental Sustainability Policy, our Anti-Corruption Policy and Guide and other ContourGlobal policies.

In 2021, we focused intensely on improving the long-term impact of our social investments with each business developing a new three-year social investment plan. The three-year plans are approved by our Sustainability Committee, a group of 5 senior executives, and include stakeholder assessment, expected outcomes, project KPIs, project implementation strategy, and budgets for each project. During the year, the Committee approved 29 social investment plans with 129 unique projects and a total budget over the three-year period of $6.24m.

Examples of projects commenced in 2021 are the following:

CAP DES BICHES – TALIBOU DABO CENTER

At our Cap des Biches plant in Senegal, we are providing children with physical disabilities new opportunities to learn by providing learning tools and transportation. The Talibou Dabo Center benefits 200 children aged 6 to 16 and is the only center in Senegal that rehabilitates and treats children with neurological conditions. Our three-year plan includes donations of educational equipment, medical assessment devices, and an accessible van to transport students. Our total planned investment to the Center is $96k.

SOLAR SLOVAKIA – CYCLING PROJECT

Providing safe opportunities for cycling and walking benefits physical health and safety in an environmentally friendly way. Our solar business in Slovakia recognized that many local residents would benefit from a pedestrian and bicycle path to connect the villages in our community and has undertaken a three-year project to construct the path in Dolne Lefantovce. As part of the project, we will also install wind breakers in Rohov, further protecting the natural habitat.

OUR PERFORMANCE IN NUMBERS

$6.24m

Value of social investment over the three-year period 2021-2023

$1.5m

Value of social investment spent in 2021

86

Number of social investment projects pursued (with 47 projects completed in 2021)

709,000

Beneficiaries of social projects completed in 2021

CELCSA - RAFAEL HERNANDEZ OCHOA SCHOOL

Providing a safe and clean environment for children to learn is essential for youth. In Mexico, our CELCSA plant has committed over $50k to elementary schools in two local communities near our facility. Together the projects will benefit 111 students directly with capital improvements to the schools. At the Rafael Hernandez Ochoa primary school, we will provide electricity to four classrooms and renovate the bathrooms and dining area. At the Mia Paria es Primero school, we will construct bathrooms and a dining area. At both schools, we will provide ongoing maintenance for the schools in the future.

A STRONG FINANCIAL PERFORMANCE

Revenue ($m)

2,151.9

2020: 1,410.7

Adjusted Revenue ($m)

1,724.8

2020: 1,252.6

Income from Operations ($m)

370.1

2020: 307.9

Adjusted EBITDA ($m)

841.5

2020: 722.0

Proportionate Adjusted EBITDA ($m)

692.3

2020: 568.7

Cash flow from Operations ($m)

810.3

2020: 719.6

Funds from Operations ($m)

439.8

2020: 379.6

Leverage ratio

4.6x[1]

2020: 4.8x

Stefan Schellinger
Global Chief Financial Officer

ContourGlobal continued to deliver very strong financial results in 2021 and we met all of our financial commitments. In particular, we increased our full year adjusted EBITDA guidance in December from $780 - $810 million to $810 - 840 million reflecting our strong financial performance. This is a testament of ContourGlobal's robust and resilient business model generating stable and predictable cash flows from operations.

We continued to meet the financial commitments made to shareholders by delivering our progressive dividend policy of 10% growth per annum. In addition, during H1 2021 ContourGlobal continued its share buyback program which started in early 2020 to support long-term shareholder value and was successfully executed with 2,624,774 million shares bought back in 2021 in addition to the 12,374,731 million shares bought back in 2020.

Revenue

Revenue continued to grow in 2021 to reach $2,151.9 million (+$741.2 million or +52.5%) resulting from the impact of the acquisition of the Western Generation assets in the United States and Trinidad and Tobago ("Western Generation") completed in February 2021 (+$206.9 million), as well as increased revenue from our Maritsa plant (+$275.6 million) driven by higher generation and higher CO_2 emission cost recharges (+$252.9 million), from our natural gas-fired power plant in Arrubal (+$129.2 million) benefiting from high dispatch, higher power prices and an optimized commercial strategy in the post PPA period from August to December, new interconnected load points and higher gas pass through for Mexico CHP (+$84.6 million) and higher generation and pass-through revenue at Cap de Biches (+$22.3 million). These increases were partially offset by lower revenue in the French Caribbean (-$16.7 million) following the expiry of the Energy Antilles PPA in mid-2020 and at CSP Spain assets (-$13.9 million) due to movements in power price. In addition, Group revenue was positively impacted by year over year foreign exchange movements by $39.3 million primarily driven by a higher average level of Euros / USD.

Adjusted Revenue

Adjusted Revenue excludes CO_2 emission cost recharges from IFRS revenue and is a key metric as it provides a more comparable basis for assessing revenue generating capabilities across the portfolio. The metric has been added due to the significant increase in carbon pricing which has resulted in CO_2 pass throughs distorting IFRS Revenue. During 2021 adjusted revenue was $1,724.8 million (+$1,252.6 million in 2020 or an increase of +38%) primarily driven by the Western Generation acquisition, high dispatch and power prices at Arrubal and new load points and higher pass throughs in Mexico, as noted above. The three most significant contributors to Adjusted Revenue are Mexico CHP, Maritsa and Arrubal contributing 17.1%, 16.7% and 15.4% respectively in 2021 (16.9%, 20.4% and 10.3% respectively in 2020). The reconciliation of Adjusted Revenue to statutory Revenue is as follows:

1. Including the net indebtedness in Brazil Hydro, which is classified in the balance sheet as held for sale at year end and pro forma adjustment to include a full year of Adjusted EBITDA for the Western Generation and Green Hunter acquisitions.

Adjusted Revenue

In $ million	2021	2020
Revenue	2,151.9	1,410.7
CO_2 passthrough revenue	427.1	158.1
Adjusted Revenue	**1,724.8**	**1,252.6**

Adjusted EBITDA

In $ million	2021	2020	Var %	Var
Thermal	541.3	420.9	29%	20.4
Renewable	334.7	332.0	1%	2.7
Corporate & Other	-34.5	-30.9	11%	(3.6)
Adjusted EBITDA	**841.5**	**722.0**	**17%**	**119.5**

Income from Operations (IFO)

IFO is a measure taken from the IFRS audited consolidated statement of income. IFO increased in 2021 by $62.2 million or +20.2% to reach $370.1 million as compared to $307.9 million in 2020, mainly as a result of the following effects:

- Increase in gross margin in 2021 by $44.2 million to reach $421.4 million as compared to $377.2 million in 2020, driven by the increase in Revenue of $741.2 million partially offset by the increase in Cost of sales of $697.0 million. The gross margin decrease from 27% in 2020 to 20% in 2021 following the acquisition of Western Generation reflect the proportionately higher costs of sales as a percentage of revenue compared to the average of the Group.
- Other operating expenses, Selling, general and administration and acquisition related items decreased from $69.3 million in 2020 to $51.3 million. The decrease was primarily due to exceptional restructuring costs incurred in 2020 of $5.2m (nil in 2021) and $6.6 million of cost incurred in relation to the Private Incentive Plan that ended in 2020. In addition, acquisition related items decreased by $6m, offset by Selling, general and administrative expenses increase of $3.7m as compared to 2020 driven mainly by higher professional fees (+$2.0 million) and employee costs (+$1.7 million).

The IFO has been driven by the same key contributors as the Adjusted EBITDA detailed thereafter, positively impacted by the acquisition of Western Generation (+$84.6 million), an optimized commercial strategy in the post PPA period at Arrubal (+$20.4 million), and improved resource and commissioning of the refurbishment project improving availability at Vorotan (+$13.7 million), offset by movements in power price at CSP Spain (-$8.7 million). This is offset by the increase in depreciation during the year of $87.6 million, primarily due to the acquisition of Western Generation.

Adjusted EBITDA

In 2021, we saw another year of strong Adjusted EBITDA performance with an increase of 17% to $841.5 million.

Adjusted EBITDA benefited from the Western Generation acquisition which contributed $84.6 million of Adjusted EBITDA in addition to a strong performance of our existing power generation assets of $756.9 million (net of corporate and other costs) compared to $722.0 million in 2020, including a positive foreign exchange variance of $8.8 million primarily due to the Euro appreciation versus the US dollar. The Green Hunter acquisition of Solar assets

in Italy was also completed in November 2021 and adds to the existing Renewable portfolio, contributing $0.4m to Adjusted EBITDA since acquisition.

Thermal Adjusted EBITDA increased by $120.4 million, or 29%, to $541.3 million for the year ended 31st December 2021 from $420.9 million for the previous year. The growth in Adjusted EBITDA is mainly driven by the Western Generation acquisition which contributed +$84.6 million, a strong performance in the post PPA period at Arrubal driving year over year Adjusted EBITDA growth of +$20.4 million and a change in commercial strategy at Sochagota of +$13.3 million. This demonstrates not only the stability of the underlying earnings and cash flows of the portfolio, based on its contracted business model protecting the segment from fluctuations in demand, fuel prices, electricity prices and CO_2 prices but also demonstrates the Company can benefit from a strong market environment in certain countries including Spain. The Thermal fleet is also highly diversified in terms of geography and technology, which significantly limits its overall market exposure. The Thermal fleet reached an Equivalent Availability Factor of 94% in 2021 (94% in 2020) demonstrating a consistently strong operational performance during the year.

Renewable Adjusted EBITDA amounted to $334.7 million for the year ended 31st December 2021, as compared to $332.0 million for the year ended 31st December 2020. The most significant impacts in Adjusted EBITDA for the year are improved resource and commissioning of the refurbishment project improving availability at Vorotan (+$13.7 million), the impact of the concession extension and commercial strategy optimisation at our Brazil Hydro assets (+$9.4 million), offset by the movements in power price at CSP Spain (-$8.7 million), lower resource and lower realized power prices at Peru Wind (-$6.3 million), and one-off events impacting the availability of some of our plants as well as negative FX impact in Brazil Wind and Hydros (-$4.6 million).

ContourGlobal's business model generates stable and predictable earnings and cash flows, and benefits from the following factors that mitigate the risk of fluctuations in the results:

- Long-term contracts with strong and creditworthy counterparties: Approximately 89% of 2021 Adjusted EBITDA is generated under PPAs concluded with investment-grade offtakers or non-investment-grade offtakers under political risk insurance. During 2021 our cash collections from our offtakers continued to be unaffected by the COVID-19 pandemic and remained stable and in line with agreed payment terms.
- Limited currency exposure: 86% of 2021 Adjusted EBITDA is denominated in either Euros or US dollars. In addition, a portion of the small Brazilian reals exposure in regards to distributions is hedged. This exposure will be further reduced going forward with the completion of the sale of our Brazil Hydro assets expected to be completed in Q2 2022.
- Geographical and technology diversification: No technology cluster represents more than 21% of 2021 Adjusted EBITDA; in addition ContourGlobal is present on four continents.
- Ability within long-term contracts to pass through fuel and CO_2 quotas: during the year there have been significant increases in the cost of CO_2 quotas and certain assets have also experienced an increase in the cost of fuel. The ability to pass these costs through ensures that margins are not eroded and provides stability in earnings.

In terms of financial metrics, we believe that the presentation of Adjusted EBITDA enhances the understanding of ContourGlobal's financial performance, in regards to understanding our ability to generate stable and predictable cash flows from operations. 'Adjusted EBITDA' is defined as profit for the year from continuing operations before income taxes, net finance costs, depreciation and amortization, acquisition related expenses, plus, if applicable, net cash gain or loss on sell down transactions (in addition to the entire full period profit from continuing operations for the business the sell down transaction relates to) and specific items which have been identified and material items where the accounting diverges from the cash flow and therefore does not reflect the ability of the assets to generate stable and predictable cash flows in a given period, less the Group's share of profit from non consolidated entities accounted for on the equity method, plus the Group's prorata portion of Adjusted EBITDA for such entities.

In determining whether an event or transaction is adjusted, ContourGlobal's management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence. Adjusted EBITDA is not a measurement of financial performance under IFRS.

Proportionate Adjusted EBITDA

Considering the decision to strategically sell down minority stakes of certain of our assets at a significant premium, we have included Proportionate Adjusted EBITDA as part of our core financial metrics since 2018. Proportionate Adjusted EBITDA is calculated using Adjusted EBITDA calculated on a proportionally consolidated basis based on applicable ownership percentage.

The Proportionate Adjusted EBITDA as well includes the net cash gain or loss on sell down transactions (of which there has been none during 2021 and 2020) as well as the underlying profit from continuing operations for the business in which the minority interest sale relates to reflecting applicable ownership percentage going forward from the date of completion of the sale of a minority interest.

Proportionate Adjusted EBITDA increased from $568.7 million in 2020 to $692.3 million in 2021 (+22%), broadly in line with the increase than Adjusted EBITDA, primarily driven by the acquisition of Western Generation during 2021 and for which there is no minority interest.

The following table reconciles Proportionate Adjusted EBITDA and Adjusted EBITDA to net profit before tax for each year presented:

In $ millions	2021	2020
Proportionate Adjusted EBITDA	**692.3**	**568.7**
Minority interest	**149.2**	**153.3**
Adjusted EBITDA	**841.5**	**722.0**
Reconciliation to profit before income tax		
Depreciation, amortization and impairment	**-399.2**	**-311.6**
Share of Adjusted EBITDA in associates	**-27.0**	**-19.9**
Acquisition-related items	**-14.2**	**-20.2**
Restructuring costs	**–**	**-5.2**
Private incentive plan	**–**	**-6.6**
Mexico CHP fixed margin swap[1]	**5.5**	**-15.6**
Brazil Hydro concession extension[3]	**5.5**	**–**
Change in finance lease and financial concession assets[2]	**-37.9**	**-31.7**
Other	**-4.1**	**-3.3**
Income from Operations	**370.1**	**307.9**
Net finance costs, foreign exchange gains and losses, and changes in fair value of derivatives	**-249.2**	**-247.8**
Share of profit in associates	**16.2**	**12.3**
Other	**5.8**	**–**
Profit before income tax	**142.9**	**72.3**

1. Reflects an adjustment to align the recognized earnings with the cash flows generated during the year under the CHP Mexico fixed margin swap (derivative that locks in a fixed margin for certain contracts)
2. Adjustment of the revenue and expenses recognized under Service Concession Arrangement accounting in Togo, Senegal and Rwanda with the cashflows generated during the year.
3. Reflects the non-cash gain recognized due to Generating Scaling Factor ("GSF") settlement in Brazil Hydro whereby a concession extension has been granted to compensate for historical GSF liability payments made prior to acquisition of the assets by ContourGlobal.

In relation to the 2021 and 2020 financial years, these adjustments mainly include non-recurring and non cash items.

Cash flow from operations and Funds From Operations

Cash flow from operations is presented in the Consolidated statement of cashflows of the financial statements and increased from $719.6 million to $810.3 million, mainly driven by the increase in Adjusted EBITDA ($119.5 million).

Funds from Operations is a non-IFRS measure that is calculated as follows:

In $ millions	2021	2020
Cash flow from operations	**810.3**	**719.6**
Change in working capital	**-45.9**	**-52.8**
Acquisition-related items	**14.2**	**–**
Interest paid	**-192.9**	**-175.8**
Maintenance capital expenditure[1]	**-62.8**	**-50.5**
Other distribution from associates	**7.9**	**13.0**
Cash distribution to minorities[2]	**-91.2**	**-74.0**
Funds from Operations (FFO)	**439.8**	**379.6**
Cash conversion rate	**52%**	**53%**

1. Maintenance capital expenditure is defined as funds employed by the business to maintain the operating capacity, asset base and/or operating income of the existing power plants (including construction capital expenditure). It excludes growth and development capital expenditure, which are discretionary investments incurred to sustain our revenue growth.
2. Cash distributions to minorities as per consolidated cash flow statement (excluding $11m distribution to Energy Infrastructure Partners related to the refinancing proceeds of the Green Hunter portfolio acquired in November 2021).

Funds from operations significantly improved in 2021 to $439.8 million, a 16% growth rate compared to 2020. This performance is the consequence of the continuous growth of Adjusted EBITDA explained above partially offset by higher interest paid primarily due to interest on debt acquired in Western Generation (reflecting a higher coupon rate on this debt compared to the average rate across the rest of the group), increased maintenance capex costs due to the Western Generation acquisition and cash distributions to minorities due to increased distributions during the year.

Funds from operations is a key measure and gives an indication of the strength and predictability of our cash generation and how much of our Adjusted EBITDA is converted into cash flow.

As a result the cash conversion rate, which compares FFO to Adjusted EBITDA, remained strong in 2021 at 52% (2020: 53%).

Leverage ratio

The Group leverage ratio is measured as total net indebtedness (reported as the difference between 'Borrowings' and 'Cash and Cash Equivalents' in accordance with IFRS statement of financial position) to Adjusted EBITDA. The leverage ratio does not include the IFRS 16 liabilities ($30 million as Dec. 31, 2021 and $33 million as Dec. 31, 2020). Whenever the impact would be significant, such a ratio is adjusted to reflect the full year impact of acquisitions or for financial debt of projects under construction which do not generate Adjusted EBITDA.

The leverage ratio as of 31st December 2020 was 4.8x, and is 4.6x as of 31st December 2021 (including the net indebtedness in Brazil Hydro, which is classified in the balance sheet as held for sale and a pro forma adjustment for a full year of Adjusted EBITDA of Western Generation and Green Hunter acquisitions).

- The Net parent company leverage is 3.4x as of 31 December 2021 as compared to 3.0x as 31 December 2020, reflecting the refinancing of the corporate bond in December 2020 and the impact of the Western generation acquisition in 2021. The Net parent company leverage is defined as:
- net debt at corporate level was $1,301 million as of 31 December 2021, compared to $830 million as of 31 December 2020. This comprises the net debt of the group corporate holding entities (excluding non-recourse financing), which includes Corporate Bonds, drawn bridge loans, less cash and cash equivalent in corporate holding entities;
- divided by CFADS (cashflows available for debt service) as defined in the Corporate Bond Indenture ($367 million for 2021, $274 million for 2020).

CFADS as defined in the Bond indenture is the net Cash distributions from Group subsidiaries (notably including dividends, equity distributions, or intercompany loans) to the parent company (the entity that pays dividends, interest and provides capital for new investment), less corporate costs. CFADS is a key financial measure for the company as it reflects all of the cash received by the parent company which is then allocated according to our strategy (notably for M&A, construction and other development costs or return of capital to shareholders). CFADS is also used to calculate the Debt service coverage ratio which is the main covenant of the Group's corporate bonds (CFADS over the Debt service of the corporate debts).

There is no reconciliation of the Net parent company leverage or CFADS to statutory measures because they do not derive from the statutory measures.

Finance costs – net

Finance costs – net increased from $247.8 million in 2020 to $249.2 million in 2021 (1%).

Interest expense increased in 2021 from $195.0 million in 2020 to $205.5 million, largely due to the impact of the Western Generation acquisition ($15.5m) and the corporate bonds ($7.9m) partially offset by the natural deleveraging of the project financing.

The Realized and unrealized foreign exchange gains and (losses) and change in fair value of derivatives increased by $31.8 million to a net gain of $42.5 million primarily attributable to:

- a positive impact in the fair value of derivatives of $25.3 million in 2021, as compared to $70.5 million in 2020. The decrease is mainly due to the $13.6 million non-cash net change in the fair value of the Mexican CHP fixed margin swap compared to $56.1 million in 2020 and
- A $18.4 million net realized and unrealized foreign exchange gain in 2021 compared to a $59.8 million foreign exchange loss in 2020 driven by favourable exchange rate movements of the US dollar against the Euro and the Armenian dram.

Profit before tax

Profit before tax increased by $70.6 million to $142.9 million in 2021 as a result of the factors previously explained.

Taxation

The Group recognized a tax charge of $63.2 million in 2021 as compared to $43.7 million in 2020 which represents a movement in effective tax rate from 60% in 2020 to 44% in 2021. The decrease in effective tax rate is due to the increase in profit before tax primarily attributable to Spain, Armenia and a reduction in pre-tax loss in Luxembourg. The effective tax rate was also impacted by unrecognized tax losses in Luxembourg and Brazil. The main jurisdictions contributing to the income tax expense in 2020 are Mexico, Bulgaria, Spain and Brazil.

Net income, EPS and Adjusted Net Income

Net income increased from $28.6 million in 2020 to $79.7 million in 2021. Considering the average number of shares outstanding in 2021 of 656.3 million (666.6 million in 2020), and a profit attributable to shareholders of $73.8 million in 2021 ($16 million in 2020) the Earnings per share (basic) increased from $0.02 to $0.12.

Adjusted net income is defined as net income excluding specific items which in 2021 included such items as unrealised FX, acquisition related expenses, the fair value impact of the Mexico fixed margin swap, Brazil Hydro concession extension and refinancing costs which are non recurring in nature and are not reflective of the ability to generate profits by the Group. A reconciliation of Net income to Adjusted Net Income is as follows:

In $ millions	2021	2020
Net income	**79.7**	**28.6**
Change in fair value of the CHP Mexico fixed margin swap[1]	**(13.3)**	**(28.4)**
Acquisition-related items[2]	**14.2**	**20.2**
FX unrealized (losses)/gains[3]	**(23.7)**	**26.5**
Brazil Hydro concession extension	**(13.4)**	**-**
Restructuring costs[4]	**-**	**5.2**
Private Incentive Plan[5]	**-**	**6.6**
Refinancing costs[6]	**12.8**	**8.9**
Adjusted Net Income	**56.3**	**67.4**
Adjusted Net Income attributable to shareholders	**54.9**	**54.8**

1. Change in fair value of the Mexican CHP fixed margin swap of -$13.6m net of $5.5m impact in Adj. EBITDA and net of 30% income tax impact -$5.7m.

2. Includes pre-acquisition costs and other incremental costs incurred as part of completed or contemplated acquisitions. ContourGlobal incurred exceptional amounts of such costs in 2021 and 2020 while signing and/or closing acquisitions in the US and Italy in particular.
3. Includes FX unrealized losses as reported in the consolidated financial statements, and represent non-cash unrealized losses recognized during the year. 2021 was notably impacted by the strengthening of the local currency in Armenia (AMD), generating unrealized FX gains for the USD denominated project financing debt totalling $21.7m.
4. Costs incurred as part of the reorganization of our corporate offices in 2020.
5. Non-cash impact of the Private Incentive Plan in 2020.
6. Relates to costs incurred in refinancing debt throughout the business.

Non-current assets

Non-current assets mainly comprise property, plant and equipment ("PP&E"), financial and contract assets, and intangible assets and goodwill. The increase in non-current assets by $373.8 million to $4,749.5 million as of 31 December 2021 was mainly due to the increase of PPE by $408.3 million relating to Western Generation acquisition (+$900.1 million including purchase price allocation) and the Green Hunter acquisition (+$56.5m including preliminary purchase price allocation), capex additions (+$95.6m) during the period mainly in Austria Wind (+$25.3 million), Vorotan ($13.5 million), Maritsa ($9.4 million) and Mexico CHP ($17.6 million), partially offset by depreciation (-$360.1 million), Brazil Hydro assets reclassified in asset held for sale (-$124.0 million) and CTA FX impact (-$149.9m).

Working capital

Inventory increased by $238.3 million during 2021, primarily due to the increase in value of emission allowances held in inventory at Maritsa (+$235.6 million) and Arrubal (+$23.9 million), partially offset by the impact of foreign exchange (-$25.2 million). Trade and other payables increased by $263.3 million to $597.0 million, also primarily due to the increase the increase in emission allowance payables in Maritsa by $240.9 million.

The increase in Trade and other receivables of $35.1 million to $299.1 million is primarily attributed to the acquisitions of Western Generation (+$24.5 million) and Green Hunter (+$5.0 million).

Borrowings

Current and non-current borrowings decreased by $654.2 million to $4,176.1 million as of 31 December 2021, mainly as a result of scheduled repayments (-$287.1 million), repayment of the 2023 bond in January 2021 (-$532.5 million), Arrubal debt repayments (-$73.7m) and the CTA FX impact due to increase of the Euro against the USD for our Euro denominated debt (-$234.1m). This was partially offset by the debt acquired in Western Generation (+$263.3m), new borrowings represented primarily by Alvarado net refinancing (+$25.5m), Western Generation bridge loan net of repayments (+$40.0m), Green Hunter debt acquired and subsequently refinanced (+$36.0m), Asa Branca net refinancing (+$3.8m), Caribbean refinancing (+$120.0m) and RCF drawdown (+$47.3m). The Brazil Hydro debt was also refinanced (+$51.9m) and subsequent was reclassified to held for sale at year end (-$136.5m).

Equity and non-controlling interests

Equity and non-controlling interests increased by $32.8 million to $370.5 million as of 31st December 2021 mainly due to the following factors: net income of the year (+$79.7 million), change in hedging reserves (+$41.0 million) and currency translation adjustment (+$33.2 million), partially offset by dividends paid to shareholders (-$114.5 million) and dividends paid to non-controlling interests (-$3.6 million).

Dividend

The Board recognizes the importance of paying a regular dividend to shareholders. The underlying business generates secure, highly stable, long-term cash flows, and it is the Board's intention that dividends will be paid on a quarterly basis. Reflecting the growth potential of the business, since listing in 2017 the Board has targeted a high single-digit annual dividend increase, which was raised to a 10% annual target in 2019. At times the Board may approve additional returns of capital, arising from surplus generation of cash or corporate transactions.

The Board periodically reviews the dividend policy, considering overall prospects, conditions and capital requirements of the Group. The Company paid a dividend of $26.6 million in April 2021 corresponding to the final dividend for the year ended 31st December 2020 and three interim dividends for the year ended 31 December 2021 in total of $87.9 million in June, September and November 2021.

The Directors expect to pay a total dividend of approximately $117.2 million for the year ended 31 December 2021, including a quarterly dividend of 4.465 USD cents per share (around $29.3 million) to be paid in April 2022.

Our dividend cover remains strong at 2.8x (2020: 2.2x). Dividend cover is measured as "Parent Company free cash flow" of $318 million in total ($367 million CFADS as defined in the Corporate Bond indenture, less $49 million Corporate Bond interest costs), relative to the total dividends paid for the year ended 31 December 2021. In 2020 the Parent Company free cashflow was $234 million ($274 million CFADS less $40 million Corporate Bond interest).There is no reconciliation of the Dividend cover to statutory measures because it does not derive from statutory measures.

Outlook

We remain focused on generating strong and predictable cash flows as a result of our business model of development and operationally led acquisitions of power generation assets under long-term contracts providing significant protection from the risks associated with volumes, commodity prices or merchant energy prices. Our ability to successfully execute and integrate such acquisitions was demonstrated during the year with our Western Generation acquisition and we will look to the same for Green Hunter acquisition during 2022. Where it is financially attractive to do so we will also seek to monetize assets, such as the sale of our Brazil Hydro business, which we expect to complete in 2022 in order to create shareholder value and returns.

Stefan Schellinger
Global Chief Financial Officer

OUR APPROACH TO RISK MANAGEMENT

We manage our risks rigorously across all businesses and corporate functions. This is a disciplined and dynamic process led from the top and applied day by day throughout the Company.

The Board of Directors has overall responsibility for the Company's risk appetite, risk management and ensuring that there is an effective risk management strategy and framework. The Audit & Risk Committee assists the Board with monitoring the Company's risk management framework, identifying areas of risk, challenging control weaknesses and providing independent assessment and opinion on the effectiveness and efficiency of the Company's internal controls and risk management systems. This also includes reviewing the risk register and providing regular updates to the Board on actions taken to mitigate the risks faced by the Group. Details of the Audit & Risk Committee's composition, responsibilities and activities can be found in the Audit & Risk Committee report on pages 101 to 111.

Risk review

We follow a robust process to review current risks and to identify emerging risks. In 2021, as part of this process, we held a webinar hosted by Control Risks, a global risk consultancy provider, in early January followed by a risk update survey of key stakeholders in June. While no new risks were identified, it was decided to raise the cyber security risk assessment from medium to high. This was due to the recent increased frequency of attacks on critical infrastructure assets and the concomitant increase in potential impact. Hackers were becoming more sophisticated, and some malware and ransomware attacks had resulted in business interruptions in utilities around the world. According to IBM's Cost of Data Breach report, the average cost of a data breach in the energy sector had risen between 2020 and 2021 by about one-third to $6.39 million. We have launched a number of initiatives to strengthen controls and risk mitigation to control the risk at an acceptable level.

Working with consultants, we also reviewed our internal risk control framework. Relevant documentation was checked, a series of interviews were held with senior stakeholders, and dedicated workshops were conducted to identify the controls associated with each risk. This led to a series of recommendations, including (but not limited to):

- Reinforcing controls concerned with payment, inventory and financial closings
- Increasing the frequency of risk review workshops to improve risk assessment at a business and asset level
- Using the newly implemented HighBond Governance Risk and Compliance (GRC) platform to improve reporting and monitoring

Robust risk management

The Company's risk management framework consists of a register of all key risks, a risk map and qualitative analysis of the likely causes and impacts of each risk. The register details the management action plans in place to mitigate the effects of any risk materializing.

Our risk management approach is based on the three lines of defense model, with a set of controls, procedures, and responsibilities designed to provide reasonable assurance.

Operational management in our businesses is the first line of defense. This ensures that day-to-day risk management controls are implemented and monitored and that relevant systems are in place to identify, evaluate and mitigate the Company's business risks.

The second line of defense comprises Group functions such as compliance, internal control, legal, IT and quality. These focus on monitoring and compliance with risk control systems and processes implemented by the business.

Our internal audit function together with external assurance providers serve as the third line of defense, providing independent assurance of risk management, internal controls and governance.

Senior management plays a key role in monitoring the risk management governance framework and policy. A focus group of key senior management members reviews and updates the risks listed on the risk register.

COVID-19 pandemic

The risk related to COVID-19 remains one of the top risks in the risk register 'Pandemic virus' risk (R04), and is monitored through our new Governance Risk and Compliance platform implemented from the fourth quarter of 2021. However, this year we re-classified Pandemic virus and Supply chain risks from strategy to operation and execution.

The COVID Committee continues to be responsible for taking key decisions and coordination of implementation of measures across the Group.

Geopolitical risk

As part of the ongoing emerging risks identification process, we are closely monitoring the situation related to military actions launched by Russia in Ukraine on 24th February and the potential impact on the Group.

Despite having no assets in these two countries, we are conducting reviews of our banking relationships and supply chain to identify supplier risk and to minimize potential impact on the company's operations notably considering the introduced sanctions targeting Russia. Therefore, risk R2 - Geopolitical uncertainties and social instability (including environmental activism, sanctions and trade war) has been increased to High. During 2022, the risk register will be constantly reviewed and the relevant risks re-assessed following additional developments.

Controlling risks

The Company faces a broad range of risks related to operating, maintaining and refurbishing power generation facilities. These include operational, health, safety and environmental (HSE) as well as cyber security and systems integrity risk. In line with our culture of operational excellence and safety, we make sure all the resources are available to control these risks at the right level.

The Internal Audit function conducted eight audits in 2021, including inventory management (Spanish CSP and Maritsa), cyber and operational technology (OT) security follow-up, review of outage management (Spanish CSP and Brazilian businesses), deep dive on a specific piece of operational software (Togo and Mexican CHP), anti-bribery and corruption (Brazilian businesses), supply chain risk deep dive, overall asset review (Vorotan), CG Italy 231 compliance model implementation and core labor controls.

These audits are directly or indirectly related to ContourGlobal's major risks and allow us to detect areas for improvement. The findings from the audit allowed us to strengthen controls around how the Company enters into major commitments and contracts, and compliance with the Company's processes and procedures at asset level.

In December 2020, the Audit & Risk Committee approved the 2021 Internal Audit risk-based plan.

Further information can be found in the Audit & Risk Committee report on pages 101 to 111.

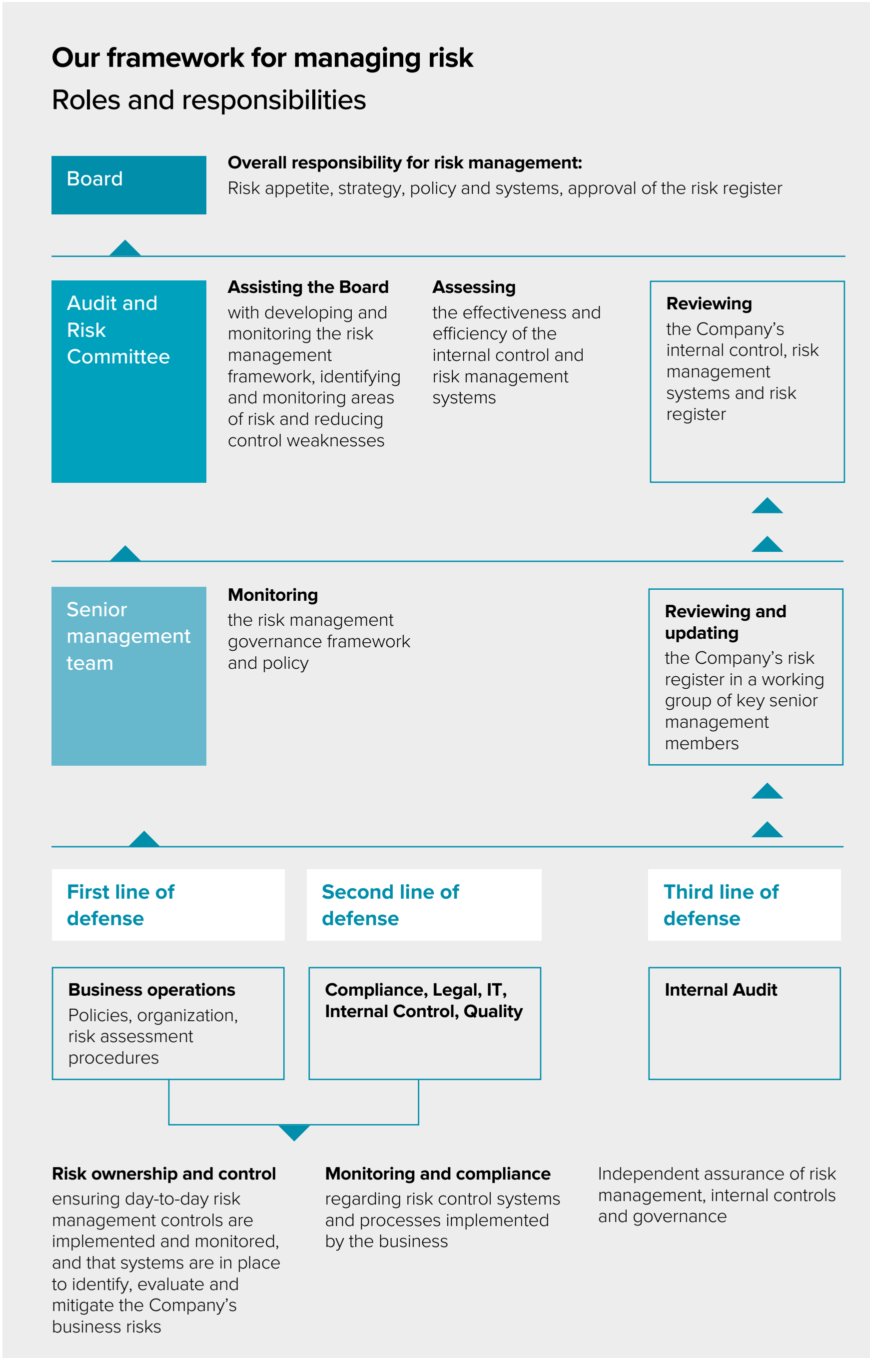
Reducing uncertainties

The Company's diversified geographical and technological approach to contracted and regulated power generation, as well as political risk insurance coverage of higher-risk assets, reduces uncertainties relating to medium-term operational results. We closely monitor residual risks related to governmental regulations, macroeconomic uncertainties and changes in market conditions through the risk management framework.

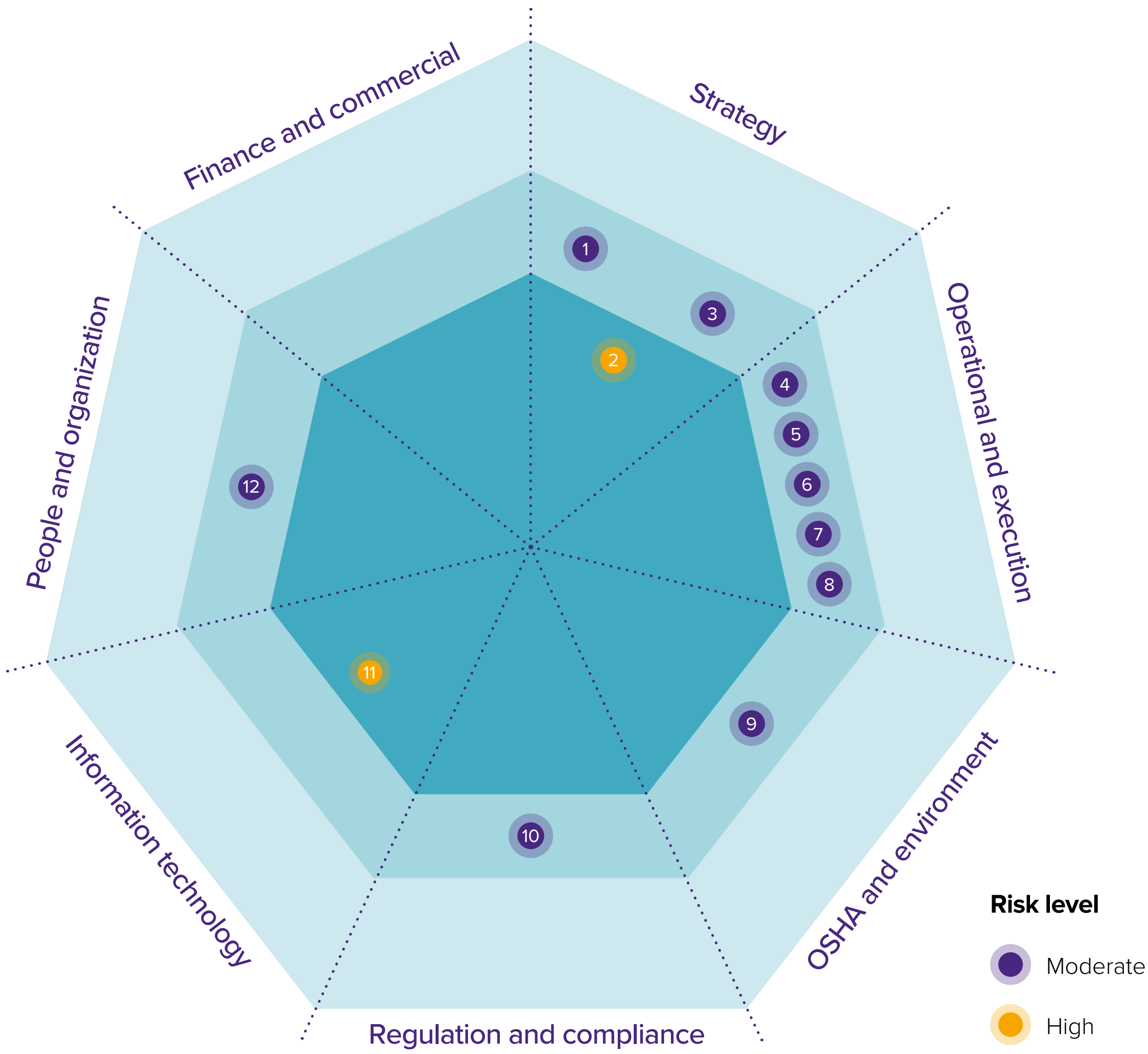
Focusing on the major risks

This section of the strategic report provides an overview of our approach to managing risk, focusing on the major risk factors related to implementing the Company's strategy and business model. It is not an exhaustive list of all possible risks. Additional uncertainties exist, some of which may not be known to the Company and could have a negative effect on the Company's financial position and performance. The principal risks and uncertainties were considered in assessing the long-term viability of the Company.

The viability statement can be found on page 72.



Risk map



R01	Impact of governmental actions and regulations
R02	Geopolitical uncertainties and social instability (including environmental activism, sanctions and trade war)
R03	Disruptive innovation in power generation and storage technologies
R04	Pandemic virus
R05	Supply chain
R06	Project execution (CAPEX)
R07	Asset integrity (OPEX)
R08	Resources/Climate change
R09	Health, Safety and Environment (HSE) and food: prevention and regulation
R10	Fraud, bribery and corruption
R11	Cyber security and systems integrity
R12	Key people (senior executive management) succession planning

The order of these risks does not reflect their relative significance – they are all major risks.

Our risk radar maps the top 12 risks ContourGlobal is facing. The risk radar has three levels of residual risk: high, moderate and low.

Each level is a combination of the inherent risk significance (potential impact and likelihood) and the risk response in place. Inherent risk is the risk to an entity in the absence of any direct or focused actions by management to alter its severity/significance. Residual risk is the risk remaining after management has taken action to alter its severity/significance.

High: residual risk remaining likely to have a strong impact on the achievement of strategic objectives even if risk management measures are in place. Additional actions should be taken to alter risk severity further.

Moderate: risk that could strongly affect the achievement of the objectives for which level of control is high enough to result in a moderate residual risk. Additional actions could be taken to reduce risk significance further.

Low: risk that may have limited impact on the business given that control mechanisms are in place together with relevant monitoring and assessment measures.

The closer the positioning of the risk to the center of the radar, the higher the residual severity of the risk.

<table>
<tr><th>Risk factor</th><th>Main impact</th><th>Risk response (management and mitigation)</th></tr>
<tr><td colspan="3">R01. Strategy – Impact of governmental actions and regulations</td></tr>
<tr><td>The risk that governmental actions or changes in (1) taxes or (2) regulations of our non-PPA long-term fixed rate arrangements (i.e. Feed-in-Tariffs) and PPAs including new adverse policymaking and investigations by regulatory or competition law authorities, as well as (3) restrictive regulation of thermal generation as the result of climate change initiatives and transition to low-carbon economy, without regulatory risk pass-through mechanisms will have a negative impact on our results of operation and growth prospects.

↔ Risk unchanged

Included in the sensitivity analysis on principal risks for viability and going concern assessment.</td><td>Deterioration of financial performance including loss of revenue and an increase in expenses (including fossil fuel cost).

Loss of business/growth opportunities:

Termination of agreements:
• Inability to obtain, maintain or renew required governmental permits/licenses
• Inability to receive permits for extension of existing capacities

Financing impact:
• Limited access to capital for thermal power generation projects

Major asset impact:
• Maritsa anticipates that it will engage in discussions with the newly formed government of Bulgaria to find a mutually agreeable resolution related to the Bulgarian energy regulator’s complaint to the European Commission (EC) that the Maritsa PPA contains elements of state aid and the EC services’ related review of the PPA. We cannot predict the outcome of such discussions, or of any resolution by the EC services of its review should those discussions not result in an agreement. Maritsa believes early termination of the PPA without adequate compensation for ContourGlobal would not be justified and will take all required actions to protect its rights and interests. Resolution of the matter could nonetheless contain terms that adversely affect the Maritsa PPA and have a material adverse impact on Maritsa’s and ContourGlobal’s business.

Impact on other key assets:
• The Group is subject to changes in laws or regulations or changes in the application or interpretation of laws or regulations in jurisdictions where we operate (particularly utilities where electricity tariffs are subject to regulatory review or approval) which could adversely affect our business. This is the case for instance in Mexico where the current government has engaged in several attempts to change the regulatory regime under which the Company’s plants are operating, and related to Rwanda and Kosovo, where the Company is engaged in arbitrations related to the interpretation of its and counterparties’ contractual obligations.</td><td>PPAs are held with state-owned, regulated or other offtakers, the majority of which are rated by Standard & Poor’s, with a weighted average credit rating (after Political Risk Insurance – PRI) of BBB+ (weighted by EBITDA).

PRI policies (from commercial insurers) are in place for several projects in case of events that could affect our assets, in particular the loss of invested capital. In some cases, these cover a return on our capital. These include:

Maritsa, Vorotan, KivuWatt, Togo, Cap des Biches, TermoemCali, and Kosovo.

Close relationships are maintained with energy lawyers and associations to anticipate any potential changes in regulation and express our interests.

Partnerships are fostered with multilateral development banks for both equity and debt which makes governments reticent to renegotiate.

Investment is placed in local communities and hiring locally.

The business has a sovereign credit rating of BBB+ post-PRI impact (based on the individual sovereign ratings determined by Standard & Poor’s).

Close monitoring of global climate change initiatives and taking them into account in our medium- and long-term operations and growth strategy.

Proactive engagement and communication.</td></tr>
<tr><td colspan="3">R02. Strategy – Geopolitical uncertainties and social instability (including environmental activism, sanctions and trade war)</td></tr>
<tr><td>The risk that geopolitical instability, increased social pressure on politics and increasing activism will create additional uncertainty for our multinational business operation and will affect our business model or specific assets.</td><td>Deterioration of financial performance:
• Increase in operational costs (including additional costs associated with supply chain disruptions)
• Higher financing transaction costs
• Disruption of operation of one or more of our assets
• Increase in OPEX and CAPEX
• Loss of invested capital
• Adverse effect on results of operation</td><td>PRI policies (from commercial insurers) are in place for several projects in case of events that could affect our assets, in particular in Africa and Eastern Europe.

In some cases we can recover a return on our capital:

• Maritsa, Vorotan, KivuWatt, Togo, Cap des Biches, TermoemCali, and Kosovo
• Our diversified operations limit the downside as the impact of a localized geopolitical effect is unlikely to have a significant effect on the full portfolio
• Diversification of jurisdictions and technologies minimizes the risk</td></tr>
</table>

Operational excellence | High growth | Financial strength

Risk factor	Main impact	Risk response (management and mitigation)
R02. Strategy – Geopolitical uncertainties and social instability (including environmental activism, sanctions and trade war) (continued)		
The risk that sanctions affect our counterparties or stakeholders along our supply chain will have a negative impact on our cost structure and our ability to acquire the required equipment. The risk that excessive cross border tariffs or negative regulation on foreign capital flow will have an impact on our supply chain and limit our flexibility in cross border investments. ↑ **Risk increased** Included in the sensitivity analysis on principal risks for viability statement and going concern assessment.	• Unforeseen additional recurring costs vs. financial model projections (project Internal Rate of Return (IRR) and cash flow) • Charges and penalties due to non-compliance with external requirements **Loss of business/growth opportunities:** • Inability to operate effectively • Termination of agreements • Fewer opportunities for growth **Business disruption:** • Inability to procure required equipment • Impact on EAF and EFOR	• Access to several financial markets allows the business to choose the most opportune sources of transactional financing • Investment in local communities and hiring locally creates goodwill with local governments and populations • Reduced risk mitigation in place through diversified business • Regular analysis of suppliers and supply chain • Continuous monitoring of the geopolitical situation in relation with conflict between Ukraine and Russia to assess potential impact on our businesses
R03. Strategy – Disruptive innovation in power generation and storage technologies		
The risk that technological breakthrough in renewable generation, storage technologies and/or energy trading and financial markets (i.e. blockchain) will reduce our ability to be competitive in the new investments or could result in stranded assets. Note: this risk is regarded as an emerging risk but one unlikely to impact in the next three years. ↔ **Risk unchanged**	**Deterioration of financial performance:** • Loss of revenue • Decrease in operating cash flow **Loss of business/growth opportunities:** • Renegotiation/termination of existing contracts • Inability to expand in strategically important regions	• Strong PPAs drafted to protect ContourGlobal from non-payments • PRI policies, several of which provide protection against non-honoring of arbitration award • Diversification of ContourGlobal's portfolio (Thermal and Renewable) and installing the most modern technologies (where possible) in order to remain as competitive as possible • Innovation monitoring and using internal capabilities to capitalize on emerging technologies and innovative solutions already implemented within the Group

Risk factor	Main impact	Risk response (management and mitigation)
R04. Operation and execution – Pandemic virus		
The risk that global pandemic(s) will cause (1) health issues for our employees, (2) business disruptions at operational as well as at corporate level, (3) disruption of our supply chain, (4) delays in power plants' major overhauls, (5) increase in counterparty risk given deterioration of our offtakers' credit strength, as well as (6) slowdown of economic growth and thus disruption of global commodity markets which will result in adverse financial impact on results of our operation as well as growth targets and long-term impact on sustainability of regulated returns/FIT. **Risk reclassified from strategy to operation** **↔ Risk unchanged** Included in the sensitivity analysis on principal risks for viability statement and going concern assessment.	**Direct financial impact:** • Adverse impact on revenue due to force majeure claims, decreasing power demand caused by slowdown of economic growth • Slow payment of certain of our offtakers/the country system, potential financial distress post-crisis of certain clients, regulatory measures to slow down payments • Adverse effect on results of operation due to an increase of Operations and Maintenance (O&M) costs and CAPEX expenditures due to supply chain disruption **Business interruption:** • Disruption to business-as-usual activities caused by restrictions imposed on travel and movement of goods • Business leaders' distraction from core business activities due to focus on risk prevention and mitigation measures • Disruption due to employees' illness at plant and corporate level • Disruption and delays to plants' planned maintenance due to travel restriction of O&M contractors (impact on EAF and EFOR) • Potential supply chain disruption resulting in inability to procure important equipment, consumables or spare parts	**Information and communication** • Emergency communication online site on the intranet that contains the most recent communication regarding Coronavirus to Company's employees in different languages • COVID Committee managing key decisions and coordinating relevant measures across the Group. Regular calls by senior management with business leaders and global webinars for all employees **Mobility restriction, remote work and social distancing** • Employee training (Okta, VPN, Zoom) and necessary IT set-ups in place and tested to ensure seamless remote operation for corporate functions • Remote power plant operations in some locations • Temporary travel business ban during quarantine and strict monitoring of travel situation going forward • Strict third-party visitors' control (contractors, service providers) screening and authorization process including online questionnaire • Issuance of "Temporary home-based employee guidance" and "Emerging respiratory viruses prevention response guidance" • Regular check-ins with managers • Procurement of masks and PPE equipment and shipment to sites for front-line workers • Assets operating in isolation mode **Supply chain analysis and contract management** • Global supply chain actions tracker per plant with regular update in case of potential risks. Calls with sites to review the status • Force majeure and termination clauses analysis for key contracts (PPA, facility agreements, supply chain) with regular communication on potential delivery delays • Local assets were advised to avoid or to require protection for advance payments
	Indirect financial impact (country/ counterparty): • Adverse financial impact on the result of Company's operation through the adverse effect of economic growth slowdown on our counterparties, i.e. PPA offtakers and governments' Feed-in Tariffs • FX rate exposure due to disruption in countries with weak currencies **Financing and growth impact:** • Inability to get access to financing for new or existing projects due to potential liquidity crunch caused by global economy slowdown	**O&M optimization and inventory management** • Review of annual maintenance program to reschedule any maintenance activities that would require third-party interventions on site • Inventory requirement in place for spares and consumables for the next 6-12 months **Health, insurance and testing** • PRC testing of front-line workers • COVID insurance policy for infected employees (in addition to existing health benefits) • Strict protocols for maintaining physical distance, disinfection of premises, use of masks and gloves when required physical distance cannot be kept. In addition, screenings for temperature are conducted

Risk factor	Main impact	Risk response (management and mitigation)
R05. Operation and execution – Supply chain		
Increased supply chain risk, with the identification and management of supply requiring greater efforts to maintain resilience. This may be due to a more competitive landscape among the Company's peers increasing costs; or due to a shrinking of available supply due to suppliers going out of business during economic downturn; or politically motivated restrictions (such as trade restrictions e.g. quotas, tariffs, additional screening or sanctions) following heightened geopolitical tensions. **Risk reclassified from strategy to operation** ↔ **Risk unchanged** Included in the sensitivity analysis on principal risks for viability statement and going concern assessment.	**Business disruption:** • Inability to procure required equipment or parts • Impact on EAF and EFOR **Deterioration of financial performance:** • Increase in OPEX and CAPEX **Potential breach of loan agreements**	• Supply chain analysis and contract management: global supply chain actions tracker per plant with regular updates in case of risks, regular reviews • Monitoring of force majeure and termination clauses and communication of potential termination • Regular vendor risk assessment, particularly of strategic and bottleneck vendors
R06. Operation and execution – Project execution (CAPEX)		
The risk that inefficient contractors' selection, contracting, project management and execution of greenfield construction or refurbishment investment projects will result in delays or unanticipated cost overruns. ↔ **Risk unchanged** Included in the sensitivity analysis on principal risks for viability and going concern assessment.	**Financial impact e.g.:** • Overrun of project costs (including financing fees) vs. investment case impacting projected cash flows and IRR • Liquidated damages/penalties/litigation • Reduced revenue due to construction delays • Potential defaults on financing and debt repayment before Commercial Operations Date (COD) • Image and reputation impact resulting from a loss of credibility with counterparties, lenders and other stakeholders	• Controlling methodology: specific internal resource is dedicated to provide guidance and best practice to ensure strict and real-time project cost control, enabling cost overruns to be identified early and mitigation actions put in place • Minimizing the risk of exceeding construction budgets by entering into fixed price contracts with engineering, procurement and construction (EPC) contractors with proven track records • EPC contracts contain back-to-back liquidated damages provisions which protect ContourGlobal against construction delays and other breaches by EPC contractors • Contract monitoring and management with legal support • External support to obtain permits • Project Review Procedure: monthly review of the projects organized by the Project Management Team (including the Group COO) and presented to the Project Steering Committee • Regular analysis of suppliers and supply chain

Risk factor	Main impact	Risk response (management and mitigation)
R07. Operation and execution – Asset integrity (OPEX)		
The risk that asset maintenance processes are not managed in line with the O&M plan and quality standards will prevent the power plants from delivering electricity and ensuring availability at the levels defined in the long-term PPAs. ↔ **Risk unchanged**	**Deterioration of operational performance:** • Business interruption and power outages • Performance below expected efficiency and output levels • Inability to deliver electricity or ensure availability defined in long-term PPAs **Reduced profitability and cash flows:** • Increase of expenses (OPEX and CAPEX) • Unplanned O&M and capital expenditures • Loss of revenue and PPA penalties • Liquidated damages • Reduction in distribution and inability to service debt • Reputational impact	• Business interruption insurance • O&M strategy focusing on HSE, O&M organization, O&M performance management, benchmarks and KPIs • Maintenance strategy including hydro and civil structures. O&M IT systems (including remote monitoring control room) • Maintenance activities with regular KPIs for control, and timely corrective actions • Daily KPIs and improvement meetings between local plant managers and operators • Regular analysis of suppliers and supply chain
R08. Operation and execution – Resources/Climate change		
The risk that climate change (e.g. changes in temperature, wind patterns and hydrological conditions) will affect the certainty of our forecasts, will impact our operations and adversely affect our financial performance. ↔ **Risk unchanged** Included in the sensitivity analysis on principal risks for viability and going concern assessment.	• Deterioration of financial performance including a loss of revenue and/or an increase in expenses (O&M costs) • Impact on the operational performance with a strong deviation of actual renewable generation vs. projections in the investment case specifically for wind and hydro	• Diversified geographical and technological portfolio of assets • Extensive weather phenomena studies and due diligence before acquisitions • Sign-off on all investment case assumptions by a reputable advisory firm • Scenario analysis carried out across the portfolio • Retina Performance Management platform for Renewable businesses to improve data analytics and forecasting, enabling predictive analysis for medium- to long-range maintenance planning and downtime reduction in Brazil • Review of weatherization planning for extreme temperatures

Risk factor	Main impact	Risk response (management and mitigation)
R09. Health, safety and environment (HSE) and food – Prevention and regulation		
The risk that failure to prevent major health, safety, environmental and food (CO_2 production for human consumption) incidents and/or comply with relevant regulations due to inherent risks related to our activities (fuel types, technology, equipment in more than 20 countries) will have a material adverse impact on our operations, financing conditions and reputation. ↔ **Risk unchanged**	**Human and environmental impact:** • LTIs (Lost Time Incidents) and fatalities of ContourGlobal employees, contractors or people in local communities around the facilities due to incidents at the power plants • Environmental accidents on site and in local communities • Contamination of food supply • Reputational impact **Financial and operational impact:** • Increase in liabilities and compliance costs • Business interruption • Loss of efficiency/productivity • Breach of loan covenants • Non-compliance with applicable HSE legal requirements and potential sanctions	• Health and Safety Policy reviewed annually and communicated Company-wide • Health and Safety and Environmental management system is aligned with H&S 18001, ISO 14001 standards, and also with World Bank guidelines, namely the IFC Performance Standards • Monitoring of reactive indicators (such as responses to accidents) and proactive indicators (including known hazards, inspection quality and number of training hours) • Intense regular training • Continuous improvement and failure analysis (such as 5 Whys and lessons learned) to prevent incident recurrence • Strong environmental policies and procedures • Each business's compliance with applicable policies, local laws and permit requirements is managed directly by the business • Oversight and audit through operations, environmental, health and safety departments • Third-party contractors' environmental audits, including Coca Cola audits of food grade CO_2 • Arrubal, Togo and Knockmore Hill have achieved ISO 14001 certification • Adherence to a Company-wide environmental policy, reflecting the business commitment to the United Nations Global Compact
R10. Regulation and compliance – Fraud, bribery and corruption		

The risk that lack of transparency, threat of fraud, public sector corruption, money laundering and other forms of criminal activity involving government officials or suppliers will result in a failure to comply with anti-corruption legislation, including the UK Bribery Act 2010 and other international anti-bribery laws.
 	
↔ **Risk unchanged**
 	
Included in the sensitivity analysis on principal risks for viability and going concern assessment.
	Financial impact:
	• Financial losses as a result of fraudulent activities
	• Violations of anti-corruption or other laws
	• Criminal and/or civil sanctions against individuals and/or the Company
	• Loss of trust by key stakeholders
	• Debarment by multilateral development banks and international financial institutions
	• Reputation impact and loss of trust
	• Exclusion from government funding programs
		• A strong anti-bribery compliance program that reflects the components of an 'effective ethics and compliance program' as set forth by various international conventions and enforcement authorities, which is reviewed at least quarterly
		• Policies and procedures include:
		  • Code of Conduct and Business Ethics
		  • Anti-Corruption Policy
		  • Anti-Corruption Compliance Guide
		  • Policy for Engaging Suppliers and Third-Party Service Providers
		  • Gifts & Hospitality Policy
		  • Conflict of Interest Policy
		  • Compliance Transactional Due Diligence Protocol
		  • Business Development Consultant Compliance Protocol
		• Regular certification by employees
		• Risk-based due diligence, including for third parties and transactions
		• Pre-approval by Compliance of gifts and hospitality offered to governmental officials
		• Online portals:
		  • EthicsLine
		• Regular checks and audits:
		  • Bi-annual combined Compliance and Finance Audits,
		  • Internal audits conducted by external providers led by the internal audit team
		• Internal spot checks
		• Tailored, risk-based training according to a yearly training plan
		• Anti-Corruption e-learning course for new joiners and regular refresh course for existing employees

Risk factor	Main impact	Risk response (management and mitigation)
R11. Information technology – Cyber security and system integrity		
The risk that insufficient IT security or maintenance of systems will expose the Company to data corruption. This could have a negative impact on information systems as well as electronic control systems used at the generating plants, and could disrupt business operations, resulting in loss of service to customers, expense to repair security breaches and/or system damage. ↑ **Risk increased** Included in the sensitivity analysis on principal risks for viability statement and going concern assessment.	**Organizational and operational impact:** • Disruptions to business operations • Compromise of data integrity in core systems **Financial impact:** • Potential for fraudulent activity due to segregation of duties conflicts • Penalties related to non-compliance with data-related laws and regulations • Loss of revenue due to disruptions to operations • Impact on reputation due to breach of confidentiality	• Dedicated IT security function established for corporate and operations • Project Musket, aiming at strengthening cyber security controls **Plants** • Physical access controls • Dedicated plant IT functions established to consolidate IT management approach in the plants under a global framework of IT/OT security policies and procedures. This local, segregated approach to the management of plants minimizes risk **Corporate** • Security governance controls in place (including security policies, security training, security reviews) • Security systems implemented (e.g. anti-virus, web filtering, firewalls, multifactor authentication, encryption) • Security information and event management system (SIEM) • Infrastructure hosting security in place (ISO-27001 compliant data centers) • User provisioning process for key financial accounting and reporting systems, and segregation of duties where applicable • Governance processes in place (e.g. change management, incident management) • Restricted USB access • Centralized administrative access restricting any changes introduced by individual users • Annual external audits of financial systems and IT security
R12. People and organization – Key people (senior executive management) succession planning		
The risk that a combination of key people's (senior executive management) departure at short notice may affect the Company's ability to deliver its strategic objectives and the overall Company performance and the availability of talent to support long-term growth plans. ↔ **Risk unchanged** The risk assessment was re-evaluated due to a set of measures implemented in 2020 related to succession planning.	• Removal or departure of key individuals could result in operational disruption, while competition for employees could lead to higher than expected increases in the cost of recruitment, training and employee costs • Loss of key management members could have a reputational impact	• Focused action to attract, retain and develop high-caliber employees • Managing organizational capability and capacity to meet our customers' needs • Effective remuneration arrangements to promote effective employee behaviors • Clear succession plans in place

VIABILITY STATEMENT AND GOING CONCERN DISCLOSURES

Viability statement

In accordance with paragraph 31 of the UK Corporate Governance Code 2018 ("the Code"), the Board has assessed the viability of the Company over a period of three years. The Board believes that an assessment period of three years is appropriate based on the period over which management has a reasonable expectation of the position and performance of the Group and taking account of its short-term and longer-range plans.

The Directors' assessment has been performed using a two-stage approach:

i. the assessment of the prospects of the Group through the review of the Group's current position, strategy and business model, financial projections and principal risks. There are a number of key factors inherent in our portfolio and our growth strategy that provide a natural hedge to principal risks over the longer term:
   - 73% of revenue and 84% of Adj. EBITDA are fully contracted or regulated over the next 3 years;
   - the geographical spread of the Group, present in 20 countries with 138 operating plants, and the significant portion of non-recourse financing arrangements at the asset level; and
   - technological spread of our assets with 62% of total Ad. EBITDA generated across thermal assets (coal, natural gas, liquid fuels) and 38% from renewable assets (solar, wind, hydro).

ii. the assessment of the viability of the Company through the preparation of the severe but plausible scenarios applied to relevant principal risks, the analysis of their financial impact (on revenue, profitability, cash generation, cash distribution, and covenants), and the review of the mitigation factors that management reasonably believes would be available to the Company over this period.

Each of the risks presented on pages 65 to 71 has been considered in terms of their significance and relevance for inclusion in scenario analysis. Out of those, the severe but plausible scenarios (individual or combination) are presented in the table below.

The results of the risk scenarios modeled showed that neither an individual risk nor a combination of the plausible risk events would have a significant enough financial impact to endanger the viability of the Company over the period assessed.

After reviewing all of these considerations, the Board has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year viability assessment period.

In assessing the prospects of the Company, the Directors noted that such assessment is subject to a degree of uncertainty that can be expected to increase looking out over time and, accordingly, that future outcomes cannot be guaranteed or predicted with certainty.

Risk scenario tested	Link to the principal risk
Changes in governmental regulations, and commercial market conditions Financial impact of no post-PPA business for two material assets ($178m cash impact).	R01 Impact of governmental actions and regulations R02 Geopolitical uncertainties and social instability
Construction and refurbishment activities Financial impact of significant delay in refurbishment activities due to supply chain ($15m cash impact).	R04 Pandemic virus R05 Supply chain R06 Project execution (CAPEX)
Reduction of solar/wind/hydro resource due to climate change Financial impact resulting from the loss of revenue of the selected renewable assets ($55m cash impact)	R08 Resource/climate change
Significant compliance breach Financial impact in the form of hypothetical fines and associated reputational damage ($40m cash impact)	R10 Fraud, bribery and corruption
Cyber-attack stopping a major asset for two weeks Financial impact of Adj EBITDA loss from a major asset in that period ($9m cash impact)	R11 Cyber security and system integrity

Going concern statement

The Directors have formed a judgment, at the time of approving the financial statements, that there is a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for a period of at least 12 months from the date of this report. For this reason, the Directors continue to adopt the going concern basis in preparing the Group and Company financial statements.

In reaching this conclusion, the Directors have considered:

- The financial position of the Group as set out in the Annual Report and additional information provided in the financial statements including note 4.13 (Management of financial risk), notes 4.21 and 4.24 (Cash and cash equivalents and Borrowings) and note 4.14 (Derivative financial instruments).
- The resources available to the Group taking account of its financial projections and existing headroom against committed debt facilities and covenants.
- The principal risks and uncertainties to which the Group is exposed, as set out on pages 65 to 71, the likelihood of them arising and the mitigating actions available.

Non-Financial Information Statement

We create value for all our stakeholders and track our performance against key financial and non-financial indicators. The table below sets out where more information on non-financial matters can be found in this Annual Report together with an overview of our relevant policies and standards.

Reporting requirement	Relevant information	Policies, Standards and Commitments
Business Model	Page 10-11 Who we are Page 16-17 Business Model	Our values: • To care about our people's health, safety, well-being and development. • To expect, embrace and enable excellence and continuous learning through humility, and knowledge that we will fail but when we do, we will learn. • To act transparently and with moral integrity. • To honor the commitments of those who have placed their trust in us. • To work hard and without boundaries as a multinational, integrated team.
Principal risk and impact of business activity	Page 62-71 Our approach to Risk Management Page 72 Viability statement	• Risk Management Framework
Environmental Matters	Page 48-49 Environment	Our environmental commitments include: • Complying with all environmental regulations and world-class best practices. • Striving towards reducing our environmental footprint. • Training and developing our workforce to understand our environmental and social responsibilities. • Executing targeted social investments aligned with our core business. We are also a signatory of the United Nations Global Compact • Code of Conduct and Business Ethics* • Supplier Code of Conduct* • Social Responsibility & Environmental Sustainability policy
Employees	Page 44-47 Our People	• Signatory of the United Nations Global Compact • Code of Conduct and Business Ethics*
Social Matters	Page 54-55 Communities	• Signatory of the United Nations Global Compact • Code of Conduct and Business Ethics* • Social Responsibility Environmental Sustainability policy • Social Investments Framework • United Nations Global Compact signatory
Human Rights	Page 44-47 Our People Page 54-55 Communities	• Signatory of the United Nations Global Compact • Code of Conduct and Business Ethics* • Supplier Code of Conduct* • ContourGlobal Modern Slavery Statement 2020* • Human Rights Policy Statement
Anti-Corruption and anti-bribery	Page 110 Whistleblowing mechanism Page 111 Bribery and anti-corruption policy Page 70 Risk Factor – Regulation and Compliance – Fraud, bribery and corruption	• Code of Conduct and Business Ethics* • Anti-Corruption Policy* • Anti-Corruption Compliance Guide* • Supplier Code of Conduct* • Policy for Engaging Supplier and Third-Party Service Providers • Gifts & Hospitality Policy • Compliance Transactional Due Diligence Protocol • ContourGlobal Modern Slavery Statement 2020*

* Available at https://www.contourglobal.com/compliance-ethics

CONTOURGLOBAL
IN OUR PEOPLE'S EYES

Every year, we organize a photography contest, encouraging our employees around the world to share their own ContourGlobal story. This selection is a tribute to the value and commitment they bring everyday on the ground.


Borger, United States

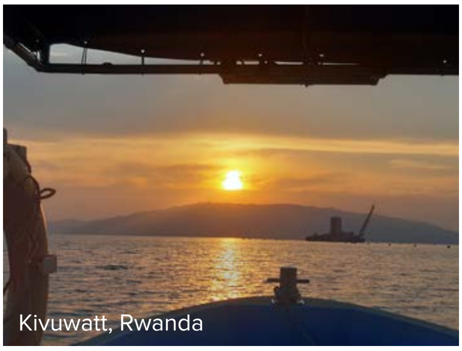

Palma Del Rio, CSP Spain


Austria Wind

Angeghakot reservoir, Vorotan, Armenia

Cupisnique, Inka, Peru


Shamb Spandaryan, Vorotan, Armenia


Kivuwatt, Rwanda

Participants

Aaron Reynolds
Ana Paula Fernandez
Ana Quiroga
Andres Gonzales Martin
Anna Sendal
Antonio Chagas
Aram Arekhtsyan
Cesar Chujutalli Marcelo
Christian Diaz Vargas
Daniel Fernandez
David Wafula
Eulogio Arias Castro
Fred Milburn
Ian Farias
Jaime Rodriguez Paez
Javiez Diaz
Kajal Seevaparsaid
Laurent Hullo
Leandro Costa
Lee Goshorn
Leslie Wills
Lester Kirby
Lisa Tonis
Mark Holt
Matthew Isaac
Michael Schaeffer
Miguel Perez Cerqueda
Nigel Chevillair
Olivier Mahire
Rasheed Moonah
Rocky Lovato
Sonia Maria Romero Escolar
Tadeu Fayad
Tatiana Ciganikova
Yazmin Rodriguez


Waterside, United States


Scharndorf, Austria


Scharndorf, Austria


Hobbs, United States


Redwood, United States


Talara, Inka, Peru


Alvarado, CSP Spain


Majadas, CSP Spain

EXPERIENCED LEADERSHIP

Craig A. Huff
Chairman

Joseph C. Brandt
President and
Chief Executive Officer

Stefan Schellinger
Chief Financial Officer
and Executive Director

Alejandro Santo Domingo
Non-Executive Director

Mariana Gheorghe
Independent Non-Executive Director

Dr. Alan Gillespie
Senior Independent Director

Ronald Trächsel
Independent Non-Executive Director

Daniel Camus
Independent Non-Executive Director

Gregg M. Zeitlin
Non-Executive Director

Committee membership: ● **Chair** Ⓡ **Remuneration** Ⓝ **Nomination** Ⓐ **Audit & Risk**

Craig A. Huff

Mr. Huff co-founded ContourGlobal in 2005 and has served as the Chairman of the Board of Directors since 2017.

Mr. Huff co-founded Reservoir Capital in 1998 and is a member of all fund Investment Committees. He currently serves on the boards of many of Reservoir Capital's portfolio companies in industries such as energy, power, aircraft leasing, and insurance. He has also been instrumental in the formation and development of a variety of hedge funds and private investment firms.

Mr. Huff is the President of the Board of Trustees of St. Bernard's School and is active in several non-profits.

Prior to founding Reservoir Capital, Mr. Huff was a Partner at Ziff Brothers Investments and, prior to business school, served in the U.S. Navy as a nuclear submarine officer and nuclear engineer. Mr. Huff graduated magna cum laude from Abilene Christian University with a B.S. in Engineering Physics. He completed his M.B.A. at Harvard Business School, where he graduated with high distinction as a Baker Scholar.

Contributions to the Company: Mr. Huff has over 25 years of management and leadership experience, and his background and broad experience provides a valuable perspective to the Board. Mr. Huff provides a valuable role in supporting the Company's relationship with its major shareholder, and, through his private equity and hedge fund experience is invaluable in meeting the challenges facing the Company and the wider sector.

Alejandro Santo Domingo

Mr. Santo Domingo has served on ContourGlobal's Board of Directors since October 2017. He is a Senior Managing Director at Quadrant Capital Advisors, Inc. in New York City.

Mr. Santo Domingo is a member of the board of Anheuser-Busch Inbev (ABI). He was a member of the Board of Directors of SABMiller Plc, where he was also Vice-Chairman of SABMiller Plc. for Latin America. Mr. Santo Domingo is Chairman of the Board of Bavaria S.A. in Colombia. He is Chairman of the Board of Valorem, a company which manages a diverse portfolio of industrial and media assets in Latin America. He is also a director of JDE (Jacobs Douwe Egberts), Florida Crystals, the world's largest sugar refiner, Caracol TV, Colombia's leading broadcaster, El Espectador, a leading Colombian daily, and Cine Colombia's leading film distribution and movie theater company.

In the non-profit sector, he is Chairman of the Wildlife Conservation Society and Fundación Mario Santo Domingo. He is also a Member of the Board of Trustees of the Metropolitan Museum of Art, a Member of the Board of Channel Thirteen/WNET (PBS), a Member of the Board of DKMS, a foundation dedicated to finding donors for leukemia patients, and he is a Member of the Board of Fundacion Pies Descalzos. Mr. Santo Domingo is a Member of the Board of Trustees of the Mount Sinai Health System.

Mr. Santo Domingo is a graduate of Harvard College.

Contributions to the Company: Mr Santo Domingo has extensive knowledge in the investment sector, and his broad board experience enables him to contribute to the Board's continuing focus on performance and business strategy.

Joseph C. Brandt

Mr. Brandt co-founded ContourGlobal and has served as ContourGlobal's President and Chief Executive Officer since 2005 and is a member of its Board of Directors.

He has led development and operations in the global electric utility industry in Europe, the Americas and Africa for over two decades.

Prior to co-founding ContourGlobal in 2005, Mr. Brandt worked at The AES Corporation, an international power company, from 1999 to 2005, serving as Executive Vice President, Chief Operating Officer and Chief Restructuring Officer. At AES, Mr. Brandt's responsibilities included management of the company's global utility operations. He served on the board of directors of many of AES's key subsidiaries, including AES Gener in Chile where he was Chairman of the Board.

Mr. Brandt received a B.A. from George Mason University, an M.A. from the University of Virginia and a J.D. from Georgetown University Law Center. Mr. Brandt also attended graduate school at the University of California, Berkeley and was a Fulbright Fellow at Helsinki University in Finland.

Contributions to the Company: Mr. Brandt has broad and extensive experience in leadership and management with the energy sector globally and has been instrumental in the development of the Group's strategy and successful performance.

Mariana Gheorghe

Ms. Gheorghe has served as Non-Executive Director on ContourGlobal's Board of Directors since 30th June 2019.

From 2006 to 2018, Ms. Gheorghe was Chief Executive Officer and President of the Romanian oil and gas company OMV Petrom which is part of the Austrian-listed OMV Group. Ms. Gheorghe led OMV Petrom's transformation following privatization and oversaw its entry into electricity generation.

Prior to this, Ms. Gheorghe held several senior finance roles, including working as an international banker for the European Bank for Reconstruction and Development based in London and as Deputy General Director for the Romanian Ministry of Finance.

She is currently a member of the Supervisory Board of ING Group and ING Bank, based in the Netherlands, a position she has held since 2015.

In respect of not-for-profit sector involvement, Ms. Gheorghe has served, amongst other appointments, as a board member of the Aspen Institute, Foreign Investor Council, United Way and UN Global Compact Romania.

Ms. Gheorghe graduated from both the Academy for Economic Studies and University of Bucharest Law School.

Contributions to the Company: Ms. Gheorghe's experience as a CEO and her previous work, both in the energy and not-for-profit sector, provides valuable insight for Board discussions. As the designated Non-Executive Director for workforce engagement, Ms. Gheorghe provides the Board with a comprehensive understanding of the views of employees and the wider culture of the Company.

Stefan Schellinger

Mr. Schellinger joined ContourGlobal in April 2019 and serves as Executive Vice President, Global Chief Financial Officer and is a member of the Board of Directors of ContourGlobal plc.

Prior to joining, Mr. Schellinger was Group Finance Director and Executive Director of Essentra plc from 2015 until 2018, having joined the company as Corporate Development Director and Group Management Committee member in 2013. Prior to this, Mr. Schellinger spent eight years with Danaher Corporation, as Corporate Development Director and as Finance Director – Emerging Markets at Gilbarco Veeder Root. Mr. Schellinger has previously worked as Vice President in investment banking at J.P. Morgan in London with a focus on strategic advisory and M&A. He started his career in accountancy in Germany at Arthur Andersen.

Mr. Schellinger received his MBA from the University of Chicago, Graduate School of Business and holds a degree in Finance and Accounting from the University of St. Gallen, Switzerland.

Contributions to the Company: Mr. Schellinger has broad financial and accounting experience obtained over his career, with significant experience in listed companies. Mr. Schellinger has contributed to the financial performance of the Group, and his appointment strengthens the Board's financial expertise.

Dr. Alan Gillespie

Dr. Gillespie has served on ContourGlobal's Board of Directors since 2017.

Dr. Gillespie previously served as a Non-Executive Director of Elan Corporation plc from 1996 to 2007, as Chairman of Ulster Bank Group from 2001 to 2008, as Senior Independent Director of United Business Media plc from 2008 to 2017 and as Senior Independent Director of Old Mutual plc 2009 to 2018.

In the public sector, Dr. Gillespie served as Chairman of The Northern Ireland Industrial Development Board from 1996 to 2002, Chief Executive of the United Kingdom's Commonwealth Development Corporation (CDC Capital Partners) from 2000 to 2003, where he was responsible for the creation of Globeleq, an electricity generation and transmission business across the emerging markets, and Chairman of The International Finance Facility for Immunisation (IFFIm) from 2005 to 2012 and as Chairman of the United Kingdom's Economic and Social Research Council (ESRC) from 2009 to 2018.

Dr. Gillespie's investment banking career spanned 10 years at Citigroup, Inc. in London and Geneva, and 15 years at Goldman Sachs & Co. in London, where he was a Partner for 10 years.

Dr. Gillespie received an M.A. and Ph.D. from the University of Cambridge and is an Honorary Fellow at Clare College, University of Cambridge.

Contributions to the Company: Dr. Gillespie wide-ranging experience of working in different corporate cultures affords him a strong understanding of many of the challenges facing the Board. His sector and geographical experience, being in electricity generation transmission in emerging markets, enables him to contribute to, and challenge, the business strategy. In his role as senior independent director, Dr. Gillespie brings his valuable and considerable listed company and governance board experience to the Board.

Ronald Trächsel

Mr. Trächsel has served on ContourGlobal's Board of Directors since May 2015.

He currently serves as the Chief Financial Officer of the BKW Group and has been in that position since 2014. From 2007 to 2014, Mr. Trächsel served as the Chief Financial Officer of Sika Group, and from 1999 to 2007, he held several positions at Vitra Group, including Chief Financial Officer and Chief Executive Officer.

Prior to joining Vitra Group, Mr. Trächsel also worked at Ringier Group, Ciba-Geigy Corporation and BDO/Visura.

Mr. Trächsel also serves on various boards of directors, including the board of Swissgrid AG, and KWO AG.

Mr. Trächsel received an MBA from the University of Bern.

Contributions to the Company: As a serving CFO, Mr. Trächsel brings strong financial understanding and experience to the Board, and his accounting experience makes him ideally suited to chair the Group's Audit and Risk Committee.

Daniel Camus

Mr. Camus has served on ContourGlobal's Board of Directors since April 2016.

He most recently served as Chief Financial Officer of the humanitarian finance organization The Global Fund to Fight AIDS, Tuberculosis and Malaria, based in Geneva, a position he held from 2012 to 2017. Mr. Camus also serves on the Board of Directors of Cameco Corp (Canada) and is a member of the Board of Directors of FIND Diagnostics in Geneva (Switzerland) and MediAccess Guarantee (London).

From 2002 to 2011, Mr. Camus served as Group CFO and head of Strategy and International Activities of Electricité de France SA (EDF), an integrated energy operator with an international presence, active in the generation, distribution, transmission, supply and trading of electrical energy.

Prior to joining EDF, Mr. Camus held various roles in the chemical and pharmaceutical industry in Germany, France, the United States and Canada. He held several senior responsibilities with the Hoechst and Aventis Groups.

Mr. Camus received his PhD in Economics from the Sorbonne University and is a Laureate of the Institute d'Études Politiques de Paris, with specialization in finance.

Contributions to the Company: Mr. Camus brings a wealth of experience globally of the energy supply and generation sectors, and his experience of working across different national cultures affords him an understanding of many of the regions within which the Company operates. In his role of Remuneration Committee Chair, he brings his valuable and considerable listed company and governance board experience to the Board.

Gregg M. Zeitlin

Mr. Zeitlin has served on ContourGlobal's Board of Directors since 2008.

Mr. Zeitlin co-founded Reservoir Capital in 1998, serves as a Senior Managing Director, and is a member of all fund Investment Committees. He serves on the boards of several Reservoir Capital portfolio companies and has been instrumental in the formation and development of several investment firms seeded by Reservoir Capital.

Prior to founding Reservoir Capital, Mr. Zeitlin was a partner at Ziff Brothers Investments. Before joining Ziff Brothers Investments, Mr. Zeitlin was Vice President, Financial Strategy for Ziff Communications Company, where he focused on strategic partnerships and acquisitions, and ultimately, the sale of the Ziff family's operating businesses. Previously, Mr. Zeitlin worked at Sunrise Capital Partners and Wasserstein Perella & Co.

Mr. Zeitlin graduated with Highest Honors from the University of Texas at Austin with a BBA in Finance.

Contributions to the Company: Mr Zeitlin brings strong experience in the investment sector, and his extensive knowledge and experience allows him to support and contribute to the Company in the development and promotion of its business strategy.

SENIOR MANAGEMENT

Amanda Schreiber

Executive Vice President, General Counsel

Amanda joined ContourGlobal in April 2012 and serves as the Company's General Counsel. Ms. Schreiber leads the global legal organization and is responsible for all Company legal matters, including transactional, M&A, development, capital markets, corporate finance, governance, litigation, and regulatory matters, including international trade, sanctions, and competition laws.

Before joining ContourGlobal, Ms. Schreiber served as Chief Compliance Counsel at Colgate-Palmolive Company and practiced at the law firms of Covington & Burling LLP and Sullivan & Cromwell LLP in New York. She began her career as a law clerk to the Honorable Barrington D. Parker of the United States Court of Appeals for the Second Circuit. Ms. Schreiber received her A.B. from Brown University and her J.D. from Columbia Law School, where she was a Harlan Fiske Stone Scholar.

Karl Schnadt

Executive Vice President and Chief Operating Officer

Karl was hired as the Executive Vice President and Chief Operating Officer in December of 2011 and is located in Vienna, Austria.

He is responsible for all technical functions at ContourGlobal including power plant operations, engineering and construction and health, environment and safety. He is a member of our Senior Executive Committee, Information Technology Committee, Health and Safety Committee and Sustainability Committee.

Prior to joining ContourGlobal he worked at Steag GmbH ("STEAG"), one of Germany's largest power generation companies. Mr. Schnadt worked with Steag for 24 years, holding a variety of positions at the company, including serving as a project manager and plant manager. From 2000 to 2006, he served as the Chief Executive Officer for Iskenderun Enerji Üretim ve Tic. A.S. (Isken), Ankara, in Turkey, which is a 51% subsidiary of Steag. Isken is the project company of a $1.5 billion coal-fired power plant investment where he was responsible for construction and later operation. As a Member of the Board of Executive Officers at Steag, he was responsible for all operation assets. Mr. Schnadt received his degree in Mechanical Engineering and Energy technology from RuhrUniversitat Bochum in Germany.

Alessandra Marinheiro

Executive Vice President for Business Development Latin America

Alessandra joined ContourGlobal in August 2009 and serves as Executive Vice-President and CEO for Brazil.

Ms. Marinheiro leads our Brazilian business and is responsible for implementing several operational improvement initiatives, refinancing our assets in the local capital market and recently lead the sale of our hydro portfolio in Brazil. Before 2020, Ms Marinheiro was responsible for implementing our growth strategies for the Latin America region where she leads several greenfield project developments, acquisitions, project finance and corporate finance transactions.

Before joining ContourGlobal, she worked for 12 years at The AES Corporation in Brazil as Business Development Director and Commercial Director at AES's generation business. Ms. Marinheiro has a Bachelor in Business Administration from the Pontífica Universidade de São Paulo (PUC-SP) with an Executive MBA from COPPEAD-UFRJ.

Sarah Flanigan

Executive Vice President, Sustainability and Special Projects

Sarah joined ContourGlobal in 2007 and serves as an Executive Vice-President of Sustainability and Special Projects.

She leads the sustainability function and integration activities of large acquisitions, chairs the Sustainability Committee and is a member of our Senior Executive Committee, Information Technology Committee, Health and Safety Committee and Project Steering Committees.

Before joining ContourGlobal, Ms. Flanigan worked for 14 years at The AES Corporation in the U.S., U.K. and Cameroon in finance and taxation leadership roles and prior to that at PWC and Deloitte. Ms. Flanigan has a Bachelor's degree in accounting and finance, a Juris Doctorate, and a Masters in Laws in Taxation. She is a CPA and admitted to the Illinois bar.

Stuart Altman

Executive Vice President & Chief Compliance Officer

Stuart joined ContourGlobal in April 2021 and currently serves as Executive Vice President, Chief Compliance Officer. In this role, he is responsible for the Company's global compliance program.

Before joining ContourGlobal, Stuart served as Senior Vice President and Global Chief Compliance Officer for Las Vegas Sands Corp. and was the first director of corporate legal investigations at Intel Corp. He was previously a partner in the Washington, D.C. office of Hogan Lovells and served as an Assistant United States' Attorney in the Eastern District of New York. He started his career as a law clerk to the Honorable Carol B. Amon. Stuart received his BA from Case Western Reserve University and his JD from Columbia Law School, where he was a James Kent Scholar.

Nadia Dosio

Executive Vice President, Head of Assurance and Internal Audit

Nadia joined ContourGlobal in December 2018 and serves as Executive Vice President, Head of Assurance and Internal Audit.

She is a member of the Executive Management Board, reporting to the Audit & Risk Committee and administratively to the CEO. Ms. Dosio leads the global audit organization and is responsible for all internal audit matters, including the internal audit strategy and plan.

Before joining ContourGlobal, Ms. Dosio led anti-fraud globally from 2015 until 2018 at Maersk, based in Copenhagen. Prior to this, Nadia gained extensive international experience of audit, compliance and corporate governance in technology and manufacturing industries, including senior leadership roles at Oracle Inc., Fiat and Sun Chemical Inc. She started her career in external auditing in Italy at KPMG. Nadia received her executive MBA from the London Business School, holds a degree in Economics from the University of Bologna, Italy and multiple professional qualifications (CIA, CISA, CFE and CCEP).

CHAIRMAN'S INTRODUCTION

Dear Shareholders,

On behalf of the Board, I am pleased to introduce the Group's corporate governance statement for 2021.

The Board is responsible for the long-term success of the Company and our governance framework helps to ensure that success.

Governance highlights for 2021

Total announced dividend of $117m million for the year 2021 – in line with our progressive dividend policy of 10% growth p.a.;

During 2020, a task force was created during the outbreak of COVID-19 to manage all aspects of our response to the global pandemic, such as mitigating risks to employees and preventing disruption to our operations and contractual arrangements with our customers and suppliers and the Board was actively engaged on the task force's activities. During 2021 there has been continuous monitoring and engagement with key stakeholders both internally and externally as the pandemic has continued;

Appointed a designated Non-Executive Director for workforce engagement; and

A detailed externally facilitated Board evaluation review was undertaken, which included a number of recommendations on how to continue to improve our governance arrangements in 2021.

Meeting attendance shown on page 92.

Corporate strategy setting and monitoring

The Board has overseen significant developments in our strategic delivery over the course of 2021. At the forefront of these has been the continued development of unlocking value in the portfolio through exploring transactions that unlock intrinsic value for shareholders including our acquisition of solar power plants in Italy, the sale of our Brazil hydro business announced on 20th January 2022, and our commitment to achieve net zero carbon emissions by 2050. In addition, the successful integration of our newly acquired Western Generation business in the US and Trinidad and Tobago has contributed to our growth development.

As we reflect throughout this report, this has all been against the challenging backdrop of the ongoing COVID-19 pandemic.

Stakeholder engagement

A key area of focus has been growth, divestiture and new business integration.

The Board approved the sale of its Brazil hydro-electric business as part of its long-term plan to monetize its renewable business in Brazil, and to create compelling value for shareholders. The integration of our Western Generation acquisition continues to advance in line with our expectations, and the acquired assets are performing well operationally and financially. We continue to progress with our multi-year projects including Austria repowering, Solar Italy and the refurbishment of Vorotan. In 2021 the Board approved the appointment of Mariana Gheorghe as the designated Non-Executive Director for workforce engagement and she commenced the role in the second half of the year. The engagement undertaken to date is set out on pages 24 to 29 and page 87. The Board also received presentations on workforce issues from executive management, including a people, organisation and culture review.

Throughout the pandemic, there has been a concerted effort to communicate with employees across the Company, through either a communication channel or meetings in person. The health and safety of our employees remains a key priority, and more details on the ways in which we engaged with employees, and our wider stakeholders, and factored such engagement into our decision-making over the year are set out in the "Our key stakeholders" (pages 26 to 29) and "s172 statement" (page 88) sections of this report.

Corporate Governance Code compliance statement

This corporate governance statement, together with the Nomination Committee report on pages 96 to 100, the Audit & Risk Committee report on pages 101 to 111, and the Directors' Remuneration report on pages 112 to 129, provide a description of how the main principles of the UK Corporate Governance Code 2018 ("the Code") have been applied by the Company during 2021. The Code is published by the Financial Reporting Council and is available on its website at www.frc.org.uk. It is the Board's view that, throughout the year ended 31st December 2021, the Company fully complied with the relevant provisions set out in the Code, with the following exceptions:

Provision 9 of the Code: "The Chair should be independent on appointment." Craig A. Huff was a co-founder of ContourGlobal in 2005, and appointed as Chairman of the Board in October 2017 when the Company was admitted to trading. We consulted with the major shareholders of the Company to clearly explain the reasons behind this decision ahead of the Company's IPO in 2017. The Board recognises that the UK Corporate Governance Code states that, ordinarily, the chair should be independent on appointment, however given his in-depth knowledge of the Company, the Board considered it in the best interests of the Company that he serves as Chair. The Board confirms its view that the Chairman's continued service is in the best interests of the Company and its stakeholders. We were pleased to see that 91.7% of our shareholders were in agreement with this view, as shown in the 2021 AGM results. We set out the safeguards in place to ensure independence in Board discussions and decision-making in the Board Independence section of this Corporate Governance Statement on page on page 92.

This statement complies with sub-sections 2.1, 2.2(1), 2.3(1), 2.5, 2.7, 2.8A and 2.10 of Rule 7 of the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority. The information required to be disclosed in accordance with sub-section 2.6 of Rule 7 is shown on pages 130 to 134.

Details on the Board's approach to s172 of the Companies Act 2006 are shown on pages 88 to 89 of this report. As a Board, we always want to improve engagement with all our stakeholders and will continue to consider ways of deepening our engagement over the next 12 months to complement existing stakeholder relationships.

Succession planning

Although there were no changes to the Board throughout 2021, succession planning at both the Board and senior management level remains a key area of focus in order to ensure that we have the resources and capabilities at both levels to develop and execute our long-term strategy. In 2020 the Board adopted a diversity policy, and during 2021 has spent time focusing on the desired skills and diversity mix that are needed for the Board to develop the Company's long-term strategic goals.

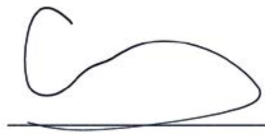
We have previously reported that we are in the process of recruiting another independent Non-Executive Director, and the recruitment for this vacancy is ongoing. Diversity is an important strategic area for the Group and our approach is informed also by our presence in numerous geographical regions.

Board effectiveness

This year we conducted an externally facilitated evaluation of the Board. This evaluation was led by the Chair with the assistance of Lintstock, a board advisory firm providing objective and independent counsel to companies. We have welcomed both the evaluation process and its findings, which we believe have identified a significant number of strengths in our current governance processes alongside a number of areas in which we can continue to improve. This is set out in more detail below on page 95.

Annual General Meeting

I would encourage all shareholders to vote on the resolutions to be put to the Company's Annual General Meeting (AGM) on 12th May 2022, all of which are supported by the Board. Further details on the AGM are set out in the Notice of AGM, which has been circulated to shareholders separately.



Craig A. Huff
Chairman

BOARD LEADERSHIP AND COMPANY PURPOSE

An effective Board

Our Board is composed of highly skilled professionals who bring a range of skills, perspectives and corporate experience to our Boardroom (Directors' biographies are on pages 76 to 78). It is through this diversity, and its deep understanding of our business, culture and stakeholders, that the Board generates sustainable long-term value.

Information sharing

We recognize that a prerequisite of an effective Board is the flow of high-quality information to the Board. Directors use an electronic Board paper system which provides immediate and secure access to documents. The Chairman of the Board and the Chairs of the Committees set the agendas for upcoming meetings with support from the Company Secretary. Through our formal evaluation process, we regularly review the quality of information provided to the Board and promote improvements in this area, with the support of the executive management team and Company Secretary, as and when required.

Management aims to ensure that information shared with our Board is detailed enough to facilitate debate and to enable a complete understanding of the content without becoming unwieldy and unproductive. Further information on the evaluation of the Board is set out on pages 93 to 95.

Matters reserved for the Board

The Board is responsible for the long-term sustainable success of the Company by setting its strategy and purpose, promoting the desired culture, and ensuring that an appropriate risk management framework is in place. The Board has the following principal roles:

Role	Description	Strategic objective	Key stakeholders
Purpose, values and culture	We help management to shape the core values and culture that will best enable the Group to 1) deliver our mission to develop, acquire and operate electricity generation businesses worldwide, creating economic and social value through better operations, and assisting the communities where we work, and 2) adhere to the highest standard of ethical, transparent conduct in our dealings with employees, customers, regulators, suppliers and investors. Further details of our purpose, values and culture are set out on pages 10 and 11.	Operational excellence, High growth	Shareholders, investors and lenders Customers and suppliers Employees Governments and regulators Communities
Corporate strategy setting and monitoring	We approve the strategic plan and objectives and consider changes, and recommendations of changes, to the Group's capital structure. We set and review performance indicators to assess progress on the agreed strategy. Further details on our strategic objectives are set out on pages 30 and 31. Our key performance indicators are set out on pages 38 and 39.	Operational excellence, Financial strength	Shareholders, investors and lenders Customers and suppliers Employees Governments and regulators Communities
Organization and leadership effectiveness	We ensure that the organization leadership, design, capabilities and supporting systems match the requirements of the Group and the diverse strategies of our current and future businesses. Further details of our leadership team are set out on pages 79 and 80. Further details on our risk management and internal control systems and processes are set out on pages 62 to 71.	Operational excellence	Shareholders, investors and lenders Customers and suppliers Employees
Operational and financial performance	We review the performance of the Group in the light of strategic aims, business plans and budgets. With the support of the Audit and Risk Committee, we approve the Group's annual and interim financial statements. Further details of our financial performance are set out on pages 56 to 61.	Operational excellence, Financial strength	Shareholders, investors and lenders Customers and suppliers Employees
Shareholder and stakeholder engagement	We put the balance of stakeholder interests and the long-term interests of the Group at the heart of all of our decision-making. Further details of how we have engaged with stakeholders over 2021 and how we have taken stakeholders into account in our decision-making process are set out on pages 24 to 29.	High growth	Shareholders, investors and lenders Customers and suppliers Employees Governments and regulators Communities

High growth   Operational excellence   Financial strength

The Board maintains a formal schedule of matters which are reserved solely for its approval, which sets out the Board's responsibilities in full. This was last reviewed in May 2021 and is available on our website at: https://www.contourglobal.com/corporate-governance.

Board activities

Areas of focus	Strategic goals	Principal risks
Strategy • Strategic updates on the acquisition of solar power plants Italy • Strategic updates on the sale of our Brazil hydro-electric business • Growth pipeline • Approval of the Company's revised refinancing arrangements		Strategy
Operations • Update on the implementation of the acquisition of US and Trinidad and Tobago Portfolio		Operational and execution
Leadership and Employees • Externally facilitated Board evaluation • Workforce engagement feedback • People, organisation and culture review • Performance and compensation process update		People and organization
Health and Safety • Review and update of Modern Slavery statement • Regular HSE reviews and updates		People and organization OSHA and environment
Stakeholders • Approval of an extension to the share buyback programme • Investor Relations updates		Strategy
Governance • Legal and Regulatory updates • Review of terms of reference		Regulation and compliance
Risk • Review of principal risks		All Risks
Financial • Preliminary results • Approval of the Annual Report • Q1 update and FY outlook • Q2 update and FY outlook • Approval of Interim Results • Q3 update and FY outlook • Review of 2022 budget		Finance and commercial

High growth Operational excellence Financial strength

Purpose, values and culture

The importance of purpose, values and culture

Purpose	Why we do what we do
Values	The qualities we embody
Culture	How we work together

Purpose and values

The Board has established the Group's purpose and values which are set out in detail on page 11. The Group's purpose was last reviewed by the Board during its strategy day in August 2021. Further details of that session are set out subsequently on pages 85 and 86.

Culture

Our culture is a key strength of our business, the benefits of which are evident in our employees' engagement, risk management, internal control and our health and safety and compliance performance. Our culture is described on page 46 in the strategic report.

The Board monitors and assesses the culture of the Group by regularly meeting with management and reviewing the outcomes of employee compliance, audit and health and safety surveys. The Board also assesses cultural indicators such as management's attitude to risk, behaviors and compliance with the Group's policies and procedures. The Executive Management Board has delegated responsibility for ensuring that policies and behaviors set at Board level are effectively communicated and implemented across the business.

Our intranet is used as a platform for employees to access our policies and be kept fully informed of the latest Group news, and to receive updates and share information on all aspects of the business.

If the Board is concerned or dissatisfied with any behaviors or actions, it seeks assurance from the Executive Management Board that corrective action is being taken. The Board did not have to seek corrective action during the course of 2021.

Sustainability

Sustainability and ESG considerations continued to be a key area of discussion for the Board over 2021. Sustainability is at the very core of our corporate strategy, and we report our work in this area further throughout this Annual Report, through our website and in our Sustainability Report.

In respect of ESG, the Board recognizes and is supportive of ESG factors and their importance to investors. ESG will increasingly impact upon companies' ability to access capital, capital allocation and portfolio composition. The Board therefore dedicated time in 2021 both to building our understanding of investor expectations around ESG strategies and disclosures, and to embedding the Company's ESG strategy. Our ESG strategy commits to clear and meaningful targets but leaves strategic flexibility with regards to the portfolio composition and generation mix moving forward.

We recognize shareholder, investor body and government expectations in terms of corporate disclosure on climate change and welcome the change in listing requirements in the UK that mandate certain disclosures against the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Details of our reporting against the TCFD recommendations can be found on pages 50 to 53 of this Annual Report.

For further information on our sustainability activities, please see our Company Sustainability Report available on our website, www.contourglobal.com.

Corporate strategy setting and monitoring

The Board holds dedicated strategy sessions to undertake a careful review of our strategic positioning, with the last such session being held in August 2021. Further details of that session are set out below.

As set out in the strategic report on page 30, we have delivered excellent progress on our growth strategy. The acquisition of solar power plants in Italy and the sale of our Brazil hydro business were key areas of discussion for the Board in 2021, as well as the integration of our acquired Western Generation business in the US and Trinidad and Tobago.

The Board remains confident that our acquisitions and divestiture strategy will continue to provide demonstrable long-term value to our shareholders. Through our continuing regular review of the business development pipeline, which remains healthy, and supported by our continued strong financial and liquidity position, we will continue to remain alert to attractive acquisitive opportunities that further our purpose and support long-term shareholder value. The Board also continues to receive regular updates on the implementation of our organic growth strategy.

The strategic activity of 2021 was undertaken against the ongoing backdrop of the COVID-19 pandemic and this has remained a focal area of Board discussions over the course of the year, not just in respect of potential financial, operational, reputational and stakeholder impacts but also on long-term structural changes that may impact on the Company's business model. As a Board, we are pleased to note that the pandemic has not, to date, had the same financial or indeed operational impact upon us as it has on other businesses and sectors. Our assessment of the impact of the pandemic upon our stakeholders, and further details of the decisions we took in response to the pandemic, are set out in the stakeholder engagement section on pages 24 to 29 and in our s172 statement (page 88).

Annual strategic discussion

On an annual basis, the Board conducts a review of its strategy to ensure it remains relevant, flexible and capable of adapting to our changing environment.

Through its review, the Board can assess and identify changing or emerging risks which could impact the Group in the short and medium term (further information on our principal risks is on pages 62 to 71).

The Board met in August 2021 to review, discuss and challenge the strategy. The discussion included:

- The impact of key industry trends and drivers on the Company's strategy and the risks and opportunities of its strategic positioning;
- The political environment in the markets in which the Company operates;
- How new technologies may impact on our business;
- Review of current financial framework and capital allocation and the financial implications of the various strategic alternatives;
- The impact and implications of ESG perspectives on the Group's strategy and portfolio composition; and
- Key markets and opportunities for growth.

Organization and leadership effectiveness

We have taken a number of important steps to improve organizational and leadership effectiveness over the course of 2021. A number of those steps are detailed below:

Continued review of improvement data on the Group's "5 Whys" – these are significant accomplishments that speak to the growth of a continuous improvement culture at ContourGlobal;

Undertaken an external evaluation of the performance of the Board, its Committees and all Directors to ensure that the composition of the Board and Committees remains appropriate and that the procedures and processes underpinning the Board and Committees continue to be effective. Further detail on the evaluation is set out on pages 93 to 95;

Review of succession planning arrangements at both the Board and senior management level, through both the Board and the Nomination Committee. Our approach to Board and senior management succession planning is set out in more detail on pages 82 and 93 and in the Nomination Committee report on pages 96 to 100; and

Implementation of a diversity policy for the Board and a refresh of the Company's Modern Slavery Statement.

Operational and financial performance

The diversity of our businesses demands highly tailored operating and financial performance management.

A significant decision made by the Board over the course of 2020 was to pursue a share buyback program. The Board agreed to pursue this program in view of the share price not being considered reflective of the fundamental value and resilience of the underlying business. The Board decided to subsequently extend this program in June 2020, September 2020 and January 2021, and it concluded on 30th March 2021.

Following our adoption in 2019 of a progressive dividend policy intended to grow the dividend each year, comprising a move to quarterly dividend payouts and an increased dividend growth guidance to 10% per annum, we were pleased to confirm a total dividend to shareholders of $117m for the year 2021, in line with our revised and progressive dividend policy. In 2021, the Board rigorously challenged a number of scenarios underpinning this dividend policy and remains confident that the policy remains appropriate and in the long-term interest of the Company and its shareholders.

During 2021, we made progress on further developing our risk management and internal control systems and processes, working in collaboration with our internal auditors. The Board and Audit and Risk Committee have spent significant time considering the Company's principal risks and uncertainties, alongside potential emerging risks and their impact on the business should they materialize. The Board has reviewed the Company's principal risks and uncertainties, which are set out on pages 62 to 71. The Group's governance structure for risk management is illustrated on page 63.

Health and safety matters continue to be a focal area for the business, and the Board receives periodic reports on health and safety practices across different sites within the Group. As previously reported on in this Annual Report, we bitterly regret experiencing one fatality and one Lost Time Injury, resulting in two Lost Time Incidents, failing to meet our Target Zero objectives. We have learned important lessons for the future about how to avoid such accidents.

We also review the Company's Annual Report to check it is fair, balanced and understandable, and approve the going concern and viability statements, alongside the statement of Directors' responsibilities, for inclusion in the Annual Report. The process that the Board, with the support of the Audit and Risk Committee, undertakes to ensure that the Annual Report is fair, balanced and understandable is set out in the Audit and Risk Committee report on pages 101 to 111. Further information on the going concern and viability statements can be found on page 72.

Workforce engagement mechanisms

We are mindful of the provisions in the Code around workforce engagement, and in 2021, the Board decided to appoint Mariana Gheorghe as the designated workforce representative Director, with effect from H2 2021; more information on her activities can be found below. During 2021, the Board received presentations at regular intervals from executive management on workforce issues and regularly considers other data sources, including employee surveys and themes emerging from exit interviews, to help to inform our discussions. We set out the views of our workforce, and how we have responded to those views in 2021, in our stakeholder engagement section on page 26.

We believe that the current arrangements allow for us to have a balanced picture of workforce views, obtained from a variety of different data sources, and are therefore effective. The Board is mindful of the need to remain in line with developing good practice in this area and will continue to review the effectiveness of our engagement mechanisms on an annual basis.

WORKFORCE ENGAGEMENT

In H2 2021, Mariana Gheorghe began her role as the designated Non-Executive Director for workforce engagement. Ms. Gheorghe works closely with the Chief Human Resources Officer and Company Secretary on an activity portfolio designed to support her in fulfilling her role, and to ensure that best practice in the area of workforce engagement is considered regularly. Following each activity, Ms. Gheorghe reports back to the Board directly, to discuss and consider culture across the business, and to consider any themes arising from the various engagements, and for these to be factored into the decision-making process.

Ms. Gheorghe has considered employee surveys and themes ahead of meeting with employees. In addition, throughout the pandemic, there has been a concerted effort to communicate with employees across the Company, and employee well-being and safety has been of utmost importance to our COVID-19 response. During the pandemic, we have held town halls with the CEO on matters relating to COVID-19 and introduced COVID-19 specific health and safety measures. Ms. Gheorghe's programme of engagement with employees is designed to provide the Board with a balanced picture of workforce views, obtained from a variety of sources. This programme includes: site visits and plant tours; town hall meetings; meeting with union and works council members; gathering feedback from HR managers; participating in panel discussions; holding focus groups across different levels of employment; attending employee events; participating in health and well-being workshops; and responding to employee's questions.

During 2021, Ms. Gheorghe undertook a site visit to our Bulgaria operations, where she met with the management team and employee groups, including women in leadership roles, women in operations, and young engineers. She further held talks with the union representatives at Maritsa. During this visit, employees were encouraged ask questions, and subsequently discussed operational conditions, remuneration matters, the macro-environment, and future strategies. Later in the year Ms. Gheorghe hosted a post-COVID-19/back to work round table discussion, attended by a cross-representation of managers and employees from across our global operations. The topics discussed covered global experiences of keeping the work environment safe, hybrid working policies, growth and development, and workforce remuneration. In addition, to mark International Women's Day, Ms. Gheorghe hosted a round table discussion, attended by women across various positions and geographic locations within the Company, and where various topics were discussed including the opportunities for growth and development at the Company.

The main themes emerging from the workforce engagement carried out by Ms. Gheorghe in 2021 included employees' pride in how they, and the Company, had managed the pandemic. The Board noted that the additional measures implemented to ensure employee safety had helped maintain employee's personal well-being during the challenging period. The Board will continue to ensure that lessons learned and practices implemented during the pandemic, such as hybrid working, will be taken forward to ensure ongoing employee well-being. Diversity and Inclusion has been discussed, with many employees expressing the view that ContourGlobal actively demonstrated its commitment to these matters, which had not always been employees' experiences at other companies.

Section 172 – compliance statement

The Board of Directors confirms that during the year under review, it has acted to promote the long-term success of the Company for the benefit of shareholders, whilst having due regard to the matters set out in Section 172(1)(a) to (f) of the Companies Act 2006, being:

a. the likely consequences of any decision in the long term;
b. the interests of the Company's employees;
c. the need to foster the Company's business relationships with suppliers, customers and others;
d. the impact of the Company's operations on the community and the environment;
e. the desirability of the Company maintaining a reputation for high standards of business conduct; and
f. the need to act fairly between members of the Company.

Shareholder engagement

How do we engage with our shareholders?

Shareholders play a valuable role in safeguarding the Group's corporate governance through, for example, the annual re-election of Directors, monitoring and rewarding their performance, and their engagement and constructive dialogue with the Board.

Shareholder consultation

We will always seek to engage with shareholders when considering material changes to our Board, strategy or remuneration policies. Further information is set out in our stakeholder engagement section on pages 24 to 29 on how we have engaged with shareholders over 2021, the themes emerging from that engagement, and the ways in which we have responded to those themes.

Investor meetings, presentations and asset tours

Investor meetings are predominantly attended by our CEO, Chief Financial Officer and at least one other senior executive. Views that were expressed, either during or following the meetings, are recorded and circulated to all Directors on a regular basis.

Annual General Meeting (AGM)

Our 2021 AGM was held on 12th May 2021 and we were delighted to receive in excess of 90% of votes in favor of all our resolutions. We were pleased that engagement from shareholders remained strong, and in total, 93.81% of our shareholders (voting capital) voted at the 2021 AGM.

The 2022 AGM is to be held on 12th May 2022. The Board is keen to ensure that the AGM continues to provide a key opportunity for shareholders to engage with the Directors and the chairs of each of the Board Committees.

Annual Report

Our Annual Report is available to all shareholders. Through our electronic communication initiatives, we aim to make our Annual Report as accessible as possible. Shareholders can opt to receive a hard copy in the post, or PDF copies via email or from our website. Additionally, if a shareholder holds their ContourGlobal ordinary shares in a nominee account and encounters difficulty receiving our Annual Report via their nominee provider, they are welcome to contact the Company Secretary to request a copy.

Corporate website

Our website, www.contourglobal.com, has a dedicated investor section which includes our Annual Reports, results presentations (which are made available to analysts and investors at the time of the half and full-year results) and our financial and dividend calendar for the upcoming year.

Senior Independent Director

If shareholders have any concerns, which the normal channels of communication to the CEO, CFO or Chairman have failed to resolve, or for which contact is inappropriate, then our Senior Independent Director, Alan Gillespie, is available to address them.

Other contacts

Contact details for our Investor Relations team, Company Secretary and our Registrars are available on page 224.

Issues, factors and stakeholders

The Board has direct engagement principally with our employees and shareholders but is also kept fully apprised of the material issues of other stakeholders through the executive Directors, reports from senior management and external advisors. On pages 24 to 29, we outline the ways in which the Board and management have engaged with key stakeholders and the material issues that they have raised with us.

Stakeholder engagement not only allows the Board to understand the impact of its decisions on key stakeholders, but also ensures it is kept aware of any significant changes in the market, including the identification of emerging trends and risks, which in turn can be factored into its strategy discussions.

Methods used by the Board to fulfill its s172 duties

The main methods used by the Directors to perform their duties include:

- An annual strategy review which assesses the long-term sustainable success of the Group and our impact on key stakeholders (see page 30);
- The Board's procedures have been updated to encourage further consideration and analysis underpinning all material decisions requiring Board approval on potential or actual impact on one or more of our stakeholder groups. Such analysis will assist the Directors in performing their duties under s172 and provide the Board with assurance that the potential impacts on our stakeholders are being carefully considered by management when developing plans for Board approval;
- The Board's risk management procedures identify the potential consequences of decisions in the short, medium and long term so that mitigation plans can be put in place to prevent, reduce or eliminate risks to our business and wider stakeholders (see pages 62 to 71);
- The Board sets the Group's purpose, values and strategy and ensures it is aligned with our culture (see page 11);
- Direct and indirect stakeholder engagement, alongside details of the themes emerging from such engagement (see pages 24 to 29);
- External assurance is received through audits, stakeholder surveys and reports from brokers and advisors; and
- Specific training for our Directors and senior managers, including tailored induction processes for new Directors and ongoing training on strategic, legal and regulatory developments (see page 94).

The table below sets out where relevant disclosure against each s172 factor can be found.

The likely consequences of any decision in the long term	Business model (pages 16 and 17) Strategy for growth (pages 30 to 37)
The interests of the Company's employees	Our people (pages 44 to 47) Health and safety (pages 42 to 43)
The need to foster the Company's business relationships	KPIs (pages 38 and 39 Business review (pages 40 to 55)
The impact of the Company's operations on the community and the environment	Our sustainability principles (pages 40 and 41) Environment (pages 48 and 49) Communities (pages 54 and 55) Managing our principal risks (pages 62 to 71)
Maintaining a reputation for high standards of business conduct	Business review (pages 40 to 55) Engaging with our stakeholders (pages 24 to 29)
Acting fairly between members of the Company	Engaging with our stakeholders (pages 24 to 29)

Major Board decisions during 2021

The Board factored the needs and concerns of our stakeholders into its decisions in accordance with s172 of the Companies Act 2006.

The major decisions taken by the Board and its Committees during 2021 include:

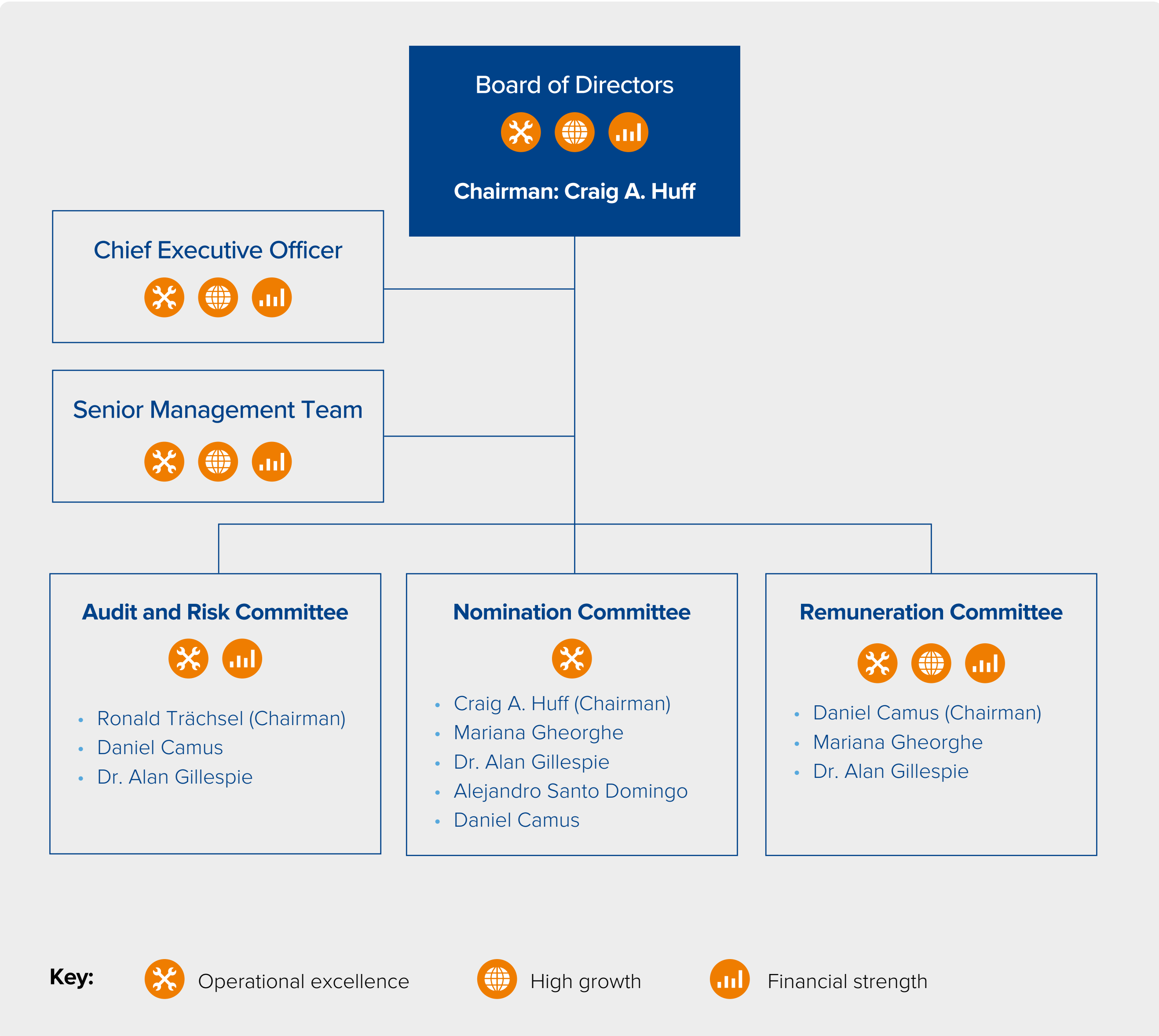
- The Company's ongoing response to the COVID-19 pandemic, its impact upon our investors, our employees, our customers and suppliers, the communities we work in, and on governments and the regulatory environment in which we operate, and the potential impact of the pandemic on our purpose and long-term value generation. This is discussed throughout the Annual Report (see pages 14, 18, 25 to 29, 47, 58, 62, 81, 85, 87, 93, 102, 106, 110 and 112);
- Review of sustainability strategy (see pages 40, 48 and 50);
- Approval of the Company's revised refinancing arrangements (see pages 28 and 84);
- Acquisition of solar power plants in Italy (see pages 24, 28, 30, 40 and 57); and
- Sale of our Brazil hydro business (see pages 14, 15, 20, 24, 28, 48 and 58).

The impact on stakeholders was part of these decisions, and the way in which stakeholder engagement is considered more broadly is set out above and in our stakeholder engagement section of the Annual Report (see pages 24 to 29).

DIVISION OF RESPONSIBILITIES

Board roles

There is a clear division between executive and non-executive responsibilities which ensures accountability and oversight. The roles of Chairman and Chief Executive Officer are separately held, and their responsibilities are well defined, set out in writing and regularly reviewed by the Board. The role and remits of each of the Board Committees, alongside details of how each Committee has fulfilled that role and remit over 2021, are set out in the Committee reports.



Chairman

Mr. Craig A. Huff currently serves as Chairman of the Board. The role of the Chairman includes:

- Responsibility for the effective running of the Board and ensuring it is appropriately balanced to deliver the Group's strategic objectives
- Promoting a Boardroom culture that is rooted in the principles of good governance and enables transparency, debate and challenge
- Ensuring that the Board as a whole plays a full and constructive part in the development of strategy and that there is sufficient time for Boardroom discussion
- Effective engagement between the Board and its shareholders

Senior Independent Director

Dr. Alan Gillespie currently serves as the Senior Independent Director (SID). The role of the SID includes:

- Providing a 'sounding board' for the Chairman in matters of governance or the performance of the Board
- Being available to shareholders if they have concerns which have not been resolved through the normal channels of communication with the Company
- Leading a meeting of the Non-Executive Directors without the Chairman present to appraise the performance of the Chairman at least once a year
- Acting as an intermediary for Non-Executive Directors when necessary
- Acting as an independent point of contact in the Group's whistleblowing procedures

Non-Executive Directors

- Providing constructive challenge to our executives, helping to develop proposals on strategy and monitoring performance against our KPIs
- Ensuring that no individual or group dominates the Board's decision-making
- Promotion of the highest standards of integrity and corporate governance throughout the Company and particularly at Board level
- Determining appropriate levels of remuneration for the senior executives
- Reviewing the integrity of financial reporting and ensuring that financial controls and systems of risk management are robust

Chief Executive Officer

- Executing the Group's strategy and commercial objectives together with implementing the decisions of the Board and its Committees
- Keeping the Chairman and Board apprised of important and strategic issues facing the Group
- Ensuring that the Group's business is conducted with the highest standards of integrity, in keeping with our culture
- Managing the Group's risk profile, including the maintenance of appropriate health, safety and environmental policies

Company Secretary

LDC Nominee Secretary Limited was appointed as the Company Secretary in August 2021. The responsibilities of the Company Secretary include:

- Responsibility for compliance with Board procedures and supporting the Chairman
- Ensuring the Board has high-quality information, adequate time and appropriate resources to function effectively
- Advising and keeping the Board updated on corporate governance developments
- Considering Board effectiveness in conjunction with the Chairman
- Facilitating induction programs and assisting with professional development
- Providing advice, services and support to all Directors, as required

The appointment and removal of the Company Secretary are at the discretion of the Board, as set out in the Matters Reserved for the Board.

Executive Management Board

Delivering the Board's strategy is the collective responsibility of the Executive Management Board (EMB) and it is composed of two Executive Directors and circa seven Executive Vice Presidents. To assist the EMB, a number of supporting committees have been established, to provide additional oversight of key business activities and risks. The EMB usually meets several times per quarter and can also meet on an ad hoc basis enabling the team to handle complex transactions and make quick decisions, with the overall aim of creating value and driving development and value growth.

Board members and attendance

	Board	Audit and Risk Committee	Nomination Committee	Remuneration Committee
Total number of meetings	**7**	**5**	**4**	**7**
Craig A. Huff	7	–	4	–
Joseph C. Brandt	7	–	–	–
Stefan Schellinger	7	–	–	–
Alejandro Santo Domingo	6*	–	4	–
Mariana Gheorghe	7	–	4	7
Dr. Alan Gillespie	7	5	4	7
Ronald Trächsel	7	5	–	–
Daniel Camus	7	5	4	7
Gregg M. Zeitlin	7	–	–	–

In addition to the scheduled Board meetings, there was 1 written resolution.

* Mr. Santo Domingo was unable to attend one Board meeting, however, he provided full comments on the materials discussed at the Board ahead of the meeting.

Board independence

Chairman

As a representative of the Company's largest shareholder, our Chairman, Craig A. Huff, is not considered to be independent under the Code, as he was not considered independent on appointment to the Board upon the Company's listing in 2017. Further details regarding the independence criteria of the Chair can be found on page 82 of this Report.

Non-Executive Directors

Together with the Chairman, two other Non-Executive Directors (Alejandro Santo Domingo and Gregg M. Zeitlin) are not considered as independent under the Code. Notwithstanding this, the Board considers that the Non-Executive Directors as a unit play an important role in ensuring that no individual or group dominates the Board's decision-making. It is therefore of paramount importance that their independence of mind and operation is maintained. At each Board meeting, the Chairman meets with the Non-Executive Directors without executive management being present. These meetings are useful to safeguard the independence of our Non-Executive Directors by providing them with time to discuss their views in a private context.

Any Director who has concerns about the running of the Group or a proposed course of action is encouraged to express those concerns for further discussion and minuting if consensus is not reached. No such concerns were raised during 2021. All Directors have confirmed (as they are required to do annually) that they have been able to allocate sufficient time to discharge their responsibilities effectively.

The Board considers that, except as disclosed in respect of Craig A. Huff, Alejandro Santo Domingo and Gregg M. Zeitlin, our Non-Executive Directors remain independent from executive management and free from any business or other relationship which could materially interfere with the exercise of their judgment. Any Director is recused from any discussion involving any perceived or actual conflict of interest.

Conflict of interests

Directors are required to notify the Company as soon as they become aware of a situation that could give rise to a conflict or potential conflict of interest. The register of potential conflicts of interest is regularly reviewed by the Nomination Committee on behalf of the Board to ensure it remains up to date. The Board is satisfied that potential conflicts have been effectively managed throughout the year.

As a Non-Executive Director's independence could be impacted where a Director has a conflict of interest, the Board operates a policy that restricts a Director from voting on any matter in which they might have a personal interest unless the Board unanimously decides otherwise. At the start of every meeting and before all major Board decisions, the Chairman requires the Directors to confirm that they do not have a potential personal conflict with the matter being discussed. If a conflict does arise, the Director is recused from the relevant discussions.

Other external appointments

Our Directors are required to notify the Chairman of any alterations to their external commitments that arise during the year with an indication of the time commitment involved, and to notify our Chairman in advance of any additional external appointments. In 2021, the Nomination Committee, on behalf of the Board, reviewed the Directors' current list of external appointments and confirmed that it does not believe any current directorships will affect our Non-Executive Directors' commitment to, or involvement with, the ContourGlobal Board, nor will they give rise to a potential conflict of interest which cannot be effectively managed by recusal.

Executive Directors

Executive Directors may accept a non-executive role at another company with the approval of the Board. Currently, none of our Executive Directors is a director of another listed company.

COMPOSITION, SUCCESSION AND EVALUATION

Composition

The Nomination Committee facilitates and the Board ensures that appointments to the Committee are made solely on merit with the overriding objective of ensuring that the Board maintains the correct balance of skills, experience, diversity, length of service and knowledge of the Group to successfully determine the Group's strategy. The benefits of diversity are considered in the widest sense, including gender, social and ethnic backgrounds.

The Code recommends that at least half of the Board, excluding the Chairman, should be composed of independent Non-Executive Directors. Our Board is composed of 50% independent Non-Executive Directors (excluding the Chairman) as at 31st December 2021.

Succession

We have used this year to focus upon the desired skills and diversity mix that we need, both on the Board and for senior management, to develop our long-term strategic goals. The implementation and embedding of our Board diversity policy (further details of which are below) is an important step in ensuring diversity considerations are appropriately taken into account in our succession planning activity.

The Committee reported in the 2019 Annual Report that we were in the process of recruiting an additional independent Non-Executive Director, with a view in particular to having further independent Director representation on the Board. Further details on the skills and competencies sought for this representation can be found on page 97 of the Nomination Committee report. No appointments to the Board were made in 2020-2021, due to the unprecedented events that took place over the course of the year arising from the COVID-19 pandemic. It remains the Board's intention to appoint a further independent Non-Executive Director, and we expect to be able to report progress in this area in 2022.

Board diversity policy

The Board approved a Board diversity policy in December 2020. The policy is available to view via: www.contourglobal.com

The Board recognizes the importance and value of diversity in all its forms, and the Board's role in driving diversity and inclusion across the organization. We are committed to creating a culture which reflects the diverse communities we serve, and which provides equal opportunity and support for all to utilize their experiences and skills to contribute to the business.

We are pleased that, as at 31st December 2021, we have 50% female representation on the Executive Management Board, and we remain mindful of the targets set by the Hampton-Alexander Review, and the ongoing work of the FTSE Women Leaders Review.

We believe a key driver in delivering our organizational diversity commitments is through a Board which is diverse in gender, social and ethnic background, cognitive and personal strengths. The Board diversity policy sets out the importance of recent diversity reviews, most notably the Hampton-Alexander Review and the Parker Review, and sets out the Board's aims in respect of achieving the diversity targets set out in both of those Reviews.

We have not currently set timeframes in which we might achieve those targets. Nonetheless, we recognize that both Board diversity in respect of gender and ethnic diversity, and senior management diversity in respect of ethnic diversity, are not yet at the stage we want them to be, and a priority area for the Board, supported by the Nomination Committee, in 2022 and beyond will be on driving initiatives that will allow us to continue to improve diversity at all levels of the Company.

We will continue to report in future Annual Reports on how our Board diversity policy has been implemented and to set out our achievements against the policy. Further details of our diversity and inclusion initiatives throughout the Company are set out on pages 46 and 47. Gender diversity across our business is set out on page 39.

The Board has also, primarily through its Nomination Committee, dedicated significant time to reviewing and developing the senior management pipeline. The Board is pleased with the range and efficacy of the various initiatives in place across the Company to develop internal talent, as mentioned in this report. Further details on the Nomination Committee's activities, and on the Board appointment process, are set out in the Nomination Committee report on pages 96 to 100.

Further information on the Board appointment process is set out in the Nomination Committee report.

Induction

On appointment, each Director takes part in a tailored induction program, during which they meet members of senior management and receive information about the role of the Board and individual Directors, each Board Committee and the powers delegated to those Committees. They are also advised by the General Counsel and Company Secretary of the legal and regulatory obligations of a director of a company listed on the London Stock Exchange. Induction sessions are designed to be interactive and are tailored to suit the individual's needs considering their previous experience and knowledge.

Training and development

With the ever-changing environment in which the Group operates, it is important for our Executive and Non-Executive Directors to remain aware of recent, and upcoming, developments. We require all Directors to keep their knowledge and skills up to date and include training discussions with the Chairman in their annual performance reviews.

We invite professional advisors to provide in-depth updates and training on legislative developments and a range of issues including, but not limited to, market trends, the economic and political environment, environmental, technological and social considerations, and cyber security. Our Company Secretary provides regular updates to the Board and its Committees on regulatory and corporate governance matters.

All Directors have access to the services of the Company Secretary and any Director may instigate an agreed procedure whereby independent professional advice may be sought at the Company's expense.

Directors' skills and experiences

An effective Board requires the right mix of skills and experience. Our Board possesses a diverse range of skills, competencies and experience, and works collectively as an effective team focused on promoting the long-term success of the Group. An overview of the skills and experience of our Directors as at 31st December 2021 is set out in the Nomination Committee report on page 96. As part of the Board's annual effectiveness review, described on page 82, the Nomination Committee considers the composition of the Board and its Committees in terms of its balance of skills, experience, length of service, knowledge of the Group and wider diversity considerations. The Nomination Committee has confirmed that the membership of each of the Committees continues to be appropriate and in accordance with best practice and the Code.

Board performance review

On an annual basis, an evaluation process is undertaken which considers the performance of the Board, its Committees and individual Directors. This review identifies areas of strength and areas for improvement, informs training plans for our Directors and identifies areas of knowledge, expertise or diversity which should be considered in our succession plans.

2020 Board evaluation

The 2020 Board evaluation was conducted by the Chairman and the Company Secretary, with support from Independent Audit Limited, a board evaluation specialist with no other connections to the Company. The recommendations arising from the 2020 internal Board evaluation together with the actions implemented in response were:

Recommendations	Action taken and outcome
Continued focus on the Company's people strategy and succession planning	The Nomination Committee has considered the Group's people and its strategy, and will continue to focus on this, as well as succession planning, in 2022.
Educational sessions on cyber and data security in respect of the Company and its industry	The Board received a number of educational updates on cyber and data security, both from internal and external expert advisors.

2021 Board evaluation

The Board recognizes the provisions in the UK Corporate Governance Code 2018 around FTSE 350 companies completing an externally facilitated review at least once every three years. In 2021 the Board engaged Lintstock, an externally facilitated performance review specialist, to conduct a comprehensive review of its expertise, dynamics, management, focus of meetings, culture, and oversight. Lintstock do not have any other connections with either the Company or individual Directors of the Board.

Process steps for the 2021 Board evaluation

Step 1	Step 2	Step 3	Step 4	Step 5
The Chairman and Company Secretary worked with Lintstock and undertook initial scoping and consultation on the process to be undertaken.	Lintstock designed a survey appropriate to the Company's needs and tailored to its specific circumstances, and the Chairman reviewed and agreed all the questions to be asked.	Lintstock liaised with Directors to complete the Board and Committee reviews.	Lintstock subsequently finalized the questionnaires as agreed with the Chairman to cover the review of Board, Chair and individual performances. The anonymity of all respondents was ensured throughout the process to encourage open feedback.	Lintstock agreed a report of the evaluation with the Chairman and Company Secretary for discussion at the Board and each of the Committees. Additionally, pertinent information was provided to the Chairman only.

Outcomes from the 2021 Board evaluation

Feedback on the performance of the Board was positive overall, and Directors felt that the Board is discharging its responsibilities effectively. The Board was seen to include an appropriate mix of skills and experience, and the relationships on the Board - and between the Board and management - were positively rated. The information that the Board receives was felt to be high-quality, and Board meetings are well-managed, including in terms of agenda coverage and Director participation.

Focus areas in 2022

The review also identified a number of areas for continued focus and development in 2022. The reports were considered by each Committee and the Board, and as a result of these reviews, the Board agreed to:

Continue its focus on the Company's people strategy and succession planning;

Build on and develop the programme of work undertaken by the Non-Executive Director for workforce engagement; and

Continue to engage with, and unlock value for, shareholders.

REPORT OF THE NOMINATION COMMITTEE

Dear Shareholders,

In 2021, the Committee's main focus was on Board and senior management succession planning and the review of the composition of the Board and its Committees in respect of skills and diversity. During the year the Committee undertook a full review and refresh of its skills matrix to ensure that the right skills, experience and knowledge were captured. We also maintained focus on our Board diversity policy, ensuring we further embed diversity and inclusion in succession planning discussions. In 2021, we planned to recruit an additional female independent Non-Executive Director, and interviews were ongoing with potential candidates. As part of our workforce engagement arrangements, Mariana Gheorghe, our designated Director for workforce engagement, has begun a programme of engagement, more details on which are outlined on page 87.

Members of the Committee

- Craig A. Huff (Chairman of the Committee)
- Daniel Camus*
- Mariana Gheorghe*
- Dr. Alan Gillespie*
- Alejandro Santo Domingo

Meeting attendance shown on page 92

* Independent Director.

Roles and responsibilities

The role of the Committee is set out in its terms of reference which are available on the Company's website at www.contourglobal.com/corporate-governance. The Committee plays an important role in making recommendations of appropriate candidates for appointment to the Board. It also keeps under review the composition of the Board and its Committees; the balance of skills, knowledge and experience on the Board; and the size, structure and composition of the Board.

The Committee is also responsible for making recommendations to the Board concerning succession planning.

Meetings

The Committee will normally meet at least twice per year and otherwise as required in order to discharge its duties. It met four times in 2021.

Craig A. Huff is the Chair of the Committee. He is a representative of ContourGlobal LP, the Company's major shareholder. The Committee's composition meets the requirements of the Code with the majority of members being independent. The Company Secretary is Secretary to the Committee and attends all meetings.

Other attendees at meetings are at the invitation of the Committee and include the CEO or advisors. Neither the Chairman nor the CEO would participate in the recruitment of their own successor.

Main responsibilities of the Committee include:

- Regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and its Committees and making recommendations to the Board
- Lead the process for appropriate executive and non-executive Board appointments and make recommendations for Board approval, including recommendations to the Board on refreshing the membership of the Board's principal Committees
- Implement plans for the orderly succession of Board members and senior management
- Review Directors' conflicts of interest authorization and the time required from Non-Executive Directors
- Consider requests from Directors for appointment to the boards of other companies (delegated to the Chairman, except in his own regard)
- Annually review the terms of reference

The Committee is authorized to seek outside legal or other independent professional advice as required.

Board and Committee composition, skills and competencies mix

Over the course of 2021, the Committee continued to review the current structure and composition of the Board and its Committees to ensure a good balance of skills, expertise, industry knowledge and independence. Our considerations around the composition of the Board are set out subsequently in this report.

During the year, the Committee considered the composition of the Committees of the Board, taking into account the roles and responsibilities of those Committees and the outcomes of the most recent Committee effectiveness reviews. The Committee frequently considers a skills matrix for the Board, and during 2021 refreshed its skills matrix, set out later in this report, which identifies the core competencies, skills, diversity and experience required for the Board to deliver its strategic goals. The Committee reviews the skills matrix when considering a potential new appointment to the Board, as well as reviewing the current and expected Board and Board Committee composition.

Any gaps in the Board's needs, identified either as part of a current Director's retirement, or in view of the changing strategic priorities, are used to inform the search for a new Director or Directors and the specific skills that are required will be identified, for example, an individual with international experience, or recent history serving on a particular board committee.

The Board also takes into account the results of the annual Board evaluation process to determine any necessary changes to the Board membership or structure. Recent evaluation results have supported the view that the structure and composition of the Board and its Committees supports the overall effectiveness of the Board. This is an area that will remain under review at least annually.

On the basis of these reviews, the Committee continued to support the appointment of a Non-Executive Director with the following specific skills and competencies: knowledge and experience of working in one of the Group's key growth regions; global power sector knowledge; and experience in mergers and acquisitions. Further to this, the Committee did not recommend any changes to the membership of the Board Committees in 2021. The Committee will continue to review this at least annually.

The Committee's current assessment of the current skills and competencies on the Board is set out in this report on page 98.

Board skills matrix 2021

Name	Gender	Nationality (as filed at Companies House)	Executive and M&A experience	Financial and banking experience	Risk oversight	Knowledge of power and energy sectors	FTSE UK governance	International expertise	Environmental knowledge
Craig A. Huff (Chairman)	M	American	●●	●●	●●	●●	●	●	●
Joseph C. Brandt (CEO)	M	American	●●	●●	●●	●●	●	●●	●
Daniel Camus	M	French, Canadian	●●	●●	●●	●●	●	●●	●●
Mariana Gheorghe	F	Romanian, British	●●	●●	●●	●●	●	●	●●
Dr. Alan Gillespie	M	British	●●	●●		●●	●●	●●	
Alejandro Santo Domingo	M	Colombian, Spanish and American	●●	●●			●●	●●	●
Stefan Schellinger (CFO)	M	British	●●	●●	●●	●	●●	●●	
Ronald Trächsel	M	Swiss	●●	●●	●●	●●	●	●●	●●
Gregg M. Zeitlin	M	American	●●	●●	●●	●●	●	●	●

* The skills and competencies included in this matrix are a non-exhaustive overview of the range of skills and competencies that the Board had prior to joining ContourGlobal plc, and provides our stakeholders with an overview of the competencies that the Company considers to be the most relevant to its stakeholders.

● Sufficient relevant knowledge/experience in the area

●● Was accountable and (had) executed over several years

Process for Board appointments

Board and Committee appointment process

The Board has formal, thorough and transparent procedures in place for Board recruitment and appointment. As mentioned above, the Company's goal is to ensure that the Board is well balanced and appropriate for the needs of the business. The Committee has regard to the Board's balance of skills, knowledge, experience and diversity, including gender and ethnic diversity.

How do we identify candidates?

In identifying suitable candidates, the Board will typically seek to use either open advertising or external search services to facilitate the recruitment. Egon Zehnder have been appointed as external search consultants to assist the Board with recent Board appointment exercises. We carefully assess each candidate against our objectives and the diversity policy, and take care that appointees have enough time available to devote to the position.

The Committee is cognizant of Board diversity targets, including those recommended from the Parker Review and Hampton-Alexander Review. Our approach to diversity is set out in more detail below and in the corporate governance statement on pages 93.

What is the appointment process employed?

Shortlisted candidates are generally seen first by the Chairman of the Board, the Senior Independent Non-Executive Director and the CEO. If the selection process progresses further, each potential candidate is invited to meet other members of the Committee as well as members of senior management.

The Committee will agree whether to recommend that the candidate be appointed to the Board. The Board will ultimately resolve whether to make the suggested appointment.

Diversity and inclusion

Having a diverse, highly talented and skilled group of people at all levels at ContourGlobal is fundamental to our business success and a key part of the business model. Diversity and inclusion bring new ideas and fresh perspectives which fuel creativity and innovation. Therefore, the Company works to attract, retain and develop employees to improve the talent pipeline. As a multinational company with operations in more than 20 countries across the globe, diversity of thought and background is essential and will remain one of the key criteria by which candidates are selected for the Board and the pipeline for senior leadership positions.

The Company's position is that no individual should be discriminated against on the grounds of race, color, ethnicity, religious belief, political affiliation, gender orientation, sexual orientation, national origin, ancestry, age, medical condition, physical or mental disability, marital status, worker's compensation status, veteran status, citizenship status, or any other legally protected status and this extends to Board appointments.

The Committee and the Board ensure that, together, the Directors possess the appropriate diversity of skills, experience, knowledge and perspectives to support the long-term success of the Company.

In 2020 the Board adopted a diversity policy as recommended by the Committee. During 2021 the Committee has worked to fully implement and embed this policy, and a review of progress against the policy's objectives can be found below. The Committee is of the view that this will help to further integrate diversity and inclusion considerations into the Company, including in Board and senior management recruitment and retention processes.

Review of progress against diversity policy

Objectives	Progress
Place emphasis on development of diversity within the Group and commit to further pursuing diversity, as appropriate and on merit, within the Group senior management roles.	We continue to strengthen the pipeline of senior female executives within the business, and our initiatives to support senior management diversity are outlined on pages 82, 93 and 96 to 98.
Aspire to achieve a level of at least 33% female Directors on the ContourGlobal plc Board.	The Board is committed to its target for female representation and is mindful of the target set out in the Hampton-Alexander Review of a minimum of 33% female representation at Board level. The Committee will continue to make recommendations for new appointments to the Board based on merit, with candidates measured against objective criteria and with regard to the skills and experience they would bring to the Board. As at 31st December 2021, female representation on the Board represents 11% of the membership.
Aspire to achieve the recommendations of the Parker Review by having at least one Director on the Board from an ethnic minority background.	The Committee has adopted this in its policy and the Board continues to consider candidates from a wide range of backgrounds. As a multinational Group with operations in more than 20 countries, diversity of thought and background is essential and will remain one of the key criteria by which candidates are selected for the Board and the pipeline for senior leadership positions. Our current Board composition is mindful of the need to be representative of our multinational position.
In its search for candidates, to engage with executive search firms which are signatories to the Voluntary Code of Conduct for Executive Search Firms.	The Board supports the provisions of the Voluntary Code of Conduct for Executive Search Firms and will only engage those who have signed up to this Code. The Board's current executive search firm is a signatory to the Code.
As required by the UK Corporate Governance Code, report annually against these objectives and other initiatives taking place within the Company to promote gender and other forms of diversity.	The Board recognizes the importance of diversity and that it is a wider issue than gender. Our diversity initiatives are outlined on pages 41, 46, 93 and 96 to 98.
Report annually on the outcome of the Board evaluation, and the composition and structure of the Board.	The Board continues to commit to reporting annually on the outcome of the Board evaluation, and the composition and structure of the Board.

Appointment of a Non-Executive Director update

The Committee reported in the 2019 Annual Report and Accounts that the Committee had, following a review of the current and desired future skills and competencies mix amongst Directors, and the structure, diversity and independence of the current Board, determined that an additional independent Non-Executive Director would add value. No appointments to the Board were made in 2020-2021, due to the unprecedented events that took place over the course of the year arising from the COVID-19 pandemic.

A key activity for the Committee during the reporting period was to lead the search for an independent Non-Executive Director, making sure that the provisions and aims set out within the Board diversity policy agreed in 2020 informed the process and future appointments. The Committee and the Board fully understand and appreciate the benefits of diversity in all its forms in promoting balanced and considered decision-making which aligns with ContourGlobal's purpose, values and strategy.

Directors' independence and re-appointment

The Board keeps the independence of the Non-Executive Directors under continuous review. In March 2021, the Committee assessed the performance and independence of each of the Non-Executive Directors and concluded that each of them contributed effectively to the operation of the Board.

Each year Directors are subject to appointment or re-appointment by shareholders at our AGM. Non-Executive Directors are appointed for a specified term of three years, subject to annual re-election at the AGM. Re-appointment for a second three-year term is not automatic, and any term for a Non-Executive Director beyond six years is subject to a review.

Conflicts of interest and time requirements for Non-Executive Directors

The Company's Articles of Association contain provisions which permit unconflicted Directors to authorize conflict situations. Each Director is required to notify the Chairman of any potential conflict or potential new appointment or directorship. This year, the Committee reviewed the list of Directors' external appointments and decided that there were no apparent conflicts of interest that could not be adequately managed by recusal and, consequently, recommended the same for approval by the Board.

The Board does not specify the exact time commitment required from its Non-Executive Directors as they are expected to fulfill the role and manage their commitments accordingly. The Board is satisfied that none of its Directors is overcommitted and unable to fulfill their responsibilities as a Director of the Company. Should a Director be unable to attend meetings on a regular basis, not be preparing for or contributing appropriately to Board discussions, the Chairman would be responsible for discussing the matter with them and agreeing a course of action.

Committee evaluation

As described in more detail on page 95, an externally facilitated evaluation of the Committee's effectiveness was undertaken during 2021 as part of the wider Board evaluation. The findings of the review were considered by the Board as a whole, and the results demonstrated that members of the Committee ensured that core skills were covered and there was good discussion and debate. The Committee remains mindful of the need to ensure continued focus is given to the talent management and executive succession process, as well as continuing the review of the composition of the Board.

Priorities for 2022

For the coming financial year, the Committee will, among other matters, focus on the following:

- The continued development of succession plans, the talent pipeline and diversity strategy.
- The continuous review of the composition of the Board and its Committees in respect of skills and diversity, and a focus on adding a further member to the Board to address the additional skills identified as being of benefit to the Board as a whole.
- An enhanced focus on people matters, and supporting management in strategy and how it relates to employees more widely.

Craig A. Huff
Chairman of the Committee

17th March 2022

REPORT OF THE AUDIT & RISK COMMITTEE

Dear Shareholders,

My report seeks to provide you with an understanding of the Committee's work during the year and with assurance of the integrity of the 2021 Annual Report and Financial Statements.

During the year the Committee focused on the Company's financial performance and integrity of the annual and interim financial statements. This included a thorough review of the Company's going concern, viability statement and principal and emerging risks and uncertainties.

Members of the Committee

- Ronald Trächsel (Chairman of the Committee)
- Daniel Camus
- Dr. Alan Gillespie

Meeting attendance shown on page 92

The Committee also reviewed the key accounting areas of judgment, the adequacy and effectiveness of the Group's system of internal controls, including whistleblowing, and the effectiveness, performance and objectivity of the internal and external audit functions. The Committee also took steps to ensure that, when taken as a whole, the Annual Report is fair, balanced and understandable. Further to a recommendation from the outsourced internal auditor, we reviewed the principal risks and uncertainties and agreed that 'Pandemic virus' and 'Supply chain' risks should be moved from a strategic domain to an operational and execution domain.

The Committee, along with management and the external auditor, considered the recommendations issued from the consultation from the UK Government's department for Business, Energy and Industrial Strategy on corporate governance, reporting, regulation, and potential audit reform, as well as the new accounting and reporting requirements introduced by International Financial Reporting Standards (IFRS). The Committee, with the support of the external auditor, considered the consultation to reform the corporate governance, reporting and audit system in the UK, and the potential impact of these on audit and governance quality for the Company. Together, the Committee provided a collective response to BEIS on this consultation.

As part of the FRC's regular oversight role on company reporting in November 2020, the Company received a letter from the FRC which raised a limited number of queries in connection with disclosures contained in the 2019 Annual Report. These queries related to the recoverability of certain development costs, purchase price allocation in relation to acquisitions, clarification of the accounting for the change in borrowings, accounting for emissions quotas, non-controlling interest disclosures, and the Company's approach to alternative performance measures. The Company's response was overseen by the Audit and Risk Committee and discussed with the Company's external auditor. We took the FRC's feedback into consideration and, following engagement with the FRC to ensure all points were satisfactorily covered, enhanced disclosures in the 2020 Annual Report and Financial

Statements. This reflected most notably in purchase price allocation, non-controlling interests and alternative performance measures.

During the year, the Committee considered the findings of a stakeholder engagement exercise, facilitated by KPMG, to improve the impact of the Internal Audit function. As part of this work, the Committee oversaw the transition to a new, integrated Governance, Risk Management and Compliance system during the year, and this platform is designed to support Internal Control, Risk, Debt Compliance, and Internal Audit activities. In 2022 the Committee will continue to address the recommendations from the exercise, including increasing understanding of why controls matter across the organization.

During 2021, Stuart Altman was appointed as the new Chief Compliance Officer. Under his guidance, the Committee undertook to refresh the Code of Conduct to ensure that it is user-friendly and enhances alignment to the Company's values and principles. Our aim is to further promote a culture of compliance reporting and problem solving across the Company.

We also undertook a thorough review of our Modern Slavery Statement and revised this to ensure it accurately reflected changes in our portfolio composition and geographical locations. We further considered the impact of COVID-19 on our ability to undertake anti-human slavery risk assessments, especially in high-risk locations, and ensured on-site assessments were scheduled as soon as local travel restrictions allowed.

On behalf of the Board, the Committee has also continued to focus on the impact of climate change and reporting against the Task Force on Climate-related Financial Disclosures (TCFD) to support our work in that regard. The Committee has discussed the TCFD reporting framework with management and the external auditor, in order to develop our disclosures to align with the recommendations.

"THE COMMITTEE CONTINUES TO PROVIDE OVERSIGHT OF THE GROUP'S RISK ASSESSMENT AND MANAGEMENT, INTERNAL CONTROL, EXTERNAL AUDIT, INTERNAL AUDIT, COMPLIANCE, FINANCIAL MANAGEMENT, AND REPORTING FRAMEWORKS, PROCESSES AND ACTIVITIES."

Committee evaluation

Following the evaluation of the Committee's performance, undertaken in 2019 by Independent Audit, the Committee agreed to focus on increasing the number of deep dives into the business to further build upon its knowledge of risks within the business. The Committee has received a number of such updates, including a deep dive on cyber security risk, and further deep dives are scheduled into its program of work for 2022.

The Committee's performance was evaluated by Lintstock and the key priorities for 2021-22 are as referred to on page 95. Further details on the activities of the Committee during the year and how it has discharged its responsibilities are provided in the report below.

As Chair of the Committee, I ensure that the Committee's agenda is kept under review and reflects relevant developments, and that this report provides clear and meaningful disclosure on the Committee's activities.

Ronald Trächsel
Chairman of the Audit and Risk Committee

17th March 2022

Principal duties of the Committee

The principal duties of the Committee are to:

- Monitor the financial reporting process to ensure the integrity of the Group's financial statements and announcements relating to financial performance and make any necessary recommendations for improvements.
- Assess and challenge significant accounting estimates and judgments.
- Monitor the statutory audit of the Annual Report and Financial Statements.
- Manage the relationship with the external auditor and oversee the external audit process including assessment of the quality of the audit.
- Review and monitor the external auditor's independence and the provision of additional services.
- Review the Group's strategic risk register, principal risks and the going concern and viability statements.
- Monitor the effectiveness of internal controls (including financial, operational and compliance controls) and the risk management framework used to identify and manage principal and emerging risks.
- Oversee the internal audit function and process including the findings of internal audit reports.
- Monitor the effectiveness of financial controls and the process for identifying and managing risk.

Ronald Trächsel has chaired the Committee since the IPO in November 2017. He is currently the Chief Financial Officer of a Swiss publicly listed power generation grid and infrastructure company and is considered by the Board to have recent and relevant financial experience.

All members of the Committee are independent Non-Executive Directors, and the Board is satisfied that the Committee as a unit has the competence relevant to the sector and its members have an appropriate level of experience of corporate financial matters. The Company Secretary is Secretary to the Committee and attends all meetings.

The representatives from PwC and the Head of Internal Audit are each afforded time with the Committee and the Company Secretary to raise any concerns they may have without management being present.

The Committee is authorized to seek outside legal or other independent professional advice though this was not required during the year.

The Committee's terms of reference can be found at: www.contourglobal.com/investor-relations.

The Directors' responsibilities statement in respect of the Annual Report and Financial Statements can be found on page 134.

The key role of the Committee is to ensure that the interests of shareholders are properly protected in relation to the Company's financial reporting, internal control and risk management arrangements, and to provide challenge to management's approach and decisions in relation to the content, significant accounting estimates, judgments and disclosures within the Company's financial reports. The Committee's role is also to ensure that management's disclosures reflect the necessary supporting detail to challenge management to explain and justify their judgments. The Committee reports on its findings to the Board and makes recommendations accordingly. This includes confirming to the Board whether, in accordance with the requirements of the UK Corporate Governance Code 2018 ("the Code"), the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

The Committee is supported in this role by the Company's internal audit function and the external auditor, who in the course of the statutory audit reviews the accounting records kept by the Company to test whether information is being recorded in line with agreed accounting practices. The external auditor's report is set out on pages 136 to 145.

The Committee is responsible for ensuring that the three-way relationship between the Committee, the auditor and the Company's management is appropriate, and that the external auditor remains independent of the Company. Independence is a key focus for the external auditor, whose staff must comply with their firm's own ethics and independence criteria which must be consistent with the FRC's Revised Ethical Standard 2019. Information on how the Committee assesses the independence of the external auditor is set out on page 107. All members of the Committee continue to contribute to the work of the Committee and have the necessary skills and financial and accounting experience to do so effectively. The Committee members seek clarification and a full explanation from management or the external auditor on any matter we feel necessary.

Structure and operations

The Audit and Risk Committee's structure and operations, including its delegated responsibilities and authority, are governed by its Terms of Reference which are reviewed annually and approved by the Board.

All members of the Committee are independent Non-Executive Directors with a wide range of skills and experience that enable them to provide effective oversight of both financial and risk matters, and to advise the Board accordingly. In the Board's view, the Committee has competence relevant to ContourGlobal's sector; Ronald Trächsel and Daniel Camus have extensive experience of international energy companies; and Dr. Alan Gillespie has significant experience in industrial development and development finance. Ronald Trächsel is determined by the Board as having recent and relevant financial experience for the purposes of the Code. Details of the experience of all members of the Committee can be found on pages 76 to 78.

To maintain effective communication between all relevant parties, and in support of the Committee's activities, the CEO, CFO, General Counsel, Chief Compliance Officer, Head of Internal Audit, senior members of the finance team and representatives from PricewaterhouseCoopers LLP (PwC), the external auditor, are invited to attend all Committee meetings. Other members of the Board also attend as guests on an ad hoc basis. Additionally, the Committee has private sessions with the internal and external audit teams.

The Committee works to a structured program of activities and meetings to coincide with key events around our financial calendar. Following each meeting, the Committee Chairman reports on the main discussion points and findings to the Board. The Committee will normally meet no fewer than three times a year. It met five times during 2021 and attendance at those meetings can be found on page 92. All meetings were held remotely and were effective.

Outside of the formal meeting program, the Committee Chairman maintains a dialogue with key individuals involved in the Company's governance, including the Chairman, CEO, CFO, Company Secretary, the external audit lead partner, and the Head of Internal Audit, together with KPMG LLC, our co-sourcing partner who provide additional support on internal audit matters.

Audit and Risk Committee activity	
Financial reporting	Reviewing the draft full and interim results including key areas of judgment, the Group's viability, and going concern for approval by the Board. Reviewing the quality, appropriateness and integrity of the interim and full-year financial statements. Monitoring the information, underlying assumptions and stress test analysis presented in support of going concern and the viability statements taking into account the impact of the ongoing COVID-19 pandemic on the global economy. Ensuring the consistency and appropriateness of the financial control and reporting environment. Reviewing the dividend policy. Reviewing the alternative performance measures and the related disclosures. Reviewing the draft Annual Report and Financial Statements as a whole, and approval of this Committee report. Reviewing the comments included in the letter from the FRC on their review of the Annual Report 2019, discuss the answers provided and how the key points have been addressed in the 2020 Annual Report, and address and satisfactorily close the points of the FRC review. Considered and responded on the consultation to reform the corporate governance, reporting and audit system in the UK, and the potential impact of these on audit and governance quality for the Company. Reviewing the TFCD disclosures. Reviewing the fair, balanced and understandable assessment of the Annual Report (and any other financial statements such as the half-yearly statement). Conducting an annual review of the effectiveness of the external audit process.
Financial Accounting Matters	Review of potential impairment triggering events during 2021. Update on Kosovo recoverability of development costs incurred in association with the discontinued development project for a new power generation plant. Update on Maritsa NOx receivable recoverability assessment and Maritsa EC Directorate General Competition matter discussions. Update on Mexico energy sector regulatory developments. KivuWatt arbitration with Energy Utility Corporation Limited. Other matters related to litigation and claims. Finalization of the US and Trinidad and Tobago acquisition purchase price allocation and fair value of assets and liabilities acquired. Consideration of the announced disposal of the Brazilian Hydro assets on financial reporting in 2021 financial statements.
Significant Accounting Judgments	Reviewing the appropriateness of significant accounting judgments and estimates made in connection with the financial statements as set out on pages 108 and 109.

Audit and Risk Committee activity (continued)	
Risk Management and internal control	Monitoring the outbreak impacts of COVID-19 and assessing the impact on the Group particularly in relation to the year-end financial position. There has been focus on developing and implementing mitigating actions and processes to ensure that the Group can continue to operate in an effective control environment, including an internal audit in the reporting year on the Group's control environment. Transition to a new integrated Governance, Risk Management and Compliance system, Galvanize, to support Internal Control, Risk, Debt Compliance, and Internal Audit activities. Reviewing and monitoring the principal and emerging risk profile of the Group. The scope of the internal control and risk management program and the internal control roadmap for 2021 which included a mid-year review, an internal self-assessment and any recommendations arising from the PwC external audit. The results of internal audit reviews and the progress made against agreed management action. Quarterly reports on investigated internal control issues significant to the Group. Quarterly reports on the Group's risk register, including significant and emerging risks. The adequacy and effectiveness of the Group's internal control and risk management processes. The review of principal risks and uncertainties and the risk register top risks.
Internal audit	The internal audit methodology, processes and report template, KPIs and targets and tracking tools. The scope of the internal audit plan and resourcing requirements, including the selection of KPMG LLP as a co-sourcing partner. The independence, appropriateness, and effectiveness of internal audit, including the co-sourcing partner. Undertook 8 internal audits, including an anti-bribery and anti-corruption audit in Brazil. Monitor the resolution of internal audit findings. Risk-based internal audits of specific Group companies, business units and processes. A stakeholder engagement exercise to improve the impact of Internal Audit, and recommendations from this exercise taken forward appropriately.
External audit	The external audit plan. The independence and objectivity of PwC. The level of fees paid to PwC in accordance with the policy for the provision of non-audit services. PwC's reappointment to office as external auditor and oversight of the transition of a new audit partner for 2022 following the required rotation of the existing audit partner after 2021. Reviewing and approving the non-audit services and related fees provided by the external auditor. Consideration of the findings of the external audit and any implications for the financial reporting of the group, or the effectiveness of internal control.
Compliance and other matters compliance and other matters	Quarterly compliance reports from the compliance function including updates on investigations for the quarter as well as the status of the compliance objectives and KPIs. The Committee's Terms of Reference and performance effectiveness. Compliance with the Code and the Group's regulatory and legislative environment. Monitoring and reviewing incidents of whistleblowing. Refresh of the Code of Ethics. Refresh of the onboarding anti-bribery eLearning. Refresh and approval of the Modern Slavery Statement. Compliance planning for 2022.
Financial management	Reviewing reports to the Committee on exposure, counterparty and credit risks. Cash and debt balances, debt covenants and headroom, and the liquidity available to the Group.
Taxation	Review of the Tax Strategy and policy.

Committee performance

External auditor, tenure and audit plan

PwC is engaged to conduct a statutory audit and express an opinion on the Company and the Group's financial statements. Their audit includes an assessment of the systems of internal control that produce the information contained in the financial statements to the extent necessary to express an audit opinion.

PwC presented their proposed audit plan (reviewed by senior management) to the Committee for discussion. The objective was to ensure that the focus of their work considered the Group's structure and strategy as well as the risk profile. The audit plan was again risk and materiality focused, challenge-based and designed to provide a high-quality audit and other valuable insights.

Objectivity and independence

The Committee is responsible for monitoring and reviewing the objectivity and independence of the external auditor. In undertaking its annual assessment, the Committee has reviewed:

- The confirmation from PwC that they maintain appropriate internal safeguards in line with applicable professional standards;
- The mitigating actions taken to safeguard PwC's independent status, including the operation of policies designed to safeguard threats arising from the non-audit services provided by PwC and the employment of former PwC employees;
- The tenure of the audit partner and quality review partner (such tenure not being greater than five and seven years respectively); and
- The internal performance and effectiveness review of PwC referred to above.

Taking the above review into account, the Committee concluded that PwC remained objective and independent in their role as external auditor.

Effectiveness of the external audit

It is the responsibility of the Audit and Risk Committee to assess the effectiveness of the external audit process. Following the issue of our Annual Report and Financial Statements, the Chairman of the Committee leads the conduct of a performance evaluation and effectiveness review of the external audit which covered aspects including:

- The quality of reports provided to the Committee and the Board and the quality of advice given;
- The level of understanding demonstrated by the audit team of the Group's businesses and the energy sector; and
- The objectivity of the external auditor's views on the controls around the Group and the robustness of challenge and findings on areas which required management judgment.
- The application of professional scepticism by the auditor.

The Committee believe that PwC have performed their audit services effectively and to a high standard. Areas identified for development will be shared with them for inclusion in their audit and service delivery plans going forward.

Significant accounting judgments

The Committee reviewed the significant financial matters in connection with the financial statements, having regard to matters communicated to the Committee by the auditor. The significant matters considered are set out in the table below.

Significant financial matters considered	How the Committee addressed the matters
Accounting for business combinations In February 2021 the Group completed the Western Generation acquisition of a portfolio of six power plants located in the United States and Trinidad and Tobago. In November 2021 the Group completed the Green Hunter acquisition of a portfolio of solar assets in Italy.	For both the Western Generation and Green Hunter acquisitions the Committee considered the appropriateness of the items to which the purchase price has been allocated, in addition to the main assumptions primarily relating to discount rates and future cash flows.
Impairment of property, plant and equipment, and financial and contract assets As at 31st December 2021, the Group had $3,923.2 million of property, plant and equipment, the majority of which related to power plant assets, and $387.3 million of financial and contract assets, the majority of which related to concession arrangements. The assessment of indicators of impairment requires judgment.	The Committee has reviewed the assessment indicators of impairment and concur with the conclusion that there are no indicators in the current year.
Provisions for claims and contingent liabilities As at 31st December 2021, the Group had $18.3 million of legal and other provisions. Legal and other provisions include amounts arising from claims, litigation and regulatory risks which will be utilized as the obligations are settled and include sales tax and interest or penalties associated with taxes. Legal and other provisions have some uncertainty over the timing of cash outflows.	The Committee has reviewed the main legal or contractual claims. As part of its review, the Committee has considered the judgments from external or internal counsels made as to the potential likelihood of any claim succeeding when making a provision or disclosing a contingent liability.
Brazil held for sale assessment During 2021 a sale process was initiated for the Brazil renewable assets (Hydro and Wind). Judgment is required in determining whether or not the Hydro and Wind portfolios were classified as held for sale at year end and whether they should be reported as discontinued operations.	The Committee reviewed the held for sale classification of the Hydro portfolio and were in agreement that the conditions were met at year end. Regarding Wind, given the planned sale was not highly probable at year end, the Committee agreed that the Wind portfolio should not be presented as held for sale. The committee agreed that neither the Hydro or Wind portfolios should be reported as discontinued operations.
Kosovo development costs On 24th May 2020, CG Kosovo delivered a Notice of Termination to the Government of Kosovo ("GoK") in relation of the power plant construction project and a request that GoK pays a total of €20.1m, including €19.7m for the development costs incurred up to the development cost cap. CG subsequently issued a notice of arbitration to GoK in November 2020. €19.7 million ($24.1 million) is recognized as a non-current asset on the balance sheet, the recovery of which is dependent on the ability of CG to enforce the reimbursement of costs under the terms of the project agreements with GoK in the arbitration process.	The Committee assessed the judgments around the recovery of this asset which is likely to depend on the outcome of the arbitration proceedings and so is subject to some degree of judgment. The Group believes it will be able to demonstrate that the project failed to close for reasons attributable to the GoK and/or the relevant publicly owned companies, which is the key judgment that supports the recognition of the asset.

These items were considered significant considering the level of materiality and the degree of judgment exercised by management. The Committee discussed these with management and PwC, to understand any areas where there had been or continued to be differences of opinion, and to satisfy itself that the conclusions drawn were reasonable and supportable based on the information available at the time, and that the corresponding disclosures were appropriate. As a result of this discussion, the Committee was satisfied that all issues had been fully and adequately addressed and that the judgments made were reasonable, appropriate, and disclosed accordingly in the financial statements, and had been reviewed and challenged by the external auditor, who concurred with the approach taken by management.

In addition, the Committee considered, acted and made onward recommendations to the Board, as appropriate, in respect of other key matters including the viability statement, the going concern basis on which the financial statements are prepared and other specific areas of audit focus.

Non-audit services

In 2020, the Committee adopted a revised non-audit services policy to reflect independence rules within the FRC's Revised Ethical Standard 2019. PwC UK continues to provide certain services to the Company in accordance with the independence rules set out in the revised policy.

The non-audit fees paid to PwC for 2021 were $1.7 million ($1.0 million in 2020), including $0.4 million for the half-yearly review ($0.3 million in 2020).

Audit tendering

The French firm of PwC was first appointed as the external auditors of the Group in 2013. The UK firm was first appointed at the time of the IPO in 2017, and hence the UK firm was the first appointee to the audit of ContourGlobal plc. Matthew Hall is the current lead audit partner, having taken over this position in 2017. Under current regulations, we will be required to retender the audit by no later than the 2027 financial year. Matthew Hall is required to be rotated off as audit partner by 2022 and the Committee has worked with PwC to address this requirement during the 2021 financial year. Matthew Mullins will be taking over as lead audit partner following the completion of audit for the year ended 31 December 2021. Having regard to the quality, stability and continuity of the relationship with PwC as the current auditor, the Board believes that it is in the best interests of the Company and shareholders to tender the audit contract by a date no later than that stipulated by the current regulations. On the recommendation of the Audit and Risk Committee, the Board is proposing a resolution at this year's Annual General Meeting that PwC is reappointed as auditor for a further year.

The Company confirms that it has complied with the provisions of the Competition and Markets Authority's Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Committee Responsibilities) Order 2014 for the 2021 financial year.

Audit fee

The fees payable to PwC for the 2021 audit are $3.1 million ($2.3 million in 2020).

Risk management framework and internal control

The Board is responsible for determining the Group's risk management framework and the nature and extent of the risk appetite that is acceptable in seeking to achieve its strategic objectives, for overseeing the Group's risk management processes and internal controls, reviewing their effectiveness and reporting on the outcome of their review in the Annual Report and Financial Statements, assisted by the Committee.

An overview of the risk management process explaining the key elements of the approach to risk, any changes to the process over the course of the current year and the key risk management priorities for 2022 is described on pages 62 to 71.

Primary responsibility for operation of the Company's internal control and risk management systems, which include financial, operational and compliance controls (and accord with the FRC's 2014 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting'), has been delegated to management. These systems, which have been in place for the whole of 2021 and continue to be operative as at the date of this report, have been designed to manage, rather than eliminate, the risk of failure to achieve the Group's business goals and can provide only reasonable, not absolute, assurance against material misstatement or loss. During the year, the internal control framework was reviewed and revised to incorporate a more risk-based and streamlined approach and allow for increasing the application of automation. Management also strengthened the internal controls documentation in certain areas.

The Committee, in consultation with management, agrees the annual work plan (including any assistance that may be required from external specialists) of the internal audit function to ensure alignment with the needs of the business and compliance with its governance charter. On a quarterly basis, the Committee receives and discusses the Group's risk register, including significant and emerging risks, and how exposures have changed during the period; summary reports of findings and recommendations from completion of the internal audit plan; and progress against completion of agreed actions from internal audit on their review of the effectiveness of various elements of the internal control system maintained by the Group. The Board is satisfied that the system of risk and internal control management accords with the Code and satisfies the requirements for internal controls over financial reporting. The management team has continued to further enhance risk awareness across the Group during the year.

Effectiveness

In line with the provisions of the Code, the Board has responsibility for carrying out a robust analysis of the Group's emerging and principal risks. The Board has undertaken a careful assessment of the principal and emerging risks faced by the Group, including those that could threaten the business model, and its future performance, solvency and liquidity, as well as monitoring compliance to ensure that any mitigating actions are properly managed and completed. Assisted by the Committee, the Board also reviewed the effectiveness of internal control systems and risk management processes in place throughout the year and up to the date of this report, which, in 2021, has also included consideration of the ongoing impact of COVID-19.

The Board's review also covers the work undertaken by the internal audit function, which includes a Head of Internal Audit as well as a co-sourcing partner (with direct access to the Committee Chairman), and the relevant process, controls and testing work undertaken by PwC as part of their half-yearly review and full-year audit.

The Committee has not identified, nor been advised of, any failings or weaknesses that it has determined to be significant despite the present limitations and challenges imposed by the ongoing pandemic. As part of its review, the Committee noted that no significant internal control matters had been raised by PwC in the context of their annual external audit. Where areas for improvement were identified, new procedures have been introduced to strengthen the controls and will themselves be subject to regular review as part of the ongoing assurance process.

Fair, balanced and understandable

The Committee applied the same due diligence approach adopted in previous years in order to assess whether the Annual Report and Financial Statements taken as a whole is fair, balanced and understandable. The Committee received assurance from the verification process carried out on the content of the Annual Report and Financial Statements by the Executive Directors to ensure consistent reporting and the existence of appropriate links between key messages and relevant sections of the Annual Report and this was supported by a robust schedule of review and verification by senior management and external advisors to ensure disclosures are accurate. The Committee itself reviewed a full draft of the document and considered whether all key events reported to the Board and its Committees during the year, both positive and negative, were adequately reflected, as well as the consistency between the narrative sections and the financial statements. The Committee also considered the use of adjusted measures by the Group and confirmed that these were appropriate for aiding users of the Group's financial statements to better understand its performance year on year.

Taking the above into account, together with the views expressed by PwC, the Committee recommended, and in turn the Board confirmed, that the 2021 Annual Report, taken as a whole, is fair, balanced and understandable and provides the necessary information for shareholders to assess the Company's position, performance, business model and strategy.

Whistleblowing mechanism

On behalf of the Board, the Committee reviews the Group's whistleblowing mechanism which allows employees and third parties to report concerns about suspected impropriety or wrongdoing (whether financial or otherwise) on a confidential basis, and anonymously if preferred. This includes an independent third-party reporting facility comprising a telephone hotline and an online process. Any matters reported are investigated in line with our internal procedures and escalated to the Board, via the Committee, as appropriate. The Committee and the Board have access through regular compliance reports to details on matters raised through the whistleblowing procedure, a description of the way issues have been addressed and recommended remediation. The Committee is also provided with quarterly and full year trend data on whistleblower complaints and provides assurance to the Board through regular reporting that appropriate arrangements are in place for the proportionate and independent investigation of matters raised and for appropriate follow-up.

The Company provides regular training to existing employees reminding them about the available reporting mechanisms within the Company, including EthicsLine, and the obligations to report the violations of the Company's policies. The arrangements also form part of the induction program for new employees.

Bribery and anti-corruption policy

The Board has a zero-tolerance policy for bribery and corruption of any sort. We give regular training to employees on the procedures, highlighting areas of vulnerability. Our third-party providers are required to comply with our policies or evidence that they have similar policies and practices in place within their own businesses on a risk-adjusted basis.

Annual evaluation progress on 2021 and actions for 2022

The Committee has continued to focus on and has enhanced its reporting in respect of its activities and increasing the number of deep dives into the business. The Committee agreed that the focus for 2022 should be: to work with management to improve the detail and focus of reporting; to continue to challenge management to ensure the Committee promotes continuous improvements towards excellence; and to increase the monitoring of operating performance.

Shareholder engagement

As Chairman of the Committee, I am ready to engage with shareholders on significant audit and risk matters. No such requests were received during 2021.

Ronald Trächsel
Chairman of the Committee

17th March 2022

Internal control

The key elements of the Group's internal control are as follows:

- The Company has developed and implemented a detailed internal control management system and has a dedicated internal control function within the Group Finance function.
- Specific controls over financial reporting with clear allocation of responsibilities to ensure reporting is effective and accurate.
- An established organization structure with clear lines of responsibility, approval levels and delegated authorities.
- A disciplined management and Committee structure which facilitates regular performance review and decision-making.
- A comprehensive strategic review and annual planning process.
- A robust budgeting, forecasting and financial reporting process.
- Various policies, procedures and guidelines underpinning the development, asset management, financing and main operations of the business, together with professional services support including legal, human resources, information services, tax, company secretarial and health, safety and security including cyber security.
- A compliance certification process from management conducted in relation to the half-yearly and full-year results, and business activities generally.
- A quarterly self-certification by management confirming that key internal controls within their respective areas of responsibility have been operating effectively.
- An internal audit function whose work spans the whole Group with assurance support from KPMG LLP who provide the team with additional resource and skills.
- A focused post-acquisition review and integration program to ensure the Group's governance, procedures, standards and control environment are implemented effectively and on time.
- A financial and property information management system.

REPORT OF THE REMUNERATION COMMITTEE

Dear Shareholders,

It is my pleasure to present the Directors' Remuneration Report for 2021.

In a year when COVID continued to challenge us all the company has continued to deliver and our employees have continued to meet the challenge and provide electricity to our customers with minimal disruption. During the year we acquired a portfolio of assets from Western Generation Partners in the United States and Trinidad and Tobago and we welcome the employees at those sites to the company as we integrate them into our team. The health and safety of our employees remains our absolute priority. We have continued to support them with appropriate measures such as flexible shift patterns to allow employees to work in less densely populated spaces and using remote control technology.

Members of the Committee

- Daniel Camus (Chairman of the Committee)
- Mariana Gheorghe
- Dr. Alan Gillespie

Meeting attendance shown on page 92

Performance in 2021

Throughout 2021, our performance across the business was strong. Our robust financial performance in the second half of the year meant that for FY 2021, we achieved a record Adjusted EBITDA of $841.5 million while maintaining our 10% year-on-year dividend growth policy and a solid cash conversion ratio of 52.3%. We also delivered record CFADS of $367 million up 34% over the previous year. This performance is borne out in the maximum achievement on the proportion of annual bonus that relates to Adjusted EBITDA and Funds from Operations.

The financial performance of the business was overshadowed by the death of a contractor at one of our Brazilian sites, an event which featured strongly in the conversations of the Committee. I would like to recognize the leadership of the President and Chief Executive in volunteering to waive his annual bonus for 2021. More broadly, in terms of the annual scorecard for leaders and managers across the business, the Committee exercised discretion to zero the amount in relation to the Health and Safety measure. The Committee also determined to reduce the amount of shares vesting from the 2019-2021 Long Term Incentive Plan where they relate to the Health and Safety metric, along with targeted downward discretion in the management hierarchy relating to the incident.

Key areas of focus in the year

Incentive arrangements

- Reviewed and approved annual bonus pay-outs and targets
- Approved the grant of performance share, restricted share, and deferred bonus awards under the long-term incentive plan
- Review of LTIP performance measures

Compliance and governance

- Reviewed practices and changes to corporate governance environment with regards to remuneration arrangements and the Committee's remit

Vesting of 2019-2021 LTIP

The second of our long term incentive plans to vest delivered 51.8% of the maximum potential vesting. The plan was again based on adjusted EBITDA, Health and Safety and growth (as measured by the IRR of growth projects and key project milestones).

Looking forward

There will be no salary increases for Executive Directors in 2022.

Incentive opportunity levels remain unchanged. The annual bonus framework will remain broadly consistent with prior years, with 70% based on corporate objectives and 30% on individual performance. In respect of the 2022 Long Term Incentive Plan, the Committee is still reviewing its approach in order to best align with corporate objectives and strategy. The current intention is to make a website disclosure in relation to the proposed approach prior to the 2022 Annual General Meeting.

Legacy arrangements

On 20th January 2022 we announced the sale of the Brazilian Hydro assets which is expected to complete during the second quarter of 2022. This may trigger a payment under the legacy carried interest arrangement for the President & Chief Executive, subject to the requirements of the relevant contractual arrangements. Disclosure of the value of any payment will be made in the 2022 Annual Report when the amounts are known. The Company is not party to the carried interest and has no financial obligation in relation to the interest.

CEO service contract

Following a review undertaken during the year of existing terms agreed and implemented on Admission, we wish to outline the fact that while the CEO's letter of appointment as a Director provides for 6 months' notice by either side, his service contract provides for 30 days' notice rather than 6 months as previously reported. The Directors' Remuneration Report has therefore been updated to reflect this. Our policy for new appointments is for a six month notice period to apply to both parties.

Conclusion

Our report will be subject to an advisory vote at the upcoming Annual General Meeting, and I hope that I can rely on your continued support. We believe that remuneration outcomes continue to align with business performance and the values of the company and to drive the right behaviours for all of our stakeholders.

Yours sincerely

Daniel Camus
Chairman of the Committee

Index to the Remuneration Report

Part 1: Remuneration at a glance

Part 2: Annual Report on Remuneration

REMUNERATION AT A GLANCE

Summary of Remuneration Policy and implementation for 2022

Our Remuneration Policy for Executive and Non-Executive Directors was presented and approved by shareholders at our 2021 AGM. The below summarizes the key elements of the Remuneration Policy and how it will be implemented for 2022. The full Remuneration Policy can be found in the 2020 Annual Report available on our website at www.contourglobal.com.

<table>
<tr><th>Remuneration component</th><th>Summary of Remuneration Policy</th><th>Remuneration for Executive Directors for 2022</th></tr>
<tr><td>Salary</td><td>

Normally reviewed annually, with any changes taking effect from 1st January.
Set taking into account a number of factors including but not limited to individual and Company performance, an individual’s skills and experience, the responsibilities of the role.
In considering any increase, the Committee is guided by the general increase for the broader employee population.
</td><td>
<table>
<tr><th></th><th>Base salary effective 1st January 2022</th><th>Increase from 2021</th></tr>
<tr><td>President & CEO</td><td>$1,200,000</td><td>0%</td></tr>
<tr><td>Chief Financial Officer</td><td>£375,000</td><td>0%</td></tr>
</table></td></tr>
<tr><td>Pension and benefits</td><td>

The Company may make contributions, or payment in lieu of contributions, to a pension scheme. Pension is set in line with the wider workforce.
Benefits may include, but are not limited to, private medical insurance, dental insurance, company car or allowance, life assurance and income protection. Benefits in relation to relocation or expatriation may be provided.
</td><td>

No changes for 2022.
The current President & CEO does not receive any pension contributions or retirement benefits.
The Chief Financial Officer receives a pension allowance of 11% of salary, which is in line with other UK employees (excluding Northern Ireland).
Executive Directors receive benefits in line with the Remuneration Policy.
</td></tr>
<tr><td>Annual performance bonus</td><td>

Maximum opportunity is:

100% of base salary for the current President & CEO.
150% of base salary for any other Executive Director (including any future CEO)

Subject to stretching performance conditions, normally set by the Committee at the start of each financial year.
At least 70% of the bonus will be subject to corporate objectives with the balance based on individual objectives.
The Committee may adjust the bonus outcome taking into account any relevant factors, including the Company’s underlying performance.
Any bonus earned in excess of 50% of maximum is deferred into shares for a period of two years.
Malus and clawback provisions apply.
</td><td>

The overall annual bonus framework for 2022 remains consistent with 2021.
The maximum opportunity will be 100% of salary for the President & CEO and 115% of salary for the Chief Financial Officer.
Bonus will be based on achievement of corporate objectives (70%) and individual objectives (30%). Performance measures for 2022 are:

<table>
<tr><th>Performance metrics</th><th>% of opportunity</th></tr>
<tr><td>Adjusted EBITDA</td><td>17.5%</td></tr>
<tr><td>FFO</td><td>17.5%</td></tr>
<tr><td>Operational metrics</td><td>17.5%</td></tr>
<tr><td>Growth metrics</td><td>17.5%</td></tr>
<tr><td>Individual objectives</td><td>30%</td></tr>
</table>

Targets and performance against these will be disclosed retrospectively.
</td></tr>
</table>

Remuneration component	Summary of Remuneration Policy	Remuneration for Executive Directors for 2022

Long-Term Incentive Plan (LTIP)	• Maximum opportunity is:
	  • 100% of base salary for the current President & CEO.
	  • 200% of base salary for any other Executive Director (including any future CEO)
	• Performance measured over three years.
	• The Committee has the flexibility to vary the performance measures and weightings for each award taking into account the business priorities at the time of grant.
	• The Committee may adjust the vesting outcome if it considers that it is not consistent with the Company's overall performance.
	• An additional two-year holding period applies post-vesting.
	• Malus and clawback provisions apply.
		• In respect of the 2022 Long Term Incentive Plan, the Committee is still reviewing its approach in order to best align with corporate objectives and strategy. The maximum opportunity will be 100% of salary for the President & CEO and 200% of salary for the Chief Financial Officer.

Share ownership guidelines	• Executive Directors are required to build and retain a shareholding in the Company equivalent to at least 250% of salary. • A post-employment shareholding guideline will apply for one year following cessation of employment.	• No changes for 2022. • The President & CEO has met the guideline in full. • The Chief Financial Officer has yet to meet the guideline. However, he will be required to retain at least half of any share awards vesting (net of tax) under the Company's discretionary share-based employee incentive schemes until the guideline is met. • Any new Executive Director, including the Chief Financial Officer, is expected to meet their share ownership guideline within five years of appointment.
Legacy arrangements	• The President & CEO has interests in a 'Private Incentive Plan' (PIP). These relate to legacy commitments prior to ContourGlobal's listing, reflecting that the President & CEO co-founded the Company in 2005. • The Company is not a party to the PIP and has no financial obligation in connection with it. • The President & CEO also has a carried interest arrangement which was established in 2008 and which is funded by a minority co-owner of certain assets of the Company. The Company has no financial obligation in relation to these interests.	• These arrangements do not form part of ContourGlobal plc's ongoing policy.

Remuneration strategy and alignment with our core principles

ContourGlobal's core business principles guide our day-to-day operations and our sustainable business strategy, driving positive, long-term and measurable business impacts.

The Committee is cognizant of these principles when designing and implementing the Remuneration Policy and considers that the current executive remuneration framework appropriately addresses the following factors, as set out in the UK Corporate Governance Code.

Remuneration component	Summary of Remuneration Policy
Clarity	• The Committee is committed to providing open and transparent disclosures with regards to executive remuneration arrangements.
Simplicity	• Our ongoing executive remuneration arrangements are in line with typical practice for a UK-listed company and are well understood by both participants and shareholders.
Risk	• The Committee has discretion to adjust annual bonus and LTIP outcomes if it considers these to be inconsistent with overall Company performance, taking into account any relevant factors. • Malus and clawback provisions apply for both the annual bonus and LTIP. • Post-employment shareholding requirements support a focus on long-term stewardship of the Company.
Predictability	• The Remuneration Policy contains details of maximum opportunity levels for each component of pay, with actual incentive outcomes varying depending on the level of performance achieved against specific measures. • As part of our transparent approach, we provide full details of legacy arrangements including illustrative potential values.
Proportionality	• Our Remuneration Policy has been designed to provide an appropriate balance between short- and long-term performance targets linked to the delivery of the Company's strategic plan and aligned with the Company's risk appetite. • ContourGlobal operates across 20 countries. When determining remuneration arrangements for Executive Directors the Committee considers broader workforce remuneration and related policies across the global business. The Group has 16 permanent employees in the UK and therefore falls below the threshold required to disclose pay ratios. • The Committee considers that remuneration arrangements for Executive Directors are appropriate taking into account the principles, policy and practice for workforce remuneration and the locality of the relevant Executive Director.
Alignment to culture	• The metrics used within our incentive arrangements for Executive Directors are aligned to ContourGlobal's core principles, with the aim of driving behaviours consistent with the Company's purpose, values and strategy. • One of our key values relates to our employees' health and safety, and this is reflected in our incentive framework. • Fostering a culture of share ownership within the business is a key part of our remuneration approach.

Alignment of performance measures with core principles

Our core principles are aligned with the metrics used under our remuneration approach for Executive Directors, as illustrated below.

	ContourGlobal – our core business principles			
Measures used in incentive schemes	Operate safely and efficiently and minimize environmental impact	Grow well	Manage our business responsibly	Enhance our operating environment
Adjusted EBITDA growth		XX		
Adjusted Funds From Operations (FFO)	X	X		
Lost Time Incidents	XX		XX	XX
Fleet availability	X			
Refurbishment milestones	X	X		X
CO_2 capture	X	X	X	X
Non-fuel operations and maintenance cost	X	X		
M&A milestones (project completion; incremental EBITDA)		X		
Project Internal Rate of Return and milestones		X		
Strategic personal objectives	X	X	X	X

X Annual bonus metric
X LTIP metric

ANNUAL REPORT ON REMUNERATION

Governance

Membership of the Committee during the year is shown below. The Board considers each of the Committee members to be independent in accordance with the Code.

Members:	Daniel Camus (Chairman) Dr. Alan Gillespie Mariana Gheorghe
Company Secretary:	Link Company Matters Limited (until 6th August 2021), and LawDeb Corporate Secretarial Services (from 7th August 2021).
External advisors:	Deloitte, appointed by the Committee following a competitive tender, has been advisor to the Committee from November 2018.
Internal advisors:	Joseph C. Brandt (President & CEO), Sean McGrath (Executive Vice President, Chief Human Resources Officer) and, from his appointment in November 2021, Richard Windmill (SVP Compensation & Benefits) were consulted and invited to attend meetings as necessary. Care was taken to ensure there were no conflicts of interest when consulting with senior management and no Director or member of management was present when matters relating to their own remuneration were discussed.
Meetings held:	The Committee held seven meetings during 2021. See page 92 for attendance at Committee meetings.
Role:	The Board has delegated responsibility to the Committee for: • Setting, approving and implementing the Remuneration Policy, including pension arrangements and any compensation payments, for the Executive Directors, the Company Chairman, Executive Managers and Company Secretary; • Within the terms of the agreed Remuneration Policy and in consultation with the Chairman of the Board and/or President & CEO, as appropriate, determining the total individual remuneration package of each Executive Director, the Company Chairman, Executive Managers and Company Secretary including base salary, bonuses, incentive payments, share options or other share awards, pension arrangements and other benefits; • Approving the design of, and determining targets for, any performance-related pay schemes operated by the Company; • Monitoring the operation of performance-related pay schemes and approving the total annual payments made under such schemes; and • Ensuring that contractual terms on termination, and any payments made, are fair for the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognized. The Committee's terms of reference are available on our website at www.contourglobal.com.

Introduction

This section sets out details of the remuneration of the Executive Directors and Non-Executive Directors (including the Chairman) earned between 1st January 2021 and 31st December 2021 and also describes the operation of the Committee.

This Annual Report on Remuneration will be proposed for an advisory vote by shareholders at the 2022 AGM. Where required, data has been audited and this is indicated where appropriate.

Total remuneration (audited information)

The table below sets out total remuneration received by the Executive Directors and Non-Executive Directors for the year 1st January to 31st December 2021.

	Base salary and fees[1] $000		Taxable benefits[2,3] $000		Annual bonus $000		Long-term incentives[4,5] $000		Pension plan $000		Total fixed pay $000		Total variable pay $000		Total (excluding legacy awards) $000		Legacy awards – PIP[6] $000	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Executive Directors																		
Joseph C. Brandt	**1,200**	1,200	**28**	30	**–**	1,024	**658**	635	**–**	–	**1,228**	1,230	**658**	1,659	**1,886**	2,889	**–**	19,866
Stefan Schellinger	**516**	479	**18**	11	**363**	471	**521**	–	**57**	52	**591**	542	**885**	471	**1,476**	1,013	**–**	–
Total	**1,716**	1,679	**46**	41	**363**	1,495	**1,179**	635	**57**	52	**1,819**	1,772	**1,543**	2,130	**3,362**	3,902	**–**	19,866
Non-Executive Directors																		
Craig A. Huff	**344**	319	**–**	–	**–**	–	**–**	–	**–**	–	**344**	319	**–**	–	**344**	319	**–**	–
Daniel Camus	**92**	86	**–**	1	**–**	–	**–**	–	**–**	–	**92**	87	**–**	–	**92**	87	**–**	–
Mariana Gheorghe	**76**	70	**–**	–	**–**	–	**–**	–	**–**	–	**76**	70	**–**	–	**76**	70	**–**	–
Dr. Alan Gillespie	**103**	96	**–**	10	**–**	–	**–**	–	**–**	–	**103**	106	**–**	–	**103**	106	**–**	–
Ronald Trächsel	**92**	86	**–**	9	**–**	–	**–**	–	**–**	–	**92**	95	**–**	–	**92**	95	**–**	–
Alejandro Santo Domingo	**76**	70	**–**	–	**–**	–	**–**	–	**–**	–	**76**	70	**–**	–	**76**	70	**–**	–
Gregg M. Zeitlin	**76**	70	**–**	10	**–**	–	**–**	–	**–**	–	**76**	80	**–**	–	**76**	80	**–**	–
Total	**859**	797	**–**	30	**–**	–	**–**	–	**–**	–	**859**	827	**–**	–	**859**	827	**–**	–
Grand Total	**2,575**	2,476	**46**	71	**363**	1,495	**1,179**	635	**57**	52	**2,678**	2,599	**1,543**	2,130	**4,221**	4,729	**–**	19,866

1. The Chief Financial Officer and Non-Executive Directors are paid in GBP. The numbers in the table have been converted to USD using the average exchange rate for 2021 of $1.375854:£1. The average exchange rate used for 2020 was $1.276733:£1. There was no change in the base salary or fees of the Chief Financial Officer or Non-Executive Directors in local currency, any movement is solely due to the movement in exchanges rates.
2. Benefits for Executive Directors include medical insurance, dental insurance, income protection, life assurance, and disability cover.
3. Benefits for Non-Executive Directors comprise travel and other expenses incurred in the discharge of their duties including attendance at Board meetings which are deemed taxable by the relevant authority. In accordance with the Remuneration Policy, the Company will reimburse Non-Executive Directors for any tax thereon.
4. The 2019 LTIP award will vest in 2022 based on performance to 31st December 2021. The award will vest at 51.8% of maximum as described on page 122. The award value for the Executive Directors included in the table above is based on a share price of 191.6p, being the three-month average share price to 31st December 2021. The Executive Directors will also receive additional shares in relation to dividends accrued on the shares vesting during the vesting period, the value of which are included in the figures above. Given the fall in share price since grant, none of the value is attributable to share price growth.
5. The 2018 LTIP award vested in 2021 based on performance to 31st December 2020. The award value for the President & CEO included in the 2020 figure above has been restated based on a share price of 195.4p, being the share price at the date of vesting and using an exchange rate of US$1,3789:£1. None of the value is attributable to share price growth. The amount also includes 44,650 additional shares in lieu of dividends payable during the vesting period.
6. This relates to the vesting of an award made by Reservoir Capital Group under the Private Incentive Plan (PIP). The PIP is a legacy arrangement established by Reservoir Capital Group in connection with its original investment in the business. The Company is not party to the PIP and has no financial obligation to pay cash or issue shares to settle the PIP. The amount relates to the value of the ordinary shares (GLO) now held in Contour Management Holdings LLC following the conversion of Mr. Brandt's Class S units into ordinary shares of the Company following the testing of the financial condition on 27th December 2020. The total PIP amount shown of $19,866k is based on 7,403,453 shares using the share price of 207p on 24th December 2020, and a dividend of $300k paid into Contour Management Holdings LLC in December 2020. Further information on the PIP is provided on page 128.

The Committee considers that the Remuneration Policy operated as intended during the year and that remuneration outcomes were consistent with overall Company performance and the shareholder experience.

Annual bonus for 2021 (audited information)

In 2021, the bonus opportunity depended on achievement of corporate objectives (70%) and individual objectives (30%). Maximum opportunity for the President & CEO was 100% of salary and for the Chief Financial Officer 115% of salary. Full disclosure of the specific Group performance metrics, targets and achievement against these is provided.

Targets for Total Fleet Availability Factor (EAF), Equivalent Forced Outage Rate (EFOR), and NFOM/MW (NonFuel O&M Cost per MW installed capacity) were set individually for each of the relevant sectors rather than on an aggregate Group basis. The Committee considers this to be a more robust approach to measurement as maximum vesting requires strong performance against all relevant sectors within the Group. It also better reflects how performance is measured and reported within the business. Although, under this more granular approach, we do not provide the specific target for each sector, we provide the indicative weighted average Group target.

In recognition of the fatality in the year, the Committee determined that there would be no pay-out under the Health and Safety element (10% weighting) of the scorecard.

Group scoreboard (70% of bonus opportunity)

Performance target	Weighting	0% of element	25% of element	50% of element	75% of element	100% of element	Performance achieved[1]	Bonus award
Financial metrics (50%)								
Adjusted EBITDA	25%	Less than $751m	$763.5m	$776m	$788.5m	$801m	$842m	25%
Funds From Operations	25%	Less than $384m	$391.5m	$399m	$406.5m	$414m	$440m	25%
Operations metrics (30%)								
Health and safety – Lost Time Incident Rate	10%	0.09	0.06		0.03	0.00	–[2]	0%
Total Fleet Availability Factor	2.5%	Less than target	Based on the average achievement against individual EAF targets for each of the sectors. The weighted average target is 94.9%				See below	1.25%
Equivalent Forced Outage Rate	2.5%	Less than target	Based on the average achievement against individual EFOR targets for each of the sectors. The weighted average target is 1.4%				See below	1.25%
Vorotan refurbishment schedule	2.5%	Milestone not met	100% awarded if completed on schedule				2.5%	2.5%
Vorotan refurbishment budget	2.5%	Milestone not met	100% awarded if completed on budget				2.5%	2.5%
Austria Wind	2.5%	Milestone not met	100% awarded if Scharndorf (4&5) and Berg delivered on schedule and on budget				2.5%	2.5%
Mexico CO_2 capture	2.5%	Milestone not met	100% awarded if EPC contract signed and construction started				0%	0%
NFOM/MW	5%	Less than target	Based on the average achievement against individual NFOM/MW targets for each of the sectors. The weighted average target is 60.8				See below	4.4%
Growth metrics (20%)								
M&A related milestones	15%	Milestones not met	100% awarded if relevant milestones met: Close acquisition contributing in excess of $150 million of EBITDA run rate				0%	0%
Financing activities	5%	0	100% awarded if relevant milestones met: Refinance Caribbean and African portfolios and the 2025 Corporate Bond				1.7%	1.7%
Total								66.1% of Group element

1. Performance achieved against the financial metrics is stated at 2021 budget exchange rates to align with the performance targets set and to negate the impact of exchange rate movements in determining the outcome of the annual bonus for the year.
2. The committee exercised discretion to determine no bonus would be payable in respect of the LTIR element for 2021.

Sector performance – Total Fleet Availability, Equivalent Forced Outage Rate and NFOM/MW

Based on the achievement (100% of element) or not (0% of element) of individual EAF, EFOR and NFOM/MW targets for each sector.

	EAF achievement by sector (% of element)	EFOR achievement by sector (% of element)
Turbines	100%	100%
Engines	0%	0%
Solutions	0%	100%
Hydro	100%	100%
Wind	0%	0%
Solar	100%	0%
Overall outcome	50%	50%

NFOM/MW achievement by sector (% of element)	
CCGT	100%
Coal-fired	100%
Engines	100%
Solutions	100%
Hydro	100%
Wind	0%
CSP	100%
Solar PV	100%
Overall outcome	87.5%

Personal performance (30% of bonus opportunity)

The remaining 30% of the bonus is based on the delivery of key individual objectives. Achievement for the year was assessed by the Committee based on the following performance.

President & CEO

Performance areas	Key achievements
Newly acquired United States and Trinidad & Tobago portfolio	• Successful integration with acquired assets performing well operationally and financially, in particular the 604 MW Hobbs flagship CCGT in New Mexico achieved its best operational performance in 13 years in 2021. • Refinancing of the Caribbean portfolio, including assets in Trinidad & Tobago, completed on attractive terms, leading to a cash distribution to the parent company of $110 million.
Strategic and operational excellence	• Strong focus on positioning the organization for the next phase of growth through recruiting at all tiers of leadership below the most senior level and progressing towards a regional operating model, including creating an Africa region and planning similar structures for the Americas and Europe. • Following expiration of its contract, the Arrubal (Spain) plant operated on a merchant basis in the ancillary services market providing critical stability to the energy system in a challenging volatile market. Overall, the plant achieved 98% availability and delivered an outstanding financial performance in 2021. • Immediate response to the fatality in the year, including the commissioning of a third-party in-depth investigation. In response to incidents in the year, safety protocols were stepped up and new safeguards were put in place.
Long-term shareholder value	• Agreed the sale of the Brazil hydro-electric generation business in line with long-term plan to monetize the renewable business in Brazil and create compelling value for shareholders. • Completion of the Green Hunter Group S.p.A. acquisition –a portfolio of solar assets in Italy. • Continuation of growth in ordinary dividend per share at 10% annually a result of strength of earnings and predictable cash flows.
ESG	• Introduction of Social Investment Strategy to ensure successful implementation of health, education, and social projects. Approval of 29 social investment plans and 129 unique projects in 2021 with a total approved social investment of $6.2 million over a three-year period. • Meaningful improvement in ESG ratings (MSCI, CDP and Sustainalytics).

Chief Financial Officer

Performance areas	Key achievements
Strategy, operational excellence and long-term value	• Created value from the successful re-financing of the Caribbean portfolio and completed refinancing of several other assets resulting in a $62m distribution to the parent company. • Completion of the Green Hunter Group S.p.A. acquisition – a portfolio of solar assets in Italy. • Further identified a range of other refinancing opportunities. • Managed successful annual credit rating agency process.
Finance function	• Over the year continued to position the financial function for the next phase of growth by implementing a new treasury management system including a new payment approval system as well as an integrated and enhanced internal controls, risk management, debt compliance system. • Member of the steering committee for the successful roll out of a new integrated contract management and procurement platform. • Aligned succession planning with development and hiring plans for key roles in the Finance function. • Integration of our newly acquired United States and Trinidad & Tobago portfolios. • Steering committee member for review and improvement of our Cyber security program.
Shareholder relations	• Managed all aspects of our equity and debt investor engagement program. • Led process for the selection of a new corporate broker.

Taking into account the above performance the Committee determined that 50% of this element of the annual bonus was achieved for the Chief Financial Officer.

Overall bonus award

The President & CEO waived his annual bonus for 2021 in light of the fatality in the year.

Executive Director	Group scorecard element (70% of maximum)	Personal objectives element (30% of maximum)	Total bonus earned (% of maximum)	Total bonus earned
Joseph C. Brandt, President & CEO	*Waived bonus for 2021*			$0
Stefan Schellinger, Chief Financial Officer	66.1%	50%	61.3%	£264,226

The Committee considered the Company's underlying performance prior to finalization of the annual bonus and was satisfied that it reflected the overall performance of the Company.

The Remuneration Policy requires any bonus in excess of 50% of maximum to be deferred into shares for a period of two years. For 2021, this means that £48,601 of the total bonus earned will be deferred for the Chief Financial Officer. Deferred awards, which will be subject to continued employment, will be made under the Long-Term Incentive Plan and set out in the Annual Report on the Remuneration for 2022.

Long-term incentive awards with performance periods ending in 2021 (audited information)

On 17th June 2019, the President & CEO was granted an LTIP award equal to 100% of base salary and the Chief Financial Officer was granted an LTIP award equal to 200% of base salary.

These awards will vest in 2022 following completion of the three-year performance period to 31st December 2021. Achievement against performance targets is as set out below. The Committee reviewed the performance against the targets and in light of the fatality in the year made a downwards adjustment to the score for Health and Safety by adjusting the Lost Time Incident Rate for 2021 to be below threshold.

Performance target	Weighting	0% of element	25% of element	100% of element	Performance achieved	LTIP award
Compound annual growth rate in Adjusted EBITDA / share	50%	Below 10% p.a.	10% p.a.	25% p.a. and above	12.1% p.a.	17.8%
Health and safety performance – Lost Time Incident Rate (average over three-year performance period)	25%	Above 0.09	0.09	Zero	0.06	11.7%
Growth – IRR[1]	12.5%	IRR for qualifying projects below 90%	IRR for qualifying projects at 90%	IRR for qualifying projects met	100.0%[2]	12.5%
Growth – Milestones[1]	12.5%	Less than 90% of milestones for qualifying projects met	90% of milestones for qualifying projects met	All milestones for qualifying projects met	78.6%[3]	9.8%
Overall vesting					51.8% of maximum	

1. Qualifying projects means such projects approved by the Board during the performance period and in respect of which the Board has specified (a) a target IRR for the performance period and/or (b) milestones for the performance period.
2. Weighted average IRR across relevant qualifying projects.
3. Average vesting across relevant qualifying projects with specified milestones.

The Committee also considered the Company's underlying performance over the performance period and was satisfied that the vesting outcome reflected the overall performance of the Company.

In line with the Remuneration Policy, a two-year additional holding period will apply.

Long-term incentive awards granted in 2021 (audited information)

In line with the Remuneration Policy, the President & CEO and Chief Financial Officer were granted performance share awards under the Long-Term Incentive Plan of 100% and 200% of base salary respectively in 2021.

Executive Director	Date of award	Form of award	Number of LTIP shares awarded	Value of awards at date of grant[1]	Value % of salary[1]	Performance period
Joseph C. Brandt, President & CEO	17th May 2021	Conditional award	442,186	$1,200,000	100%	1st Jan 2021 – 31st Dec 2023
Stefan Schellinger, Chief Financial Officer	17th May 2021	Nil-cost option	389,408	£750,000	200%	1st Jan 2021 – 31st Dec 2023

1. The award value and number of shares was calculated by reference to the closing price of ContourGlobal shares of 192.6p on 17th May 2021 and base salary converted where appropriate to GBP using the exchange rate on that date of $1.4090:£1.

LTIP awards granted during 2021 were subject to the following performance conditions.

	Adjusted EBITDA per share growth % p.a.	Health and safety Lost Time Incident Rate	Growth Internal Rate of Return (IRR)[1]
Weighting	50%	25%	25%
100% vesting	25% and above	Zero	IRR for qualifying projects met
25% vesting	10%	0.09	IRR for qualifying projects at 90%
0% vesting	Below 10%	Above 0.09	IRR for qualifying projects below 90%

1. Qualifying projects means such projects approved by the Board during the performance period and in respect of which the Board has specified a target IRR for the performance period.

Awards vest on a straight-line basis between 25% and 100% achievement.

In line with the Remuneration Policy, a two-year additional holding period will apply to any shares vesting for Executive Directors.

Deferred bonus awards granted in 2021 (audited information)

During the year, the Company also granted deferred bonus awards to the Executive Directors in respect of the 2020 bonus. These awards are not subject to performance conditions and are only forfeited in the event that the individual is dismissed for serious misconduct.

Executive Director	Date of award	Form of award	Number of shares awarded[1]	Value of awards at date of grant[1]	Vesting date
Joseph C. Brandt, President & CEO	17th May 2021	Deferred bonus award	156,091	$423,600	10th March 2023
Stefan L. Schellinger, Chief Financial Officer	17th May 2021	Deferred bonus award	79,040	£152,231	10th March 2023

1. The award value and number of shares was calculated by reference to the closing price of ContourGlobal shares of 192.6p on 17th May 2021 and base salary converted where appropriate to GBP using the exchange rate on that date of $1.4090:£1.

Pension and benefits (audited information)

The President & CEO does not currently receive any pension contributions or retirement benefits. The Chief Financial Officer receives a pension allowance of 11% of salary, which is in line with other UK employees (excluding Northern Ireland).

Other benefits received include medical insurance, dental insurance, income protection, life assurance, and disability cover.

Implementation of Non-Executive Director Remuneration Policy in 2022

The annual fees for serving as the Chairman or a Non-Executive Director were last reviewed by the Board on 4th April 2019. They remain unchanged for 2022.

	Fees effective from 1st January 2021	Fees effective from 1st January 2022
Chairman	£250,000	£250,000
Non-Executive Director	£55,000	£55,000
Additional fees		
Senior Independent Director	£20,000	£20,000
Audit & Risk Committee Chairman	£12,000	£12,000
Committee Chairman	£12,000	£12,000

Each Non-Executive Director will also be entitled to reimbursement of reasonable business-related expenses, including any tax thereon.

Statement of Directors' shareholdings and share interests (audited information)

Executive Directors are required to accumulate and maintain a holding in ordinary shares in the Company equivalent to no less than 250% of salary. At least 50% of any vested share awards (net of tax) must be retained until the guideline is achieved.

A post-employment shareholding guideline applies such that Executive Directors are required to retain 100% of their shareholding guideline, or 100% of their actual shareholding of relevant shares if lower, for a period of six months post-cessation of employment, reducing to 50% for a further six months. The guidelines apply to shares delivered via deferred bonus and performance share awards from 2020 onwards.

The share interests of the Executive Directors and their connected persons as at 31st December 2021 are as follows:

Executive Director	Total number of beneficially owned shares at 31st December 2021	Shares held in Contour Management Holdings LLC[1]	Unvested interests in share schemes awarded without performance conditions as at 31st December 2021	Unvested interests in share incentive schemes awarded subject to performance conditions as at 31st December 2021[2]	Shareholding requirement (% of base salary)	Current shareholding (% of base salary)[3]
Joseph C. Brandt, President & CEO	1,995,425	7,403,453	210,757	1,383,933	250%	2,039%
Stefan Schellinger, Chief Financial Officer	–	–	96,619	1,146,670	250%	0%[4]

1. Mr Brandt holds 7,403,453 shares through Contour Management Holdings LLC following the vesting of the Class S units under the Private Incentive Plan, a legacy equity arrangement established by Reservoir Capital Group in connection with its original investment in the business. Further shares may be delivered through the Class B and Class C units. Further details of the plan can be read on page 128.
2. Unvested interests in share incentive schemes awarded subject to performance conditions comprise performance share awards under the ContourGlobal Long-Term Incentive Plan and are structured as Conditional Awards (President & CEO) or Nil-Cost Options (Chief Financial Officer).
3. The value of the Executive Directors' shareholdings was calculated by reference to the closing price of ContourGlobal shares of 192.4p on 31st December 2021 and base salary converted where appropriate to GBP using the exchange rate on that date of $1.35381:£1. This includes the value of those shares in Contour Management Holdings LLC.
4. Stefan Schellinger has five years from the date of his appointment as an Executive Director to reach the shareholding guideline. In accordance with the Remuneration Policy, he is required to retain at least half of any share awards vesting (net of tax) under the Company's discretionary share-based employee incentive schemes until the guideline is met.

There were no changes to the Executive Directors' interests in the Company's shares during the period between 31st December 2021 and 17th March 2022.

Non-Executive Directors' shareholdings (audited information)

The share interests of the Non-Executive Directors and their connected persons as at 31st December 2021 are as follows:

Non-Executive Director	Shareholding as at 31st December 2021
Craig A. Huff[1]	–
Daniel Camus	35,000
Mariana Gheorghe	–
Dr. Alan Gillespie	200,000[3]
Alejandro Santo Domingo[2]	–
Ronald Trächsel	24,000[3]
Gregg M. Zeitlin[1]	–

1. Craig A. Huff and Gregg M. Zeitlin each has an indirect interest in ordinary shares as a result of their interests in entities controlled by Reservoir Capital that in turn have indirect interests in the Company.
2. Alejandro Santo Domingo has an indirect interest in ordinary shares as a result of having a discretionary share interest in certain entities which have indirect interests in the Company. Alejandro Santo Domingo disclaims all beneficial interests and control in respect to such ordinary shares.

Service contracts

Executive Directors have a service contract as follows:

Executive Director	Date of service contract	Notice period
Joseph C. Brandt, President & CEO	9th November 2017	6 months from the Company, 30 days from the Executive
Stefan Schellinger, Chief Financial Officer	15th April 2019	12 months either party

Joseph C. Brandt's letter of appointment as a Director, dated 8th November 2017, provides for 6 months' notice by either party.

All Non-Executive Directors have letters of appointment with the Company for a three-year term. Each appointment is terminable by either party on one month's written notice. All Non-Executive Directors are subject to annual re-election at each AGM.

The dates of appointment of each of the Non-Executive Directors serving at 31st December 2021 are summarized in the table below.

Non-Executive Director	Term of appointment	Date of appointment	Date of expiry
Craig A. Huff (Chairman)	3 years	23rd October 2017	23rd October 2023
Daniel Camus	3 years	23rd October 2017	3rd October 2023
Mariana Gheorghe	3 years	30th June 2019	30th June 2022
Dr. Alan Gillespie	3 years	23rd October 2017	23rd October 2023
Ronald Trächsel	3 years	23rd October 2017	23rd October 2023
Alejandro Santo Domingo	3 years	23rd October 2017	23rd October 2023
Gregg M. Zeitlin	3 years	23rd October 2017	23rd October 2023

Executive Director service contracts and the Non-Executive Directors' letters of appointment are available for inspection at the Company's registered office during normal business hours and will be available for inspection at the AGM.

Payments to past Directors and payments for loss of office (audited information)

During the year, the Company has not made any payments to past Directors; neither has it made any payments to Directors for loss of office.

Policy on external appointments

The Board believes that it may be beneficial to the Group for the Executive Directors to hold Non-Executive Directorships outside the Group. Any such appointments are subject to approval by the Board, and will be determined based on the impact on their role within the Company. The Board will determine on a case-by-case basis whether the Directors will be permitted to retain any fees arising from such appointments. Neither Executive Director currently holds any external directorships.

Percentage change in remuneration

The following table shows the movement in the salary / fees, benefits and annual bonus of each Director of the Company from 2020 to 2021, compared with that of the average employee.

While the Committee reviews base salary for the President & CEO and Chief Financial Officer relative to the broader employee population and all employees are eligible for an annual performance bonus, benefits are driven by local practices and eligibility for annual bonus and benefits is determined by level and individual circumstances which do not lend themselves to comparison.

	Percentage change in remuneration from 2019 to 2020			**Percentage change in remuneration from 2020 to 2021**		
	Percentage change in salary / fees	Percentage changes in benefits	Percentage change in annual bonus	**Percentage change in salary / fees**	**Percentage changes in benefits**	**Percentage change in annual bonus**
Executive Directors						
Joseph C. Brandt, President & CEO	0%	0%	43%	**0%**	**-7%**	**-100%**
Stefan Schellinger, Chief Financial Officer	0%	22%	40%	**0%**	**64%**	**-23%**
Non-Executive Directors						
Craig A. Huff (Chairman)	0%	-100%	–	**0%**	**0%**	**–**
Daniel Camus	0%	0%	–	**0%**	**-100%**	**–**
Mariana Gheorghe	0%	0%	–	**0%**	**0%**	**–**
Alan Gillespie	0%	400%	–	**0%**	**-100%**	**–**
Ronald Trächsel	0%	800%	–	**0%**	**-100%**	**–**
Alejandro Santo Domingo	0%	0%	–	**0%**	**0%**	**–**
Gregg M. Zeitlin	0%	100%	–	**0%**	**-100%**	**–**
Average parent company employee	0%	0%	40%	**0%**	**64%**	**-23%**

1. The figures shown for average parent company employee are the average percentage increase/decrease for employees employed for the whole of 2020 and 2021 calculated by reference to base salary, benefits and annual bonus received in respect of those years. The sample size is small and bonus payouts across the wider organization are considered to be reflective of overall business performance.
2. Where figures in the remuneration table are part-year figures, these have been annualized to enable year-on-year comparison.

Broader executive team and workforce remuneration

In line with the UK Corporate Governance Code, the Committee has responsibility for determining remuneration arrangements for the broader executive team. In order to ensure all members of the global executive team are focused on the delivery of ContourGlobal's strategic priorities, all participate in the annual bonus scheme and long-term incentive on a similar basis to the Executive Directors.

The Committee has taken steps to strengthen the information provided to the Committee regarding broader workforce remuneration and related policies to ensure that these are fully considered when determining the remuneration arrangements for Executive Directors and that the principles, policy and practice for executive and workforce remuneration are aligned.

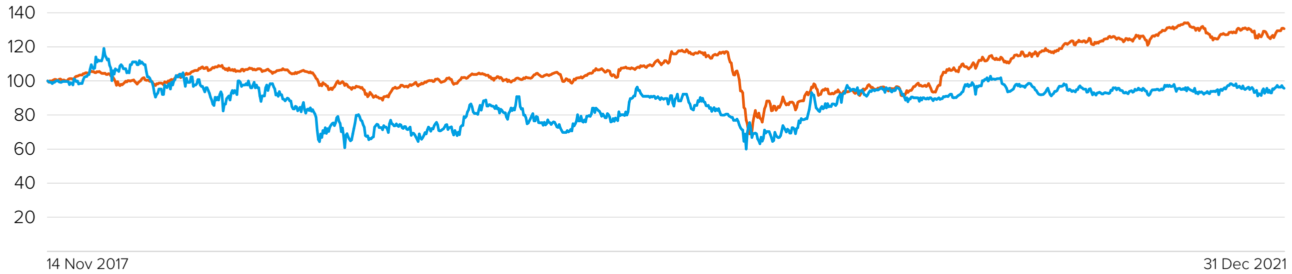
The Committee continues to develop its approach to engagement with the workforce in the area of executive remuneration, recognizing the global reach of the Company and its employee population.

As ContourGlobal only has 16 permanent employees in the UK, the number of employees in the UK falls below the threshold for the requirement to disclose the CEO pay ratio.

Comparison of overall performance and pay

The chart opposite shows the Company's total shareholder return performance compared with that of the FTSE 250 over the period from the date of the Company's Admission onto the London Stock Exchange to 31st December 2021. The FTSE 250 Index has been chosen as an appropriate comparator as it is the index of which the Company is a constituent. TSR is defined as the return on investment obtained from holding a company's shares over a period. It includes dividends paid, the change in capital value of the shares and any other payments made to or by shareholders within the period.

The total remuneration of the President & CEO along with the value of bonuses paid and LTIP vesting, as a percentage of the maximum opportunity, is provided for the same period.



This graph shows the value, by 31st December 2020, of £100 invested in ContourGlobal on 14th November 2017, compared with the value of £100 invested in the FTSE 250 on the same date.

Source: Datastream (Thomson Reuters)

Joseph C. Brandt, President & CEO

	2017[1]	2018	2019	2020	**2021**
Total remuneration (000)	$443	$1,854	$1,944	$2,889[4]	**$1,886**
Actual bonus (% of maximum)	75%[2]	52%	59.5%	85%	**0%[5]**
LTIP vesting (% of maximum)	N/A[3]	N/A[3]	N/A[3]	54.4%	**51.8%**

1. The figure for 2017 represents the remuneration earned in the period from 14th November 2017, being the date of listing, to 31st December 2017.
2. The President & CEO voluntarily agreed to a cap of 100% on his annual bonus for 2017.
3. There were no LTIP awards vesting based on a performance period ending in 2017, 2018 or 2019.
4. The total remuneration figure for 2020 excludes legacy payments.
5. The President & CEO waived his annual bonus for 2021.

Relative importance of the spend on pay

The following table shows the Company's total spend on pay for all employees compared to Group performance and dividend distribution in 2020 and 2021.

	2020	**2021**	% change
Employee costs ($m)	88.7	**107.9**	20.6%
Average number of employees	1,435	**1,491**	3.9%
Adjusted EBITDA ($m)[1]	722	**842**	16.6%
Share buyback ($m)	30.4	**7.4**	-75.7%
Dividend distributions ($m)	105.7	**114.5**	8.3%

1. Adjusted EBITDA is the principal profit measure used by the Group.

External advisors to the Committee

Deloitte LLP were appointed as advisors to the Committee in November 2018 following a competitive tender process. Details of the advice and services provided by Deloitte LLP are set out in the table below.

Advisor	Area of advice/services provided
Deloitte LLP	As independent advisor, advice included consideration of corporate governance developments, best practice in remuneration arrangements, increased transparency relating to legacy arrangements, remuneration disclosures and shareholder communications. Deloitte LLP received fees of £125,500 in respect of this advice, charged on a time and material basis. Deloitte LLP also provided tax advisory services and internal audit co-sourcing support to ContourGlobal in 2021. The lead Committee engagement partner has no other connection with ContourGlobal or its Directors. Deloitte LLP is a member of the Remuneration Consultants Group and is a signatory to its voluntary Code of Conduct, which requires their advice to be objective and independent. The Committee is satisfied that this is the case and that the provision of other services in no way compromised their independence.

Statement of voting on the Remuneration Report at the AGM

The table below provides details on the 2021 AGM voting result for our Remuneration Policy and Annual Report on Remuneration.

	% of votes cast in favor	% of votes cast against	Number of votes withheld
Remuneration Policy (2021 AGM)	99.34%	0.66%	2,286,295
Annual Report on Remuneration (2021 AGM)	99.82%	0.18%	1,252,426

Legacy equity arrangements – the Private Incentive Plan (PIP)

The President & CEO, along with certain members of the ContourGlobal plc management team, have interests in a 'Private Incentive Plan' (PIP). As disclosed at the time of IPO and in subsequent Directors' Remuneration Reports, the PIP is a legacy equity arrangement established by Reservoir Capital Group (the major shareholder in the Company) in connection with its original investment in the business.

The Company is not a party to the PIP and has no financial obligation to pay cash or issue shares to settle the PIP. All shares delivered to the President & CEO under the award are funded by Reservoir Capital Group. Consequently, the Committee has no authority over the plan, or the allocation and release of awards.

The PIP is not an ongoing element of the executive Remuneration Policy at ContourGlobal plc, and no new allocations will be made under the plan.

History

Joseph C. Brandt, the current President & CEO, founded the Company together with Reservoir Capital Group in 2005. Around that time, incentive arrangements were established which enabled the President & CEO, along with other senior management, to participate in the return on invested capital above a required return hurdle.

The PIP therefore relates to legacy commitments connected with the founding of ContourGlobal and the growth of the Company in the years prior to its listing on the London Stock Exchange, and modified in anticipation of the listing.

As disclosed in the 2017 DRR, the allocation and terms of the award remained subject to finalization. The allocations and terms of the President & CEO's award were substantially agreed prior to listing. Reservoir Capital finalized the implementation of his allocation on 27th December 2018.

Overview of the PIP

The award is in the form of partnership units in Contour Management Holdings LLC which is a partner in ContourGlobal L.P. (the limited partnership through which Reservoir Capital Group owns shares in the Company). The award comprised Class S units, Class C units and Class B units. The class S units vested in 2020 and only Class C and B units remain outstanding.

Under the terms of the PIP, these units entitle the award-holder to receive from Contour Management Holdings LLC cash or shares in the Company if certain financial performance conditions are achieved.

Additional information on Class S unit vesting

In 2020 7,403,453 ordinary shares were transferred to Contour Management Holdings LLC for the benefit of the President and Chief Executive, Mr Brandt as a result of the Class S units meeting the associated performance conditions. These shares are subject to a sale restriction until the one-year anniversary of the date on which Reservoir Capital (through ContourGlobal L.P.) disposes of its interests in ContourGlobal plc, unless waived by ContourGlobal L.P.

Additional information on Class C and Class B unit vesting

Class C units and Class B units are structured as a value share between management and Reservoir Capital Group, and deliver an award of ContourGlobal plc shares subject to certain thresholds after deducting the value arising from the Class S units. Distributions from Class C units and Class B units are subject to Reservoir Capital Group realizing value from its investment in ContourGlobal plc, and the scheme stays in effect until Reservoir Capital Group has disposed of all its ordinary shares in ContourGlobal plc. Class C and Class B units are fully vested and are not forfeitable.

Illustration of value receivable under the PIP for Joseph C. Brandt

Following the testing of the financial performance condition on 27th December 2020 the Class S units have now vested. The value of Class C and Class B units will be dependent on the timing of the disposal of Reservoir Capital Group's holding in ContourGlobal plc, the share price at that time as well as any dividends received in the interim. The table below is an illustration of the value to Joseph C. Brandt under various sale price scenarios, assuming Reservoir Capital Group disposed of its shareholdings within three years following Admission.

Average sale price	Shares related to Class C units and Class B units (m)[1]	Total value (£m)[2]
£3.00	Nil	Nil
£3.50	0.4	1.4
£4.00	3.2	12.8
£5.00	6.0	30.0
£5.50	12.77	70.2

1. Assumes USD/GBP rate of $1.275, no dividends on ContourGlobal plc shares and that ContourGlobal's shares were sold or valued on 1st November 2020.
2. Total value has been calculated using the average sale price in each scenario.
3. The number of shares delivered under the Class C units and Class B units increases above 12.8m in higher sale price scenarios.

Carried interest in Brazilian assets

On 30th June 2008, Joseph C. Brandt was awarded a carried interest, to be funded by any distribution realized via Aguila Ltd, a minority shareholder in Kani LP, which is an entity formed to develop and acquire hydro-electric and associated cogeneration assets in Brazil. The Company is not party to the carried interest and has no financial obligation in relation to the interest. Under the arrangement, to be funded by any distribution realized via Aguila Ltd, management receive in aggregate 18% of the value created above an IRR hurdle of 9%. Payments would be made on the occurrence of a final liquidity event in respect of the assets.

The President & CEO's carried interest amounts to 46% of the 18% total carried interest. No service conditions apply.

These interests are not considered to relate to director 'qualifying services' in the period prior to IPO.

On 20th January 2022 the sale of these assets was announced. The value to the President & CEO will depend on a number of factors, including the timing of completion, the sale price achieved and the extent to which the IRR 9% hurdle has been met. This value will be computed and finalized upon completion of the transaction. Full disclosure of the final amounts will be made in the 2022 Annual Report.

Statement of compliance

This report has been prepared in accordance with the provisions of the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended). It also meets the requirements of the UK Listing Authority's Rules and the Disclosure and Transparency Rules and has been prepared considering the recommendations of the UK Corporate Governance Code and the voting guidelines of major UK institutional investor bodies.

Approval

This report was approved by the Board of Directors, on the recommendation of the Committee, on 17th March 2022, and signed on its behalf by:

Daniel Camus
Chairman of the Committee

17th March 2022

Directors' report

In accordance with section 415 of the Companies Act 2006, the Directors of ContourGlobal plc present their report to shareholders on the audited consolidated financial statements for the year ended 31st December 2021.

Strategic report

As permitted by section 414C of the Companies Act 2006, certain information required to be included in the Directors' report has been included in the Strategic report, or as set out below.

Dividends

The Company announced in March 2021 that it expected to maintain its annual dividend increase at 10% per year, in line with the Company's operational scale.

With the 10% annual increase, the total dividend for the year ended 31st December 2021 was $117 million equating to four quarterly payments of 4.465 cents per share. Quarterly dividends for 2021 were paid/shall be paid (as applicable) on 21st May 2021, 10th September 2021, 19th November 2021 and 14th April 2022.

The declaration and payment by the Company of any future dividends and the amounts of any such dividends depend on the Company's ability to maintain its credit rating, its investments, results, financial condition, future prospects, profits being available for distribution, consideration of certain covenants under the terms of outstanding indebtedness, and any other factors deemed by the Directors to be relevant at the time, subject always to the requirements of applicable laws.

Relations with other capital providers

The Board recognizes the contribution made by other providers of capital to the Group and welcomes the views of such providers in relation to the Group's approach to corporate governance.

Share capital and voting rights

Details of the Company's share capital are set out in Note 4.22 to the consolidated financial statements, including details on the movements in the Company's issued share capital during the year.

As at 31st December 2021, the Company's issued share capital consisted of 670,712,920 ordinary shares of £0.01 each of which 14,572,065 shares are held in treasury. Therefore, the total number of voting rights in the Company is 656,140,855. The Company's issued ordinary share capital ranks equally in all respects and carries the right to receive all dividends and distributions declared, made or paid on or in respect of the ordinary shares.

Ordinary shareholders are entitled to receive notice of, and to attend and speak at, any general meeting of the Company. On a show of hands every shareholder present in person or by proxy (or being a corporation represented by a duly authorized representative) shall have one vote, and on a poll every shareholder who is present in person or by proxy shall have one vote for every share of which he is the holder. The Notice of Annual General Meeting specifies deadlines for exercising voting rights and appointing a proxy or proxies.

Other than the general provisions of the Articles of Association (and prevailing legislation), there are no specific restrictions on the size of a holding or on the transfer of the ordinary shares.

The Directors are not aware of any agreements between holders of the Company's shares that may result in the restriction of the transfer of securities or on voting rights. No shareholder holds securities carrying any special rights or control over the Company's share capital.

Authority to purchase own shares

Subject to authorization by shareholder resolution, the Company may purchase its own shares in accordance with the Companies Act 2006. Any shares which have been bought back may be held as treasury shares or cancelled immediately upon completion of the purchase.

Authority was given at a General Meeting of the Company on 12th May 2021 for the Company to make market purchases (as defined in section 693(4) of the Companies Act 2006) of up to 65,571,342 shares. This authority will expire at the conclusion of the Company's AGM in 2022 (scheduled for 12th May 2022) or, if earlier, the close of business on 11th August 2022.

As part of its investment policy, in April 2020, the Board approved and announced the commencement of a share buyback program of up to £30 million in accordance with the terms of the general authority granted by shareholders at the 2019 General Meeting. The Board has subsequently approved three extensions to the share buyback program, in accordance with the terms of the general authority granted by shareholders at the 2021 General Meeting, with the first such extension being on 30th June 2020, the second being on 22nd September 2020, and the third being on 11th January 2021, with this extending the program to 31st March 2021.

As at 31st December 2021, the Company has repurchased 14,999,505 shares under the share buyback program, at an average price of 191.95 pence and total cost of £28.9 million, with all such shares being held in treasury. 656,140,855 shares remained in issue.

A renewal of the authority to make market purchases will be sought from shareholders at each AGM of the Company. Purchases of ordinary shares will be made within guidelines established from time to time by the Board. Any purchase of ordinary shares would be made only out of the available cash resources of the Company. Ordinary shares purchased by the Company may be held in treasury or cancelled.

Articles of Association

The Company's Articles of Association were adopted pursuant to a resolution passed at a general meeting of the Company held on 8th November 2017. The Articles of Association may only be amended by special resolution at a general meeting of the shareholders. The Company's current articles are available on our website at www.contourglobal.com.

Directors' re-appointment and appointment

The Board has the power at any time to elect any person to be a Director.

Under the Relationship Agreement, ContourGlobal LP is entitled to appoint two Non-Executive Directors to the Board while it continues to control 25% or more of the Company's shares. Further details of the Relationship Agreement can be found on page 132. The appointees by Reservoir Capital are Craig A. Huff and Gregg M. Zeitlin.

In accordance with the Company's Articles of Association, the Directors are subject to annual re-appointment by shareholders and all the Directors will stand for re-appointment at the Annual General Meeting to be held on 12th May 2022.

Powers of Directors

Subject to the Company's Articles of Association, the Companies Act 2006 and to any authorities provided by special resolution, the business of the Company is managed by the Board, which may exercise all the powers of the Company.

Directors' interests

Information on share ownership by Directors can be found in the Remuneration Report on pages 124 and 125.

Directors' and officers' liability insurance

Directors and officers of the Company and its subsidiaries have been and continue to be covered by director and officer liability insurance.

Research and development

ContourGlobal plc is constantly engaged in process and product innovation. For examples of the Company's R&D activities, please refer to the Business review.

Stakeholder and workforce engagement

We set out further details of our stakeholder engagement activity over 2021, and the outcomes of such activity, on pages 24 to 29. Our workforce engagement is set out on page 87.

Sustainable development

The Business review section of this report, on pages 40 to 55, focuses on the Company's health and safety, environmental compliance and employment performance and outlines the Company's core values and commitment to the principles of sustainable development and the development of community relations programs.

Financial instruments

Details of the Group's use of financial instruments can be found in Notes 4.13, 4.14 and 4.16 to the financial statements.

Political donations

It is the Company's policy not to make political donations. No political donations were made in 2021 (2020: £nil).

Charitable donations

Please refer to pages 54 and 55.

Overseas branches

ContourGlobal plc does not have any branches. A full list of the Group's controlled subsidiaries is disclosed in Note 4.30 of the Consolidated Financial Statements.

Major shareholding

The table below shows the interests in ordinary shares notified to the Company in accordance with the Disclosure Guidance and Transparency Rules as at 31st December 2021 and 17th March 2022.

Shareholder	Date of notification	No. of ordinary shares	% of voting ordinary share capital
RCGM, LLC[1]	13th December 2017	478,932,408	71
FIL Limited	3rd July 2019	36,594,082	5.45

Note 1 - The Reservoir Funds own approximately 99.6% of ContourGlobal LP and are themselves ultimately managed and controlled by Reservoir Capital. The managing member of Reservoir Capital is RCGM, LLC.

Significant contractual arrangements

Relationship Agreement

In November 2017, the Company, ContourGlobal LP, the Reservoir Funds, Reservoir Capital and the Company President and Chief Executive Officer, Joseph C. Brandt entered into a Relationship Agreement. The principal purpose of the Relationship Agreement is to ensure that the Company can carry on an independent business as its main activity. The Relationship Agreement contains, among others, undertakings from ContourGlobal LP (the 'Major Shareholder'), the Reservoir Funds and Reservoir Capital that: (i) transactions and agreements with it (and/or any of its controlled affiliates) will be conducted at arm's length and on normal commercial terms; (ii) neither it nor any of its controlled affiliates will take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules; and (iii) neither it nor any of its controlled affiliates will propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules (the 'Independence Provisions'). Furthermore, Reservoir Capital has agreed to procure the compliance of its associates with the Independence Provisions. The Company's President and Chief Executive Officer, Joseph C. Brandt, has given similar undertakings.

The Relationship Agreement will continue for so long as: (i) the shares are listed on the premium listing segment of the Official List and traded on the London Stock Exchange's Main Market for listed securities; and (ii) the Reservoir Funds and the Major Shareholder and their controlled affiliates hold an interest in 10% or more of the issued ordinary share capital of the Company (or which carries 10% or more of the aggregate voting rights in the Company from time to time). The Directors believe that the terms of the Relationship Agreement will enable the Group to carry on its business independently of Reservoir Capital, the Reservoir Funds and the Major Shareholder. The Company has complied with the undertakings of the Relationship Agreement throughout the period under review and, so far as it is aware, the Major Shareholder and its associates have also complied with the provisions including any procurement obligation.

Revolving credit facility and Euro Bonds

On 26th July 2018, CG Power Holdings issued the Euro Bonds in a private offering exempt from the registration requirements of the Securities Act 1933, as amended. The Euro Bonds had an aggregate principal amount of €750 million split between two tranches: €450 million of 3.375% Senior Secured Notes due in 2023 and €300 million of 4.125% Senior Secured Notes due in 2025. On 30th July 2019, CG Power Holdings completed an add-on offering of €100 million of 4.125% Senior Secured Notes due in 2025.

On 17th December 2020, a new Euro Bond composed of two tranches was issued for €410 million aggregate principal amount of 2.75% Senior Secured Notes due in 2026 and €300 million aggregate principal amount of 3.125% Senior Secured Notes due in 2028. On 6th January 2021, the Group redeemed the €450 million ($549.7 million) aggregate principal amount of its 3.375% Senior Secured Notes due in 2023.

The Euro Bonds have an aggregate principal amount of €1,010 million split between three tranches: €400 million of 4.125% Senior Secured Notes due 2025, €410 million of 2.75% Senior Secured Notes due 2026 and €300 million of 3.125% Senior Secured Notes due in 2028.

The Euro Bond Indentures provide redemption conditions depending on the date of the redemption.

If ContourGlobal sells certain of its assets or experiences specific kinds of changes in control (as defined in the Euro Bond Indenture), ContourGlobal must offer to purchase the Euro Bonds at a purchase price equal to 100% and 101% respectively of the principal amount thereof, plus accrued and unpaid interest thereon to, but excluding, the date of purchase.

On 12th December 2020, the Group also entered into a €120 million revolving credit facility available for general corporate purposes, maturing in November 2023, and out of which €80 million remains undrawn as of 31st December 2021.

Annual General Meeting (AGM)

The 2022 AGM will be held on 12th May 2022. At the AGM, shareholders will have the opportunity to ask questions of the Board, including the Chairmen of the Board Committees. Full details of the AGM, including explanatory notes, are contained in the Notice of the AGM. The Notice sets out the resolutions to be proposed at the AGM and an explanation of each resolution. All documents relating to the AGM are available on the Company's website at www.contourglobal.com.

Additional information incorporated by reference into this Directors' report, including information required in accordance with the Companies Act 2006, can be found as follows:

Disclosure	Location
Employee information	Page 44 to 47
Financial risk management objectives and policies (including hedging policy and use of financial instruments)	Notes 4.13, 4.14 and 4.16 to the consolidated financial statements
Future business developments	Strategic report pages 25, 32, 50, and 53
Going concern	Strategic report page 72
Greenhouse gas emissions	Strategic report page 49
Corporate Governance Code Compliance Statement	Corporate governance report page 82
Directors' responsibilities	page 134
Events since the reporting date	Note 4.35 to the consolidated financial statements
Streamlined Energy and Carbon Reporting (SECR)	page 49
Diversity policy	Nomination Committee report

For the purposes of LR 9.8.4CR, the information required to be disclosed by LR 9.8.4R can be found in the following locations:

Disclosure	Location
Interests capitalized	Note 4.10 to the consolidated financial statements
Detail of long-term incentive schemes	Directors' Remuneration Report on pages 115 and 122 and Note 4.27 to the consolidated financial statements
Contracts of significance with a controlling shareholder	Relationship Agreement on page 143
Agreements with controlling shareholder	Relationship Agreement on page 143
Need to foster business relationships and impact on principal decisions	Strategic report on pages 24 to 29

Directors

The Directors of the Company who held office during the year and up to the date of this report, unless otherwise stated, are:

	Service in the year ended 31st December 2021
Craig A. Huff	Served throughout the year
Joseph C. Brandt	Served throughout the year
Daniel Camus	Served throughout the year
Mariana Gheorghe	Served throughout the year
Dr. Alan Gillespie	Served throughout the year
Alejandro Santo Domingo	Served throughout the year
Stefan Schellinger	Served throughout the year
Ronald Trächsel	Served throughout the year
Gregg M. Zeitlin	Served throughout the year

Biographies of the Directors are provided in the Governance section on pages 76 to 78.

The strategic report, comprising the inside front cover and pages 1 to 75, and the Directors' report, comprising pages 76 to 133, which together form the management report as required under the Disclosure Guidance and Transparency Rules 4.1.8R, have been approved and are signed on behalf of the Board by:

Joseph C. Brandt

Joseph C. Brandt
President, Chief Executive Officer and Executive Director
ContourGlobal plc

17th March 2022

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with UK-adopted international accounting standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 102 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The directors consider that the Annual Report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's and company's position and performance, business model and strategy.

Each of the directors, whose names and functions are listed in Directors' Report confirm that, to the best of their knowledge:

- the group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the group;
- the company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 102, give a true and fair view of the assets, liabilities and financial position of the company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the group and company, together with a description of the principal risks and uncertainties that it faces.

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

This responsibility statement has been approved and is signed on behalf of the Board by:

Joseph C. Brandt
President, Chief Executive Officer
and Executive Director
ContourGlobal plc

17th March 2022

Year ended December 31, 2021

The accompanying notes are an integral part of these consolidated financial statements.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion:

- ContourGlobal plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2021 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the consolidated statement of financial position and the company balance sheet as at 31 December 2021; the consolidated statement of income and other comprehensive income, the consolidated statement of cash flows, and the consolidated statement of changes in equity and the company statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit and Risk Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in 4.34, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- We conducted our audit work over 11 components in 10 countries
- 8 components were subject to an audit of their complete financial information due to their size
- 3 components were subject to audit of specified financial statement line items reflecting either the financial significance of the balances or audit risk
- Specific audit procedures were performed on certain material balances within cash and cash equivalents, and borrowings in out of scope components
- In addition, centrally managed functions, including the group consolidation, were audited at the head office by the group engagement team

Key audit matters

- Accounting for business combinations (group)
- Assessment of significant judgements relating to litigation and claims (group)
- Impairment of property, plant and equipment and intangible assets (group)
- Impairment of investment in subsidiary companies (company)

Materiality

- Overall group materiality: US$21,000,000 (2020: US$18,000,000) based on approximately 2.5% of Adjusted EBITDA.
- Overall company materiality: US$21,500,000 (2020: US$16,500,000) based on 1% of total assets.
- Performance materiality: US$15,750,000 (2020: US$13,500,000) (group) and US$16,125,000 (2020: US$12,400,000) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Accounting for business combinations is a new key audit matter this year. Impact of Covid-19, which was a key audit matter last year, is no longer included because of the limited impact from the pandemic on the operations and financial results of the group and company. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Accounting for business combinations (group) (note 2.4 Critical accounting estimates and judgments and 3.1 2021 transactions) During the year, the group acquired shares and assets in a portfolio of 6 operating power plants in USA and Trinidad for consideration of $646.1 million, and a portfolio of assets in Italy for consideration of $33.9 million. Accounting for acquisitions can be complex, with judgement required in both the identification of assets acquired (including any intangible assets), and the valuation of those assets and liabilities assumed, in accordance with IFRS 3 'Business Combinations'. The calculation of fair value is subjective due to the inherent uncertainty involved in the valuation of assets and liabilities, and this requires the application of judgement by management and technical expertise. In particular the method of valuation, future forecasts (including cash-flow forecasts) and underlying assumptions may all have a material impact on the valuation of assets and liabilities, notably on the valuation of property, plant and equipment and intangible assets, which typically represents the most significant assets acquired. Following acquisition, the group's power plants typically sell their output under Power Purchase Agreements ('PPAs') and/or other long-term arrangements. Accounting for PPAs can be complex, with a number of judgements required to assess the accounting standards applicable to each agreement. These include whether the arrangement contains a lease under IFRS 16 'Leases' or constitutes a service concession to be accounted for under IFRIC 12 'Service concession arrangements or contains derivatives under IFRS 9 'Financial instruments'. These judgements impact the measurement and classification of assets, the basis for revenue recognition under the PPA, and the related disclosures in the financial statements. Once the basis of accounting has been initially determined, this does not change over time.	We read the sale and purchase agreements ("SPAs") associated with the acquisitions in USA, Trinidad and Italy and performed audit procedures over both the identification of assets acquired (including any potential intangible assets) and the valuation of assets acquired and liabilities assumed. We have agreed the consideration paid to bank statements and reconciled to the sale and purchase agreements. We considered the completeness of the intangible assets identified by management with reference to the specific legal and contractual rights associated with the SPAs. From our review and assessment of the SPAs, and audit procedures performed over the valuation and classification of assets acquired and liabilities assumed, we found that the judgements made surrounding the identification and final classification of assets and liabilities acquired were appropriate. We involved our specialists in our audit of the valuation of assets acquired and liabilities assumed. Our work included assessment of the appropriateness of the valuation models used, assessment of the discount rate used in the models by reference to comparable assets, and the evaluation of future cash flow forecasts for each of the power plants acquired. We found that the valuation models used, and the judgements and estimates made surrounding the valuation of assets and liabilities acquired to be reasonable. We assessed the completeness of disclosures for each acquisition against the requirements of the relevant accounting standards and found that there were no omissions of disclosures. We challenged management's assessment of the PPAs/ tariff arrangements in USA, Trinidad and Italy and agreed key terms to the contractual arrangements. In particular, management noted that certain of the US asset PPAs and the Trinidad PPA contained operating leases based on the contractual terms. From our audit procedures over the PPAs we found that the judgements made in determining the appropriate accounting framework for the PPAs were reasonable, and the associated measurement and final classification of related balances and disclosures in the financial statements were consistent with the requirements of the relevant accounting standards.

Key audit matter	How our audit addressed the key audit matter
Assessment of significant judgements relating to litigation and claims (group) (note 2.4 Critical accounting estimates and judgements and 4.32 Financial commitments and contingent liabilities) In the ordinary course of business, the group is subject to actual or potential liabilities arising from litigations and claims, including contractual disputes brought by government bodies (including regulators and tax authorities), offtakers and suppliers. Power Purchase Agreements (PPAs) are held with state owned, regulated bodies and other offtakers. Where disputes arise in connection with such agreements, there is usually a process of dialogue between the counterparties which can take place over an extended period of time. Management review such litigation and claims on a case-by-case basis to determine the likely outcome and to estimate the possible magnitude and timing of any resultant payments from adverse outcomes. Matters of this nature are inherently uncertain and as such management apply significant judgement in determining the likely outcome of such matters as well as the potential effect on future operations and the financial statements.	We met with Executive Vice President - General Counsel and other members of senior management to discuss ongoing and potential litigation and claims. We evaluated the significant judgements associated with each of these matters on a case-by-case basis including the likelihood of economic outflow to settle the obligation and whether a reliable estimate can be determined based on the facts of the case. Audit procedures performed to support our conclusions have included review and assessment of contracts, review of correspondence with counterparties and internal and external legal counsel, assessment of the local political climate (where relevant to the specific matter), and obtaining representation from management's external legal counsel on matters of significant judgement to evaluate management's views against those of external legal counsel. In certain cases, we have also discussed matters directly with external legal counsel in evaluating the likely outcome of the cases. We have considered the completeness of litigation and claims identified to us by management by reference to other audit information obtained during the course of work, and specific procedures performed to identify matters, including review of board minutes. We did not identify any further litigation or claims that had not already been disclosed to us. Based on the evidence obtained we have evaluated the accounting for litigation and claims, including the determination of whether a provision should be recorded, or a contingent liability should be disclosed. We found that all items had been accounted for appropriately. We also assessed the disclosure for litigation and claims against the requirements of the relevant accounting standards and concluded that the disclosures were appropriate. Where significant judgements have been applied by management, we also found that these judgements are appropriately disclosed within the financial statements.
Impairment of property, plant and equipment and intangible assets (group) (note 2.4 Critical accounting estimates and judgments, 4.9 Intangible assets and goodwill and 4.10 Property, plant and equipment) The group has $3.9 billion of property, plant and equipment, the majority of which relates to power plant assets, and $0.3 billion of intangible assets, the majority of which relates to legado rights in Mexico. The group is required to assess whether or not there are any indicators of impairment over these assets. In the event that an impairment trigger is identified, the recoverable value of property, plant and equipment and intangible assets are assessed by a calculation of the higher of value in use (which is based on future discounted cash flow forecasts) and fair value less costs to sell.	We have evaluated management's assessment of impairment triggers by reviewing performance data by power plant, considering significant variances in performance against forecasts, and from meetings we held with divisional finance directors to discuss individual plant performance. We have also considered other information gathered during the course of our audits of components and assessed whether there are any other indicators of impairment, as well as considering other factors that could indicate increased impairment risk such as regulatory changes and the potential impact of emerging risks such as climate change. In concluding on the audit risk that there could be further unidentified impairment triggers, we specifically evaluated the Mexico plants where the government in Mexico has proposed certain changes to the legado regime (which would result in significant increases to wheeling charges) and energy sector reforms. Management have filed a lawsuit and received an injunction suspending the application of these higher fees, and obtained legal advice from external legal counsel which supports their view that the changes are unconstitutional and therefore unlikely to be sustained. In relation to the wider energy sector reforms, management has obtained an injunction against these where they could adversely impact the group, which is in turn subject to legal challenge from the authorities. In evaluating these matters:

Key audit matter	How our audit addressed the key audit matter
Impairment assessments of this nature require significant judgement and there is the risk that potential impairment triggers are not identified by management and, in the event that there is an impairment trigger, there is a risk that the calculation of the recoverable amount of the asset is incorrect and therefore the value of the assets may be misstated. Forecasts and assumptions used in both value in use calculations and the estimation of fair value less costs to sell are inherently judgemental and therefore may give rise to increased risk of misstatement. No impairment indicators were identified in the current year. In addition, whilst the expiry of PPAs is not considered an impairment trigger, management also performed an assessment of the forecast cash flows for the Bulgaria Maritsa plant given that the existing power purchase agreement for this plant is due to expire in early 2024. This assessment took account of expected cash flows through to the expiry of the current PPA in 2024, as well as the most likely scenarios after the expiry of the PPA. The PPA period to February 2024 covers the significant majority of the year end balance sheet value. The period after the expiry of the current PPA involves greater judgement in estimating future cash flows, and could be adversely impacted by a number of factors, including climate related risks (for example the risk of increased future costs of CO_2 quotas that may not be reflected in market prices). This supports the assessment that there is no impairment trigger.	• We reviewed the external legal opinion obtained by management which confirms management's view that the proposed changes are considered unconstitutional under Mexican laws and sets out details of injunctions received by the group; and • We consulted with our own local energy sector specialists regarding their opinion on whether or not the changes in wheeling charges and energy reform proposals are likely to be sustained. We therefore consider that management's conclusion that there is no impairment trigger to be reasonable. We also read the disclosures included in the financial statements in relation to this judgement and found these to be appropriate. In relation to the Bulgaria Maritsa plant, we have evaluated management's assessment which considers the contracted future cash flows up until 2024 and the likely scenarios after the expiry of the PPA in 2024. Our assessment over the post PPA period has taken account of the increased climate related risks for this lignite plant, including the potential impact of the gradual shift to cleaner sources of energy in the EU, expected costs of CO_2 emissions, and the alternative energy options available in the local market. We have tested the forecast cash flows prepared by management. A significant proportion of the year end carrying value of the Bulgaria Maritsa plant is supported by cash flows under the contracted PPA, limiting the estimation uncertainty to the post PPA period. We used industry specialists to evaluate the market studies prepared by management's experts, which were used to determine likely future scenarios beyond the expiry of these PPAs and therefore the associated future cash inflows of the plant. We used valuations specialists to independently calculate the discount rate using independent sources of evidence. Based on our audit procedures performed we found the methodology and assumptions used in the assessment and the conclusion that there is no impairment to be reasonable. We also assessed the critical accounting judgements and estimates associated with impairment of property, plant equipment and intangible assets and have found these to be appropriate.

Key audit matter	How our audit addressed the key audit matter
Impairment of investment in subsidiary companies (parent) (note 6 Investments in Subsidiaries) The company has an investment of $2,148.0 million in subsidiaries. Annually, the Directors consider whether any events or circumstances have occurred that could indicate that the carrying amount of the investment in subsidiaries may not be recoverable. If such circumstances are identified an impairment review is undertaken to establish whether the carrying amount of the investment exceeds its recoverable amount, being the higher of net realisable value or value in use. Impairment assessments of this nature requires significant judgement and there is the risk that a potential impairment trigger may not be identified by management and, in the event that there is an impairment trigger, there is a risk that the calculation of the recoverable amount of the investment is incorrect and therefore the value of the investment may be misstated. In assessing whether or not there were any impairment triggers management considered a number of factors including the underlying financial performance of the group, the market capitalisation of the group and other available evidence to support the fair value of the group. The market capitalisation of the group at 31 December 2021 was approximately $1.7 billion. This was significantly lower than the carrying value of investments. Based on this, management concluded that there was an impairment trigger. The carrying value of investments was assessed by calculating the recoverable amount of the investments in subsidiary undertakings. The recoverable amount was estimated by reference to fair value less cost to sell, and based on this assessment the directors concluded that there was no impairment in value.	We have evaluated management's consideration of impairment triggers through performing our own independent assessment, which has included: • Assessing the overall financial performance of the group, as well as larger and financially more significant assets within the group, to identify any indicators of impairment as a result of poor financial performance; • Considering other information gathered during the course of our audits of components and assessing whether there are any other indicators of impairment, as well as considering other factors that could indicate increased impairment risk such as regulatory changes and potential impacts of climate change on the group; and • Comparing the market capitalisation of the group at year end, adjusted for the other net assets of the company, and comparing this to the carrying value of investments. We agreed with management's conclusion that the market capitalisation compared to the carrying value of investments constitutes an impairment trigger. We assessed the audit evidence supporting the recoverable value of the group based on fair value less costs to sell, and agreed with management's conclusion that no impairment was required. We also assessed the disclosures surrounding critical accounting judgements and estimates associated with impairment of investments and have found these to be appropriate.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group financial statements are a consolidation of multiple reporting components, comprising the group's operating locations (including operating entities and their related financing entities) and other centralised functions.

The group's reporting components vary significantly in size and we identified eight components that, in our view, required an audit of their complete financial information due to their size and contribution to the group and/or specific risk criteria, including emerging risks such as from climate change. A further three reporting components were identified that required audit procedures over specified financial statement line items based on specific risks and/or the contribution of each to those financial statement line items. Specific audit procedures were also performed on certain material balances in out of scope components to ensure we have obtained sufficient coverage over all material financial statement line items. Given the size and risk, the parent company reporting component is an out of scope component for the purpose of the group audit.

Where the work was performed by component auditors, we determined the level of involvement we needed to have in their audit work at those entities to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the group financial statements as a whole. The group engagement team performed one physical visit to our component team in the USA and virtual "site visits" for the remaining full scope components. These virtual "site visits" involved conducting a series of video conference calls to discuss the audit approach and any issues arising from the audit work. For all components, we received detailed reports on the findings of their audit work and held a number of calls with the component teams before, during and after the completion of their work. We also attended clearance calls with all component teams, at which we discussed the audit findings with the local component audit team, local management and group management. We remotely reviewed certain working papers from the audit files of all component teams at the conclusion of their audit work.

The group consolidation, including the consolidated financial statement disclosures and certain centrally managed functions and balances were audited at the head office by the group audit engagement team.

The company is principally a holding company and there are no branches or other locations to be considered when scoping the audit. There are no financial statement line items in scope for the group audit. The company is audited on a stand-alone basis, and hence, testing has been performed on all material financial statement line items.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - group	Financial statements - company
Overall materiality	US$21,000,000 (2020: US$18,000,000).	US$21,500,000 (2020: US$16,500,000).
How we determined it	Approximately 2.5% of Adjusted EBITDA	1% of total assets
Rationale for benchmark applied	We applied Adjusted EBITDA as the benchmark for materiality. We consider that this is the key profit-based measure used by management in both assessing the performance of the business, and in reporting performance of the business to stakeholders. Management uses this measure as it allows the underlying profitability of the group's core business activities, including the contribution from associates, to be assessed year on year. It eliminates transactions related to the initial acquisition of assets (which are not directly related to ongoing performance of the assets) and certain other items which give rise to fluctuations in results which are not directly linked to the performance of the assets. Further details of the use of Adjusted EBITDA are set out in note 4.1 Segment reporting.	We believe that total assets is an appropriate benchmark for the company as the entity is principally a holding company.

For each component in the scope of our group audit, we allocated a materiality that was less than our overall group materiality. The range of materiality allocated across components was between $1 million and $13 million. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2020: 75%) of overall materiality, amounting to US$15,750,000 (2020: US$13,500,000) for the group financial statements and US$16,125,000 (2020: US$12,400,000) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above $1.0 million (group audit) (2020: $1.0 million) and $1.0 million (company audit) (2020: $0.8 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining management's cash flow forecast performed at the group level, which sets out the expected distributions from subsidiaries to the holding companies, net of repayments of corporate debt and other cash outflows at the group level
- Performing audit procedures over the group cash flow forecast, including inquiries with management over the preparation of the distribution forecast, agreeing cash flow distributions from subsidiaries to the underlying trading company cash flow forecasts for full scope components, agreeing existing cash balances in the holding companies to underlying financial records, assessing reasonableness of forecast cash outflows, testing the mathematical accuracy of the forecast model, assessing the adequacy of sensitivities applied based on expected significant outflows (e.g for acquisitions) and assessing whether the stress testing performed by management appropriately considers other risks such as covenant breaches and refinancing due within the next 12 months
- Performing audit procedures at all full scope components to assess the ability of trading subsidiaries to make future distributions to the group in line with the group cash flow forecast
- Evaluating the debt covenants including the assessment of any breaches or potential breaches within the next 12 months and the impact this may have on management's cash flow forecast
- Reviewing the debt agreements to confirm the terms and conditions and amounts available from committed facilities
- Where debt finance is held at the component level, we have corroborated management's assessment of debt held as being "non recourse" to the parent entity to third party evidence, where applicable
- Local component audit teams performing full scope audits evaluated the going concern basis at the component level and where any risks were identified these have been considered through sensitivities performed over the group cash flow forecast
- We reviewed the board meeting minutes confirming that the going concern assumption was evaluated and confirmed as appropriate by the Board

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Corporate Governance Report is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit and Risk Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the Annual Report and the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of health and safety regulations, environmental regulations and unethical and prohibited business practises, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and relevant tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inappropriate journal entries and/or management exercising bias in accounting estimates that would result in the overstatement of Adjusted EBITDA. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Assessment of compliance with local laws and regulations and relevant tax legislation by each component audit team and the group audit team, as applicable
- Review of board minutes, internal audit reports, compliance review reports and attendance at Audit and Risk Committee meetings where the heads of the compliance and internal audit functions present findings from their activities, which include any known or suspected instances of non-compliance with laws and regulations and fraud
- Meeting with internal legal counsel and internal audit to confirm any known instances of non-compliance with laws and regulations
- Meeting with group head of tax to confirm any known instances of non-compliance with tax legislation
- Identifying and testing journal entries that increased Adjusted EBITDA, in particular journal entries posted with unusual account combinations, or posted by members of senior management with a financial reporting oversight role
- Challenging assumptions and judgements made by management in significant accounting estimates, including the disclosure of such matters in the financial statements

- Incorporating elements of unpredictability into the audit procedures performed
- Reviewing the presentation of Adjusted EBITDA in the Annual Report, including the disclosure of the reconciliation of Adjusted EBITDA to statutory profit, and ensuring that sufficient prominence was given to statutory profit measures in the Annual Report
- Reviewing the disclosures in the Annual Report and financial statements against the specific legal requirements, and involving technical experts to help us assess compliance of the disclosures against relevant legislation, for example within the Directors' Remuneration Report and the Corporate Governance Report

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit and Risk Committee, we were appointed by the members on 13 December 2017 to audit the financial statements for the year ended 31 December 2017 and subsequent financial periods. The period of total uninterrupted engagement is five years, covering the years ended 31 December 2017 to 31 December 2021.

Other matter

As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Matthew Hall (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

18th March 2022

CONSOLIDATED STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME

Year ended December 31, 2021

In $ millions	Note	Years ended December 31 2021	2020
Revenue	4.2	**2,151.9**	1,410.7
Cost of sales	4.3	**(1,730.5)**	(1,033.5)
Gross profit		**421.4**	377.2
Selling, general and administrative expenses	4.3	**(40.5)**	(36.8)
Other operating income		**6.8**	7.4
Other operating expenses	4.3	**(3.4)**	(19.7)
Acquisition related items	4.5	**(14.2)**	(20.2)
Income from Operations		**370.1**	307.9
Other income		**5.8**	–
Share of profit in associates	4.12	**16.2**	12.3
Finance income	4.6	**3.9**	4.4
Finance costs	4.6	**(296.8)**	(262.9)
Net foreign exchange gains and (losses) and change in fair value of derivatives	4.6	**43.7**	10.7
Profit before income tax		**142.9**	72.3
Income tax expenses	4.7	**(63.2)**	(43.7)
Net profit for the period		**79.7**	28.6
Profit for the period attributable to			
• Equity shareholders of the Company		**78.3**	16.0
• Non-controlling interests		**1.4**	12.6
Earnings per share (in $)			
• Basic		**0.12**	0.02
• Diluted		**0.12**	0.02

In $ millions	Years ended December 31 2021	2020
Net profit for the period	**79.7**	28.6
Changes in actuarial gains and losses on retirement benefit, before tax	**(0.3)**	0.2
Deferred taxes on changes in actuarial gains and losses on retirement benefit	**–**	–
Items that will not be reclassified subsequently to income statement	**(0.3)**	0.2
Gain / (Loss) on hedging transactions	**55.0**	(40.0)
Cost of hedging reserve	**(0.2)**	(1.5)
Deferred taxes on gain / (loss) on hedging transactions	**(14.4)**	27.9
Share of other comprehensive income of investments accounted for using the equity method	**–**	–
Currency translation differences	**28.9**	(97.1)
Items that may be reclassified subsequently to income statement	**69.3**	(110.7)
Other comprehensive profit/(loss) for the period net of tax	**69.0**	(110.5)
Total comprehensive profit/(loss) for the period	**148.7**	(81.9)
Attributable to		
• Equity shareholders of the Company	**146.9**	(74.8)
• Non-controlling interests	**1.8**	(7.1)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year ended December 31, 2021

In $ millions	Note	December 31, 2021	December 31, 2020
Non-current assets		**4,749.5**	4,375.7
Intangible assets and goodwill	4.9	**305.4**	319.7
Property, plant and equipment	4.10	**3,925.4**	3,517.1
Financial and contract assets	4.11	**370.5**	408.3
Investments in associates	4.12	**33.5**	29.5
Derivative financial instruments	4.14	**9.9**	1.1
Other non-current assets	4.17	**55.1**	42.5
Deferred tax assets	4.7	**49.7**	57.5
Current assets		**1,267.7**	1,995.1
Inventories	4.18	**485.7**	247.4
Financial and contract assets	4.11	**32.3**	30.0
Trade and other receivables	4.19	**299.1**	264.0
Current income tax assets		**15.0**	21.3
Derivative financial instruments	4.14	**6.1**	0.4
Other current assets	4.20	**60.4**	35.1
Cash and cash equivalents	4.21	**369.1**	1,396.9
Assets held for sale	3.1	**175.2**	–
Total assets		**6,192.4**	6,370.8

In $ millions		December 31, 2021	December 31, 2020
Total equity and non-controlling interests		**370.5**	337.7
Issued capital	4.22	**8.9**	8.9
Share premium		**380.8**	380.8
Treasury shares	4.22	**(37.8)**	(30.4)
Retained earnings and other reserves		**(142.9)**	(176.9)
Non-controlling interests	4.23	**161.5**	155.3
Non-current liabilities		**4,451.5**	4,492.2
Borrowings	4.24	**3,809.1**	3,895.5
Derivative financial instruments	4.14	**71.5**	151.0
Deferred tax liabilities	4.7	**325.2**	269.0
Provisions	4.26	**77.7**	51.8
Other non-current liabilities	4.25	**168.0**	124.9
Current liabilities		**1,217.3**	1540.9
Trade and other payables	4.28	**597.0**	333.7
Borrowings	4.24	**367.0**	934.8
Derivative financial instruments	4.14	**26.3**	41.0
Current income tax liabilities		**29.1**	24.3
Provisions	4.26	**12.9**	12.3
Other current liabilities	4.29	**185.0**	194.8
Liabilities held for sale	3.1	**153.1**	–
Total liabilities		**5,821.8**	6,033.1
Total equity and non-controlling interests and liabilities		**6,192.4**	6,370.8

The financial statements on pages 146 to 217 were approved by the Board of Directors and authorized for issue on 17 March 2022 and signed on its behalf by Joseph C. Brandt, President & CEO

Joseph C. Brandt

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended December 31, 2021

In $ millions	Share capital	Share premium	Treasury shares	Currency translation reserve	Hedging reserve	Cost of hedging reserve	Actuarial reserve	Retained earnings	Total equity attributable to shareholders of the Company	Non-controlling interests	Total equity
Balance as of December 31, 2019	8.9	380.8	–	(101.2)	(81.5)	–	(2.3)	180.1	384.8	165.3	550.1
Balance as of January 1, 2020	8.9	380.8	–	(101.2)	(81.5)	–	(2.3)	180.1	384.8	165.3	550.1
Profit for the period	–	–	–	–	–	–	–	16.0	16.0	12.6	28.6
Other comprehensive loss	–	–	–	(78.0)	(11.5)	(1.5)	0.2	–	(90.8)	(19.7)	(110.5)
Total comprehensive loss for the period	–	–	–	(78.0)	(11.5)	(1.5)	0.2	16.0	(74.8)	(7.1)	(81.9)
Purchase of treasury shares	–	–	(30.4)	–	–	–	–	–	(30.4)	–	(30.4)
Employee share schemes	–	–	–	–	–	–	–	8.5	8.5	–	8.5
Contribution received from non-controlling interests	–	–	–	–	–	–	–	–	–	3.4	3.4
Transaction with non-controlling interests	–	–	–	–	–	–	–	–	–	(1.0)	(1.0)
Dividends	–	–	–	–	–	–	–	(105.7)	(105.7)	(5.4)	(111.1)
Balance as of December 31, 2020	8.9	380.8	(30.4)	(179.2)	(93.0)	(1.5)	(2.1)	98.9	182.4	155.3	337.7
Balance as of January 1, 2021	**8.9**	**380.8**	**(30.4)**	**(179.2)**	**(93.0)**	**(1.5)**	**(2.1)**	**98.9**	**182.4**	**155.3**	**337.7**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**78.3**	**78.3**	**1.4**	**79.7**
Other comprehensive profit	**–**	**–**	**–**	**29.2**	**38.7**	**(0.2)**	**(0.3)**	**1.2**	**68.6**	**0.4**	**69.0**
Total comprehensive income / (loss) for the period	**–**	**–**	**–**	**29.2**	**38.7**	**(0.2)**	**(0.3)**	**79.5**	**146.9**	**1.8**	**148.7**
Purchase of treasury shares	**–**	**–**	**(7.4)**	**–**	**–**	**–**	**–**	**–**	**(7.4)**	**–**	**(7.4)**
Employee share schemes	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1.9**	**1.9**	**–**	**1.9**
Acquisition and contribution of non-controlling interest not resulting in a change of control	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2.7)**	**(2.7)**	**1.1**	**(1.6)**
Dividends	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(114.5)**	**(114.5)**	**(3.6)**	**(118.1)**
Transaction with non-controlling interest	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**9.5**	**9.5**
Other	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2.4**	**2.4**	**(2.6)**	**(0.2)**
Balance as of December 31, 2021	**8.9**	**380.8**	**(37.8)**	**(150.0)**	**(54.3)**	**(1.7)**	**(2.4)**	**65.5**	**209.0**	**161.5**	**370.5**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2021

In $ millions	Years ended December 31 2021	2020
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit	**79.7**	28.6
Adjustment for:		
Amortization, depreciation and impairment expense	**399.2**	311.6
Change in provisions	**(1.6)**	(2.7)
Share of profit in associates	**(16.2)**	(12.3)
Net foreign exchange gains and losses and change in fair value of derivatives	**(43.7)**	(10.7)
Interest expenses - net	**201.6**	190.6
Other financial items	**91.3**	68.0
Income tax expense	**63.2**	43.7
Mexico CHP fixed margin swap	**(5.5)**	15.6
Change in finance lease and financial concession assets	**37.9**	31.7
Acquisition related items	**–**	20.2
Other items	**(5.7)**	12.2
Change in working capital	**45.9**	52.8
Income tax paid	**(36.6)**	(37.5)
Contribution received from associates	**0.8**	7.8
Net cash generated from operating activities	**810.3**	719.6
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(104.4)**	(77.0)
Purchase of intangibles	**(16.1)**	(3.8)
Acquisition of subsidiaries, net of cash received	**(654.6)**	–
Other investing activities	**(2.6)**	(24.5)
Net cash used in investing activities	**(777.7)**	(105.3)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	**(114.5)**	(105.7)
Purchase of treasury shares	**(7.4)**	(30.4)
Proceeds from borrowings	**790.7**	938.9
Repayment of borrowings	**(1,304.2)**	(323.4)
Debt issuance costs - net	**(26.7)**	(13.1)
Interest paid	**(192.9)**	(175.8)
Cash distribution to non-controlling interests	**(19.3)**	(18.5)
Dividends paid to non-controlling interest holders	**(3.5)**	(5.4)
Transactions with non-controlling interest holders, cash received	**17.5**	3.4
Transactions with non-controlling interest holders, cash paid	**(79.2)**	(57.5)
Other financing activities and derivatives	**(51.0)**	(9.6)
Net cash generated from financing activities	**(990.5)**	202.9
Exchange (losses) / gains on cash and cash equivalents	**(57.6)**	21.2
Net change in cash and cash equivalents	**(1,015.4)**	838.4
Cash & cash equivalents at beginning of the period	**1,396.9**	558.5
Cash & cash equivalents at end of the period	**381.5**	1,396.9
Included in cash and cash equivalents in the balance sheet	**369.1**	1,396.9
Included in the assets held for sale	**12.4**	–

The accompanying notes are an integral part of these consolidated financial statements.

GENERAL INFORMATION

Year ended December 31, 2021

1. General information

ContourGlobal plc (the "Company") is a public listed company, limited by shares, domiciled in the United Kingdom and incorporated in England and Wales. It is the holding company for the Group whose principal activities during the period were the operation of wholesale power generation businesses with thermal and renewable assets in Europe, Latin America, United States of America and Africa, and its registered office is:

55 Baker Street
London
W1U 8EW
United Kingdom

Registered number: 10982736

ContourGlobal plc is listed on the London Stock Exchange.

Basis of preparation

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. ContourGlobal plc transitioned to UK-adopted International Accounting Standards in its consolidated financial statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

The consolidated financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and UK-adopted International Accounting Standards. The consolidated financial statements have been prepared on the going concern basis under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The financial information is presented in millions of US dollars, with one decimal. Thus numbers may not sum precisely due to rounding.

The principal accounting policies applied in the preparation of the consolidated financial statements are set out in note 2.3. These policies have been consistently applied to the periods presented, unless otherwise stated.

The financial information presented is at and for the financial years ended 31 December 2021 and 31 December 2020. Financial year ends have been referred to as 31 December throughout the consolidated financial statements as this is the accounting reference date of ContourGlobal plc. Financial years are referred to as 2021 and 2020 in these consolidated financial statements.

The preparation of the IFRS financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates, as noted in the critical accounting estimates and judgements in note 2.4.

2. Summary of significant accounting policies

2.1. Application of new and revised International Financial Reporting Standards (IFRS)

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2021. There was no material impact from the application of these amendments.

- COVID-19-Related Rent Concessions – amendments to IFRS 16; and
- Interest Rate Benchmark Reform – Phase 2 – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

2.2. New standards and interpretations not yet mandatorily applicable

A number of additional new standards and amendments and revisions to existing standards have been published which will apply to the Group's future accounting periods. None of these are expected to have a significant impact on the consolidated results, financial position or cash flows of the Group when they are adopted.

2.3. Summary of significant accounting policies

Principles of consolidation

The consolidated financial statements include both the assets and liabilities, and the results and cash flows, of the Group and its subsidiaries and the Group's share of the results and the Group's investments in associates.

Inter-company transactions and balances between Group companies are eliminated.

(a) Subsidiaries

Entities over which the Group has the power to direct the relevant activities so as to affect the returns to the Group, generally through control over the financial and operating policies, are accounted for as subsidiaries. Interests acquired in subsidiaries are consolidated from the date the Group acquires control.

(b) Associates

Where the Group has the ability to exercise significant influence over entities, generally from a shareholding of between 20% and 50% of the voting rights, they are accounted for as associates. The results and assets and liabilities of associates are incorporated into the consolidated financial statements using the equity method of accounting. The Group's investment in associates includes goodwill identified on acquisition.

The Group determines at each reporting date whether there is objective evidence that the investment in the associate is impaired. If there is evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment in the associate and its carrying value and recognizes this amount in the consolidated statement of income.

Business combinations

The acquisition consideration is measured at fair value which is the aggregate of the fair values of the assets transferred, the liabilities incurred or assumed and the equity interests issued in exchange for control. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration are recognized in the consolidated statement of income. Where the consideration transferred, together with the non-controlling interest, exceeds the fair value of the net assets, liabilities and contingent liabilities acquired, the excess is recorded as goodwill. Acquisition related costs are expensed as incurred and classified as "Acquisition related items" in the consolidated statement of income.

Goodwill is capitalized as a separate item in the case of subsidiaries and as part of the cost of investment in the case of associates. Goodwill is denominated in the functional currency of the operation acquired.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Changes in ownership interests in subsidiaries without change of control
In line with IFRS 10 'Consolidated financial statements', transactions with non-controlling interests that do not result in a gain or loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners.

In the case of an acquisition of non-controlling interest that does not result in a gain of control, the difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity.

In the case of a sale of non-controlling interests that do not result in a loss of control ("sell-down"), the net cash gain on sale of these assets are recorded as an increase in the equity attributable to owners of the parent and corresponds to the difference between the consideration received for the sale of shares and of the carrying amount of non-controlling interest sold. Consistent with this approach, subsequent true-ups to earn-outs in the context of sell-down transactions are also recorded in equity. The net cash gain or loss on sell-down is presented in Adjusted EBITDA, as disclosed in note 4.1.

Non-current assets and disposal groups held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. An impairment loss is recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. Assets and liabilities of a disposal group classified as held for sale are presented separately on the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

Functional and presentation currency and currency translation

The assets and liabilities of foreign undertakings are translated into US dollars, the Group's presentation currency, at the year-end exchange rates. The results of foreign undertakings are translated into US dollars at the relevant average rates of exchange for the year. Foreign exchange differences arising on retranslation of opening net assets, and the difference between average exchange rates and year end exchange rates on the result for the year are recognized directly in the currency translation reserve.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized at year end exchange rates in the consolidated statement of income line which most appropriately reflects the nature of the item or transaction.

The following table summarizes the main exchange rates used for the preparation of the consolidated financial statements of ContourGlobal:

	CLOSING RATES		AVERAGE RATES	
	Year ended 31st December		Year ended 31st December	
Currency	**2021**	2020	**2021**	2020
EUR / USD	**1.1373**	1.2216	**1.1833**	1.1413
BRL / USD	**0.1792**	0.1925	**0.1857**	0.1960
BGN / USD	**0.5815**	0.6246	**0.6049**	0.5835
MXN / USD	**0.0486**	0.0501	**0.0493**	0.0469

When a foreign undertaking is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Operating and reportable segments

The Group's reporting segments reflect the operating segments which are based on the organizational structure and financial information provided to the Chief Executive Officer, who represents the chief operating decision-maker ("CODM"). The Group's organizational structure reflects the different electricity generation methods, being Thermal and Renewable. A third category, Corporate & Other, primarily reflects costs for certain centralized functions including executive oversight, corporate treasury and accounting, legal, compliance, human resources, IT and facilities management and certain technical support costs that are not allocated to the segments for internal management reporting purposes.

The principal profit measure used by the CODM is "Adjusted EBITDA" as defined in note 4.1. A segmented analysis of "Adjusted EBITDA" is provided in note 4.1 to the consolidated financial statements.

Revenue recognition

The Group revenue is mainly generated from the following:

(i) revenue from power sales;
(ii) revenue from operating leases;
(iii) revenue from financial assets (concession and finance lease assets); and
(iv) other revenue such as environmental, operational and maintenance services rendered to offtakers.

Revenue from operating leases is recognized under IFRS 16, revenue from financial assets is recognized under IFRS 16 and IFRIC 12, and Revenue from power sales and other revenue are recognized under IFRS 15.

Revenue recognition in accordance with IFRS 15, 'Revenues from contracts with customers', is based on the transfer of control, i.e. the notion of control is used to determine when a good or service is transferred to the customer. In accordance with this, the Group has adopted a single comprehensive model for the accounting for revenues from contracts with customers, using a five-step approach for revenue recognition: (1) identifying the contract; (2) identifying the performance obligations in the contract; (3) determining the transaction price; (4) allocating the transaction price to the performance obligations in the contract; and (5) recognizing revenue when the Group satisfies a performance obligation.

Based on this recognition model, sales are recognized when goods are delivered to the customer and have been accepted by the customer, even if they have not been invoiced, or when services are rendered, and it is probable that the economic benefits associated with the transaction will flow to the entity. Revenue for the year includes the estimate of the energy supplied that has not yet been invoiced.

When determining the transaction price, the Group considers the effects of the variable consideration, the constraining estimates of variable consideration, the existence of a significant financing component in the contract, the non-cash consideration and the consideration payable to a customer.

If the consideration promised in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to a customer. An amount of consideration can vary because of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or other similar items.

Certain of the Group's power plants sell their output under Power Purchase Agreements ("PPAs") and other long-term arrangements. Under such arrangements it is usual for the Group to receive payment for the provision of electrical capacity or availability whether or not the offtaker requests the electrical output (capacity payments) and for the variable costs of production (energy payments). In such situations, revenue is recognized in respect of capacity payments as:

a. Service income in accordance with the contractual terms, to the extent that the capacity has been made available to the contracted offtaker during the period and / or energy produced and delivered in the period. This income is recognized as part of revenue from power sales;
b. Financial return on the operating financial asset where the PPA is considered to be or to contain a finance lease or where the contract is considered to be a financial asset under interpretation IFRIC 12: "Service concession arrangements".
c. Service income related to environmental, operational and maintenance services rendered to offtakers are presented as part of Other revenue.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Under finance lease arrangements, those payments which are not included within minimum lease payments are accounted for as service income (outlined in (a) above).

Energy payments under PPAs are recognized in revenue in all cases as the contracted output is delivered.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Concession arrangements
The interpretation IFRIC 12 governs accounting for concession arrangements. An arrangement within the scope of IFRIC 12 is one which involves a private sector entity (known as "an operator") constructing infrastructure used to provide a public service, or upgrading it (for example, by increasing its capacity) and operating and maintaining that infrastructure for a specified period of time.

IFRIC 12 applies to public-to-private service concession arrangements if:

a. The "grantor" (i.e. the public sector entity – the offtaker) controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
b. The grantor controls through ownership, beneficial entitlement or otherwise any significant residual interest in the infrastructure at the end of the term of the arrangement. Infrastructure used in a public-to-private service concession arrangement for its entire useful life (a whole of life asset) is within the scope of IFRIC 12 if the conditions in a) are met.

Under concession arrangements within the scope of IFRIC 12, which comply with the "financial asset" model requirements, the operator recognizes a contract asset, attracting revenue in consideration for the services it provides (design, construction, etc.), to the extent that it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services; the grantor has little, if any, discretion to avoid payment, usually because the agreement is enforceable by law. The Group has an unconditional right to receive cash if the grantor contractually guarantees to pay the Group (a) specified or determinable amounts or (b) the shortfall, if any, between amounts received from users of the public service and specified or determinable amounts, even if payment is contingent on the Group ensuring that the infrastructure meets specified quality or efficiency requirements. This model is based on input assumptions such as budgets and cash flow forecasts. Any change in these assumptions may have a material impact on the measurement of the recoverable amount and could result in reducing the value of the asset. Such contract assets are recognized in the consolidated statement of financial position in an amount corresponding to the fair value of the infrastructure on first recognition and subsequently at amortized cost less impairment losses. The receivable is settled by means of the grantor's payments being received. The financial income calculated on the basis of the effective interest rate, equivalent to the project's internal rate of return, is reflected within the "Revenue from concession and finance lease assets" line in note 4.2. Cash outflows relating to the acquisition of contract assets under concession agreements are presented as part of cash flow from investing activities. Net cash inflows generated by the contract assets' operations are presented as part of cash flow from operating activities.

For purchase power arrangements, revenue for service income is generally recognized as billed after excluding the portion of the payment that is allocated to cover the return on financial assets arising from service concession arrangements as described above. We have therefore not disclosed the transaction price allocated to unsatisfied contracts based as permitted by paragraph 121 of IFRS 15.

Share-based compensation plans

The share-based payment charge arises from the Long Term Incentive Plan (LTIP) and the Private Incentive Plan (PIP). The PIP scheme is applicable to senior executives whilst the LTIP scheme is applicable to senior executives and senior and middle management. Shares issued under the schemes vest subject to continued employment within the Group and satisfaction of the non-market performance conditions. Employees leaving prior to the vesting date will normally forfeit their rights to unvested share awards. The fair value of the awards is measured using the market value at the date of grant. The fair value determined at the grant date is expensed on a straight-line basis together with a corresponding increase in equity over the vesting period, based on the Group's estimate of the number of awards that will vest, and adjusted for the effect of non-market-based vesting conditions.

Acquisition related items

Acquisition related items include pre-acquisition costs such as various professional fees and due diligence costs, earn-outs and other related incremental costs incurred as part of completed or contemplated acquisitions.

Finance income and finance costs

Finance income primarily consists of interest income on funds invested. Finance costs primarily comprise interest expense on borrowings, unwinding of the discount/step up on financial and contract assets and provisions, interests and penalties that arise from late payments of suppliers or taxes, bank charges, differences between the historically estimated and actual dividends of the debt payable to non-controlling interests in our Bulgarian power plant, changes in the fair value of derivatives not qualifying for hedge accounting and net foreign exchange gains and losses.

Intangible assets and goodwill

Goodwill

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. A CGU is determined as a group of assets at a country level using shared technology which is typically the case for solar and wind assets.

The reporting units (which generally correspond to power plants) or group of reporting units have been identified as its cash-generating units.

Goodwill impairment reviews are undertaken at least annually.

Intangible assets

Intangible assets include licenses, permits, contracts, project development rights when specific rights are acquired and software. Intangible assets separately acquired in the normal course of business are recorded at historical cost, and intangible assets acquired in a business combination are recognized at fair value at the acquisition date. When the power plant achieves its commercial operations date, the related intangible assets are amortized using the straight-line method generally over the life of the PPA or over the duration of the permits, licenses and contracts granted, generally over 15 to 20 years (excluding software). Software is amortized over 1 to 3 years.

Property, plant and equipment

Initial recognition and subsequent measurement

Property, plant and equipment are stated at historical cost, less depreciation and impairment, or at fair value at the acquisition date if acquired in the context of a business combination. Historical cost includes an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, when the entity has a present legal or constructive obligation to do so. In the context of a business combination the fair value valuation is usually based on an income-approach based method.

Property, plant and equipment recognized as right-of-use assets under IFRS 16 are measured at cost less depreciation, impairment and adjustments to certain remeasurements of the lease liability.

Costs relating to major inspections and overhauls are capitalized and any remaining carrying amount of the cost of the previous overhaul is derecognized when new expenditure is capitalized. Minor replacements, repairs and maintenance, including planned outages to our power plants that do not improve the efficiency or extend the life of the respective asset, are expensed as incurred.

The Group capitalizes certain direct pre-construction costs associated with its power plant project development activities when it has been determined that it is more likely than not that the opportunity will result in an operating asset. Factors considered in this determination include (i) the availability of adequate funding, (ii) the likelihood that the Group will be awarded the project or the barriers are not likely to prohibit closing the project, and (iii) there is an available market and the regulatory, environmental and infrastructure requirements are likely to be met. Capitalized pre-construction costs include initial engineering, environmental and technical feasibility studies, legal costs, permitting and licensing and direct internal staff salary and travel costs, among others. Pre-construction costs are expensed if a project is abandoned or if the conditions stated above are not met.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Construction work in progress ("CWIP") assets are transferred out of CWIP when construction is substantially completed and the power plant achieves its commercial operations date ("COD"), at which point depreciation commences.

Borrowing costs directly attributable to construction of a qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Depreciation

Property, plant and equipment are depreciated to their estimated residual value using the straight-line method over the following estimated useful lives:

	Useful lives as of December 31, 2020 and 2021
Power plant assets	
Lignite, coal, gas, oil, biomass power plants	3 to 32 years
Hydro plants and equipment	24 to 40 years
Wind farms	16 to 25 years
Tri and quad-generation combined heat power plants	15 to 23 years
Solar plants	11 to 20 years
Other	3 to 10 years

Useful economic lives have been updated to reflect the lives of plants from the date of acquisition by the Group.

"Generation plants and equipment" and "Other property, plant and equipment" categories are presented respectively under "Power plant assets" and "Other" in note 4.10.

See below for the Group's depreciation policy on right-of-use assets.

The range of useful lives is due to the diversity of the assets in each category, which is partly due to acquired assets and from assets groupings.

The residual values and useful lives are reviewed at least annually taking into account a number of factors such as operational and technical risks, and risks linked to climate change (for example from emerging government policies) and if expectations differ from previous estimates, the remaining useful lives are reassessed and adjustments are made. In the case of assets acquired as part of a business combination, the remaining useful lives are assessed at the acquisition dates by performing technical due diligence procedures.

Where a power purchase agreement ("PPA") acquired as part of business combination is deemed to contain an operating lease, the company depreciates separately the amounts reflected in the acquired fair value of that Property Plant & Equipment that are attributable to favorable or unfavorable lease terms relative to market terms. Such amounts are depreciated over the term of the related PPA (2 to 12 years).

Leases

The Group applies IFRS 16 'Leases' and leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Accounting for a lease as a lessee – Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

The Group is exposed to potential future increases in variable lease payments which are linked to gross revenues or based on an index or rate. No right of use assets or corresponding lease liability is recognized in respect of variable consideration leases which are linked to gross revenues. Variable lease payments that depend on gross revenues are recognized in the statement of income in the period in which the related revenue is generated.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases (less than 12 months) of equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in the statement of income.

Accounting for arrangements that contain a lease as lessor – PPA's and other long-term contracts may contain, or may be considered to contain, leases where the fulfilment of the arrangement is dependent on the use of a specific asset such as a power plant and the arrangement conveys to the customer the right to use that asset. Such contracts may be identified as either operating leases or finance leases.

(i) Accounting for finance leases as lessor

Where the Group determines that the contractual provisions of a long-term PPA contain, or are, a lease and result in the offtaker assuming the principal risks and rewards of ownership of the power plant, the arrangement is a finance lease. Accordingly the assets are not reflected as property, plant and equipment and the net investment in the lease, represented by the present value of the amounts due from the lessee is recorded within financial assets as a finance lease receivable.

The capacity payments as part of the leasing arrangement are apportioned between minimum lease payments (comprising capital repayments relating to the plant and finance income) and service income. The finance income element is recognized as revenue, using a rate of return specific to the plant to give a constant rate of return on the net investment in each period. Finance income and service income are recognized in each accounting period at the fair value of the Group's performance under the contract.

(ii) Accounting for operating leases as lessor

Where the Group determines that the contractual provisions of the long-term PPA contain, or are, a lease, and result in the Group retaining the principal risks and rewards of ownership of the power plant, the arrangement is an operating lease. For operating leases, the power plant is, or continues to be, capitalized as property, plant and equipment and depreciated over its useful economic life. Rental income from operating leases is recognized on an output basis over the term of the arrangement.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Impairment of non-financial assets

Assets that are subject to depreciation or amortization are reviewed annually for indicators of impairment where events or changes in circumstances indicate that carrying values may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal (market value) and value in use determined using estimates of discounted future net cash flows of the asset or group of assets to which it belongs. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units).

Financial assets

Classification of financial assets

The Group classifies its financial assets in the following categories: at fair value through statement of income and at amortized cost.

a) Financial assets at fair value through statement of income

Financial assets have been acquired principally for the purpose of selling, or being settled, in the short term. Financial assets at fair value through statement of income are "Cash and cash equivalents" when held in money market funds and derivatives held for trading unless they are designated as hedges.

b) Financial assets held at amortized cost

These financial assets are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, and are measured at amortized cost. They are included in current assets, except those that mature greater than 12 months after the end of the reporting period, which are classified in non-current assets. The Group's financial assets and amortized costs comprise "Trade and other receivables", "Financial and contract assets" and "Cash and cash equivalents" that are not required to be carried at fair value through statement of income in the consolidated statement of financial position.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Recognition and measurement

Purchases and sales of financial assets are recognized on trade date (that is, the date on which the Group commits to purchase or sell the asset).

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through statement of income, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through the statement of income are expensed in the consolidated statement of income and other comprehensive income. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

a) Financial assets at fair value through statement of income

Gains or losses on financial assets at fair value through statement of income are recognized in the consolidated statement income and other comprehensive income. These are presented within finance income and finance costs respectively.

b) Financial assets held at amortized cost

These financial assets are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, and are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in finance income or finance costs.

Impairment
The Group assesses, on a forward-looking basis, the expected credit losses associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Allowances for expected credit losses are made based on the risk of non-payment taking into account ageing, previous experience, economic conditions, existing insurance policies and forward looking data. Political risk insurance (PRI) policies are factored into this assessment due to being closely related insurance policies for which cash flows have been factored into the expected credit loss calculations (including risk of default on insurance provider) and presented on a net basis. Such allowances are measured as either 12-months expected credit losses or lifetime expected credit losses depending on changes in the credit quality of-the counterparty.

While the financial assets of the Group are subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Group has three types of financial assets that are subject to the expected credit loss model:

(1) Trade and other receivables

(2) Financial and contract assets

(3) Other financial assets

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, no impairment loss has been identified.

Derivative financial instruments and hedging activities

Derivative instruments are measured at fair value upon initial recognition in the consolidated statement of financial position and subsequently are re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

Derivative instruments are presented according to their maturity date, regardless of whether they qualify for hedge accounting under IFRS 9 (hedging instruments versus trading instruments). Derivatives are classified as a separate line item in the consolidated statement of financial position.

As part of its overall foreign exchange and interest rate risk management policy, the Group enters into various hedging transactions involving derivative instruments.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

In connection with the Group's hedging policy, the Group uses forward exchange contracts for currency risk management as well as foreign exchange options.

The Group also hedges particular risks associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges). Notably, the Group uses interest rate swap contracts for interest rate risk management in order to hedge certain forecasted transactions and to manage its anticipated cash payments under its variable rate financing by converting a portion of its variable rate financing to a fixed rate basis through the use of interest rate swap agreements, and a cross currency swap contract for both currency and interest rate risk management.

The Group can also hedge specific risks identified such as exposure to energy spot price for example, in the case of the CHP Mexico fixed margin swap which protects certain power purchase agreements against variations in the CFE tariffs.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Items qualifying as hedges
The Group formally documents all relationships between hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking hedge transactions and the method used to assess hedge effectiveness. Hedging transactions are expected to be highly effective in achieving offsetting changes in cash flows and are regularly assessed to determine that they actually have been highly effective throughout the financial reporting periods for which they are implemented.

When derivative instruments qualify as hedges for accounting purposes, as defined in IFRS 9 'Financial instruments', they are accounted for as follows:

a) Cash flow hedges that qualify for hedge accounting

- The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within equity and through the consolidated statement of other comprehensive income ("OCI"). The gain or loss relating to the ineffective portion is recognized immediately within the consolidated statement of income. Amounts recognized directly in OCI are reclassified to the consolidated statement of income when the hedged transaction affects the consolidated statement of income.
- If a forecast transaction or firm commitment is no longer expected to occur, amounts previously recognized in OCI are reclassified to the consolidated statement of income as finance income or finance costs.

If a hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognized in OCI remain in accumulated OCI until the forecast transaction or firm commitment occurs, at which point they are reclassified to the consolidated statement of income.

b) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in profit or loss and are included in net foreign exchange (losses) and gains and change in fair value of derivatives.

In connection with the Group's hedging policy, the Group uses forward exchange contracts for currency risk management as well as foreign exchange options, interest rate swap contracts for interest rate risk management in order to hedge certain forecasted transactions and to manage its anticipated cash payments under its variable rate financing by converting a portion of its variable rate financing to a fixed rate basis through the use of interest rate swap agreements, and a cross currency swap contract for both currency and interest rate risk management.

Inventories

Inventories consist primarily of power generating plant fuel, non-critical spare parts that are held by the Group for its own use and emission quotas (see below). Inventories are stated at the lower of cost, using a first-in, first-out method, and net realizable value, which is the estimated selling price in the ordinary course of business, less applicable selling expenses.

Emission quotas

Some companies of the Group emit CO_2 and have as a result obligations to buy emission quotas on the basis of local legislation. The emissions made by the companies emitting CO_2 which are in excess of any allocated quotas are purchased at free market price and shown as inventory before their effective use. If emissions are higher than allocated quotas, the companies recognizes an expense and respective liability for those emissions at prevailing market value. At the end of each reporting period, CO_2 quotas that remain available to the companies are revalued at the lower of costs or prevailing market value.

The Group presents the quotas in Inventory which reflects the fact that the cost to purchase the quotas is part of the production cost and linked to the production output rather than the plant itself. The quotas directly contribute to revenue as the cost of quotas is billed on to the customer as a pass-through cost. The Group expects to realize the asset within 12 months after the year end.

Trade receivables

Trade receivables are recognized initially at transaction cost, which is usually the invoiced amount, and subsequently carried at amortized cost using the effective interest method, less provision for impairment. Details about the Group's impairment policies for financial assets and the calculation of the provision for impairment are provided in note 4.13.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and current balances with banks and similar institutions and short-term investments, all of which are readily convertible to cash and are subject to insignificant risk of changes in value and have an original maturity of three months or less. Bank overdrafts are included within current borrowings. Cash and cash equivalents also includes cash deposited on accounts to cover for short-term debt service of certain project financings and which can be drawn for short term related needs. Money market funds comprise investments in funds that are subject to an insignificant risk of changes in fair value.

Maintenance reserves held for the purpose of covering long-term major maintenance and long-term deposits kept as collateral to cover decommissioning obligations are excluded from cash and cash equivalents and included in non-current assets.

Share capital and share premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

The premium received on the issue of shares in excess of the nominal value of shares is credited to the share premium account and included within shareholders' equity.

Treasury shares

At year end, the Group's treasury shares are included under "Treasury shares" in the consolidated statement of financial position and are measured at acquisition cost.

The gains and losses obtained on disposal of treasury shares are recognized in "Other reserves" in the consolidated statement of financial position.

The Group buys and sells treasury shares in accordance with the prevailing law and the resolutions of the General Shareholders' Meeting. Such transactions include sale and purchase of company shares.

Financial liabilities

a) Borrowings

Borrowings are recognized initially at fair value of amounts received, net of transaction costs. Borrowings are subsequently measured at amortized cost using the effective interest method; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of income over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, canceled or expires.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

b) Trade and other payables

Financial liabilities within trade and other payables are initially recognized at fair value, which is usually the invoiced amount, and subsequently carried at amortized cost using the effective interest method.

Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

Unless otherwise stated, carrying value approximates to fair value for all financial liabilities.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Provisions

Provisions principally relate to decommissioning, maintenance, environmental, tax and legal obligations and which are recognized when there is a present obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

Provisions are re-measured at each statement of financial position date and adjusted to reflect the current best estimate. Any change in present value of the estimated expenditure attributable to changes in the estimates of the cash flow or the current estimate of the discount rate used are reflected as an adjustment to the provision. Any increase in the provisions due to passage of time are recognized as finance costs in the consolidated statement of income.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the consolidated statement of income, except to the extent that it relates to items recognized in other comprehensive income. In this case, the tax is also recognized in other comprehensive income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not recognized if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.4. Critical accounting estimates and judgments

The preparation of the consolidated financial statements in line with the Group's accounting policies set out in note 2.3 involves the use of judgment and/or estimation. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances, giving consideration to previous experience, and are regularly reviewed and revised as necessary. Actual results may differ from the amounts included in the consolidated financial statements. The estimates and judgments that have the most significant effect on the carrying amounts of assets and liabilities are presented below.

Critical accounting judgments

Accounting for long-term power purchase agreements and related revenue recognition

When power plants sell their output under long-term power purchase agreements ("PPA"), it is usual for the operator of the power plant to receive payment (known as a capacity payment) for the provision of electrical capacity whether or not the offtaker requests electrical output. In assessing the accounting for the PPA, there may be a degree of judgement as to whether a long-term contract to sell electrical capacity constitutes a service concession arrangement, a form of lease, or a service contract. This determination is made at the inception of the PPA, and is not required to be revisited in subsequent periods under IFRS, unless the agreement is renegotiated.

Given that the fulfilment of the PPAs is dependent on the use of a specified asset, the key judgement in determining if the PPA contains a lease is the assessment of whether the PPA conveys a right for the offtaker to obtain substantially all the economic benefit from the asset and whether the offtaker has the right to direct the use of the asset throughout the period of use.

In assessing whether the PPA contains a service concession, the Group considers whether the arrangement (i) bears a public service obligation; (ii) has prices that are regulated by the offtaker; and (iii) the residual interest is transferred to the offtaker at an agreed value.

All other PPAs are determined to be service contracts.

Concession arrangements – For those agreements which are determined to be a concession arrangement, there are judgements as to whether the infrastructure should be accounted for as an intangible asset or a financial asset depending on the nature of the payment entitlements established in the agreement.

Concession arrangements determined to be a financial asset – The Group recognizes a financial asset when demand risk is assumed by the grantor, to the extent that the contracted concession holder has an unconditional right to receive payments for the asset. The asset is recognized at the fair value of the construction services provided. The fair value is based on input assumptions such as budgets and cash flow forecasts, future costs include maintenance costs which impact the overall calculation of the estimated margin of the project. The inputs include in particular the budget for fixed and variable costs. Any change in these assumptions may have a material impact on the measurement of the recoverable amount and could result in reducing the value of the asset. The financial asset is subsequently recorded at amortized cost calculated according to the effective interest rate method. Revenue for operating and managing the asset is recorded as revenue in each period.

Leases – For those arrangements determined to be or to contain leases, further judgement is required to determine whether the arrangement is finance or operating lease. This assessment requires an evaluation of where the substantial risks and rewards of ownership reside, for example due to the existence of a bargain purchase option that would allow the offtaker to buy the asset at the end of the arrangement for a minimal price. Judgement has been applied based on the significance of the life of the asset remaining and the remaining net book value of the asset at the end of the lease term.

The accounting for long-term power purchase agreements was considered during the year for the acquisition of the Western Generation portfolio. Three assets PPA's were identified as containing operating leases and have been accounted for accordingly.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Assessing property, plant and equipment and intangible assets for impairment triggers

The Group's property, plant and equipment and intangible assets are reviewed for indications of impairment (an impairment "trigger"). Judgement is applied in determining whether an impairment trigger has occurred, based on both internal and external sources. External sources may include: market value declines, negative changes in technology, markets, economy, impact of climate changes or laws. Internal sources may include: obsolescence or physical damage, or worse economic performance than expected, including from adverse weather conditions for renewable plants.

The Group also considers the end date of the PPAs as part of the impairment indicator analysis and assesses if the market conditions are significantly adverse such that the expiry of the PPA indicates an impairment trigger. The Group has notably considered the ending date of the PPAs in Arrubal and Maritsa ending in July 2021 and February 2024 respectively and concluded that these do not constitute an impairment indicator considering the current economic conditions in their respective market. This conclusion was reached on Maritsa taking into consideration the forecast cash flow during the remaining PPA period to February 2024 which covers the significant majority of the year end balance sheet value. As such only an immaterial amount of net cash inflows are needed in the post PPA period for the carrying value of PP&E to be supported, resulting in no impairment indicators identified. For Arrubal, the performance of the business in the post PPA period has been such that no impairment indicators are noted.

In the current year the Group performed climate change scenario analysis as part of the TCFD disclosures on a selection of assets across the portfolio, covering 55% and 60% of the Group's Adjusted EBITDA and Revenue respectively. A detailed risk assessment was performed, after which scenarios were modelled to consider the potential impact of climate related risks over the life of the assets. We considered whether any of the results of the TCFD scenario analysis could result in an indicator of impairment, including whether factors driven by climate change could result in a change in the useful life. Whilst there are a number of assumptions inherent in long term economic forecasting that underpins the scenario analysis, the Group's PPA arrangements typically provide mechanisms to protect against movements in market prices for energy and carbon over the duration of the PPA. Beyond the PPA period, the scenario analysis indicated that there was also not a material impact to any of the assets modelled. As such, no indicators of impairment were identified.

Provisions for claims

The Group receives legal or contractual claims against it from time to time, in the normal course of business. The Group considers external and internal legal counsel opinions in order to assess the likelihood of loss and to define the defense strategy. Judgments are made as to the potential likelihood of any claim succeeding when making a provision or disclosing a contingent liability. The timeframe for resolving legal or contractual claims may be judgmental, as is the amount of possible outflow of economic benefits.

The main judgments are related to the litigations disclosed in the note 4.32, such as the Kivuwatt arbitration, and the Togo claim, and as disclosed below related to Mexico.

Functional currency of the assets

The Group operates in various countries and performs an analysis of the functional currency of each operating asset considering the IAS 21 standard requirements. In some countries, the functional currency of the operating asset may differ from the local currency when the primary indicators (such as sales and cash inflows and expenses and cash outflows) are influenced by a currency which is not the local currency.

Cash generating units ("CGUs")

A CGU is defined as the asset or smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. In the case of Solar and Wind assets, typically a group of assets at a country level using shared technology is identified as a CGU.

Judgments are made in allocating each reporting unit (which generally correspond to power plants) or group of reporting units to CGUs. The Group notably considers that the assessment of the independence of cash flows involves consideration of the business transactions or financing relationship between the reporting units and how management makes decisions about continuing or disposing of the entity's assets and operations.

The definition of the CGU is critical for the purpose of assessing impairment indicators and performing impairment testing.

Regulatory changes in Mexico

Change in wheeling charges

During June 2020 the Mexican government announced certain changes to the Legado regime which would result in significant increases to wheeling fees. The Company filed an Amparo lawsuit against these changes, claiming the increases to be unconstitutional, which was upheld in May 2021. An appeal has been filed which is subject to review of the higher court. If the final judgement approves these changes to Legado rights, then under the majority of the current PPAs in place, these increased charges would be passed through to offtakers, resulting in limited impact to the cashflows of the Company during the PPA period. However, such increases in charges would impact the cash flows generated in Mexico during the post PPA period or from renewal of PPAs. The Company has analyzed these potential changes to the Legado rights, and, based on the successful granting of Amparo in May 2021 and on an external legal opinion that confirmed the changes as unconstitutional and therefore unlikely to be sustained, concluded that those changes do not constitute an indication of impairment (impairment "trigger") as per IAS 36 as of December 31, 2021. The Group will continue to monitor future changes in regulation in Mexico and the potential impact on its operations.

Amendment to permit modification

In October 2020, CRE (Energy Regulatory Commission) issued a new resolution amending the general administrative rules to modify and transfer the "Legado" permits. This amendment included additional restrictions on including new offtakers in the "Legado" permits. The Resolution 1094 is expected to be used by CRE to reject the permit modifications required for expanding the offtakers and the load points in the "Legado" permits. The Company filed an Amparo against these changes, claiming them to be unconstitutional which was successfully granted in June 2021. Given the Amparo remains in place and having taken legal advice the Company has concluded that those changes do not constitute an indication of impairment as at December 31, 2021.

Power industry law (Ley de la Industria Eléctrica – LIE)

On 10 March 2021, the Mexican Government enacted reform of the Electricity Sector Act (Ley de la Industria Eléctrica the "LIE reform"). One of the proposed changes under the LIE reform is to modify the order in which electricity produced by power plants such as our assets in Mexico ("CGA" and "CELCSA") is dispatched to the National Electricity System ("Dispatch Order"), which would favor the state-owned or operated power plants and may have an adverse impact on future revenues and profits of ContourGlobal's Mexican assets. CGA and CELCSA both filed an Amparo lawsuit against this LIE reform. The Mexican First District Court has granted CGA and CELCSA an injunction against the LIE. This injunction prevents the application and implementation of the challenged provisions by the relevant authorities. As of the Latest Practicable Date, the appeals file by the Mexican authorities against the admission of the Amparo claim and injunction of CGA are pending decision of the court. For CELCSA the appeal against admission of the Amparo claim is pending, but the Mexican Second Specialized Circuit Court revoked the definitive injunction on 15 July 2021 on the grounds that there was no immediate harm to it as a result of the LIE reform; any harm would be by subsequent acts of CRE to try to revoke the cogeneration self-supply permit, and/or by the relevant authorities to change the dispatch order; both of which are uncertain and have not occurred yet.

Given there has been no direct impact of the LIE reform to date and that there are a number of legal matters that are still to be resolved, management has concluded that these potential changes do not constitute an indication of impairment (impairment "trigger") as per IAS 36 as of December 31, 2021.

Kosovo e Re project arbitration

On 24 May 2020, ContourGlobal Kosovo LLC ("CG Kosovo"), a wholly-owned subsidiary within the ContourGlobal Group, sent a notice of termination to the Government of Kosovo (represented by the Ministry of Economy and Environment of the Government of Kosovo) (the "GoK") and other publicly owned entities, namely Kosovo Energy Corporation, J.S.C., New Kosovo Electric Company J.S.C., HPE Ibër-Lepenc, J.S.C. and Operator Sistemi, Transmission Dhe Tregu – KOSTT, SH.A., under various project documents entered into with each of those entities in respect of a project whereby CG was to build a coal-fired power plant in Kosovo. The notice of termination was sent as a result of the failure of the above-mentioned entities to meet certain obligations and conditions precedent under such project documents, which prevented the project from meeting certain required milestones by its scheduled closing date and therefore meant the project could not go forward.

On 25 September 2020, CG Kosovo sent a formal written notice of dispute under the project documents seeking recovery of costs incurred to date, as anticipated and set out in the project contract document and capped at €19.7 million ($22.1 million) plus interest for late payment, to which CG Kosovo is entitled where the termination of the project is attributable to failures by GoK and/or the relevant publicly owned entities. On 19 November 2020, CG Kosovo filed a request for arbitration with ICSID. The arbitration proceedings are ongoing.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

As of 31 December 2021, €19.7 million ($22.4 million) of recoverable development costs are presented in Other non-current assets. The recovery of this asset is likely to depend on the outcome of the arbitration proceedings and so is subject to some degree of judgement. The Group believes it will be able to demonstrate that the project failed to close for reasons attributable to the GoK and/or the relevant publicly owned companies, which is the key judgement that supports the recognition of the asset.

Assets held for sale and discontinued operations

Where a disposal group is undergoing a sale process, we consider whether or not the disposal group meets the definition of assets held for sale and discontinued operations. During the second half of 2021 a sale process was initiated for the Brazil Hydro and Brazil Wind asset portfolios. At year end we assessed whether these asset portfolios should be classified as held for sale.

At year end the Brazil Hydro portfolio sale had progressed to a stage where it was considered to be available for sale in its present condition and the sale is highly probable and as such was classified as held for sale. The Brazil Hydro portfolio however does not represent a major line of business or geographical area of operations and as such is not a discontinued operation. Refer to note 4.35 for further developments subsequent to year end.

The Brazil Wind portfolio was not classified as held for sale at year end. This was due to the uncertainties associated with the structure of the transaction resulting in the highly probable criteria not being met.

Critical accounting estimates

Estimation of useful lives of property, plant and equipment

Property, plant and equipment represents a significant proportion of the asset base of the Group, primarily due to power plants owned, being 63.2% (2020: 55.3%) of the Group's total assets. Estimates and assumptions made to determine their carrying value and related depreciation are significant to the Group's financial position and performance. The annual depreciation charge is determined after estimating an asset's expected useful life and its residual value at the end of its life. The useful lives and residual values of the Group's assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The Group derives useful economic lives based on experience of similar assets, including use of third party experts at the time of acquisition of assets, and these lives may exceed the period covered by contracted power purchase agreements.

Emerging governmental policies are also considered when reviewing the appropriateness of useful economic lives, including whether asset life assessments could be impacted by factors arising from climate transition or other regulatory and market factors. This includes consideration of government energy transition policies, and how our thermal assets are expected to be used, in particular to provide a secure supply during a medium to long-term transition to renewable. During the year, the useful life of two assets was revised, one increased and one decreased as a result of consideration of the expected economic life.

A decrease in the average useful life by one year in power plant assets would result in a decrease in the net book value of $21.1 million (2020: $13.8 million).

Recoverable amount of property, plant and equipment and intangible assets

Where an impairment trigger has been identified (see critical accounting judgements section), the Group makes significant estimates in its impairment evaluations of property, plant and equipment and intangible assets. The determination of the recoverable amount is typically the most judgmental part of an impairment evaluation. The recoverable amount is the higher of (i) an asset's fair value less costs of disposal (market value), and (ii) value in use determined using estimates of discounted future net cash flows ("DCF") of the asset or group of assets to which it belongs.

Management applies considerable judgment in selecting several input assumptions in its DCF models, including discount rates and capacity / availability factors. These assumptions are consistent with the Group's internal budgets and forecasts for such valuations. Examples of the input assumptions that budgets and cash-flow forecasts are sensitive to include macroeconomic factors such as growth rates, inflation, exchange rates, and, in the case of renewable plants, environmental factors such as wind, solar and water resource forecast. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in impairing the tested assets.

Emerging governmental policies are also considered when determining the recoverable amount of property, plant and equipment and intangible assets including the impact on DCF models arising from climate transition or other regulatory and market factors. We consider future forecasts of the key inputs to the cashflow models, such as energy, fuel and carbon pricing and whether these result in a change in useful life. Typically, during the PPA period our assets are insulated from these market risks through fixed energy pricing and the ability to pass through variations in fuel and carbon costs, hence where relevant we consider the impact on cash flows in the post PPA period

In 2021 no indicators of impairment have been identified and as such no impairment evaluation has been performed.

Fair value of assets acquired and liabilities assumed in a business combination

Business combinations are recorded in accordance with IFRS 3 using the acquisition method. The Group estimates the excess purchase price in accordance with IFRS3 as the difference of the consideration paid for the acquisition (including potential contingent consideration) and the net asset of the target company at the acquisition date.

Under this method, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date. In the current year fair valuation assessments for business combination purposes have been performed in relation to the Western Generation and Green Hunter acquisitions in Note 3.1.

Therefore, through a number of different approaches and with the assistance of independent external valuation experts for acquisitions as considered appropriate by management, the Group identifies what it believes is the fair value of the assets acquired and liabilities assumed at the acquisition date. These valuations involve the use of judgement and include a number of estimates. Judgement is exercised in identifying the most appropriate valuation approach which is then used to determine the allocation of fair value. Depending on which is most appropriate for the transaction, the Group typically uses one of the cost approach, the income approach and the market approach.

Judgement is exercised in identifying intangible assets, separately from property plant and equipment taking into consideration the intangible asset recognition criteria within IAS 38. Such an intangible was identified in the Western Generation acquisition, related to a purchase price agreement in place which met the definition of an intangible asset. Refer to note 3.1 for further details.

Each of these valuation approaches involve the use of estimates in a number of areas, including the determination of cash flow projections and related discount rates, industry indices, market prices regarding replacement cost and comparable market transactions. While the Group believes that the estimates and assumptions underlying the valuation methodologies are reasonable, different assumptions could result in different fair values. For the Western Generation acquisition, such estimates were made for each of the assets acquired which also impacted on how much of the acquisition value was allocated to each asset.

Fixed margin swap

Certain estimates are made in relation to the valuation of the fixed margin swap agreements held by CHP Mexico which protect certain power purchase agreements against variations in the CFE tariffs. The valuation of this derivative is based on a number of data points, which includes both factual inputs and estimates. Refer to note 4.15 for sensitivity analysis of this instrument.

SIGNIFICANT CHANGES IN THE REPORTING PERIOD

Year ended December 31, 2021

3. Significant changes in the reporting period

3.1. 2021 transactions

Acquisition of a portfolio located in the United States and Trinidad and Tobago

On December 7th, 2020, the Group entered into an agreement to acquire a 1,502 MW portfolio of six contracted operating power plants located in the United States and Trinidad and Tobago from Western Generation Partners, LLC. The transaction closed on 18 February 2021.

The total consideration paid amounted to $646.1 million.

On a consolidated basis, had this acquisition taken place as of 1 January 2021, the Group would have recognized consolidated revenue of $2,181.5 million, Adjusted EBITDA of $849 million and consolidated net profit of $81.2 million for the year ended 31 December 2021. From the acquisition date on 18 February 2021 to December 31, 2021, this acquisition contributed to consolidated revenue, Adjusted EBITDA and net profit of $206.9 million, $84.5 million and $10.3 million respectively.

The determination of fair value of assets acquired and liabilities assumed at acquisition date are:

In $ millions	Acquired book values	Fair value adjustments	Fair value of assets and liabilities acquired
Property, plant and equipment	284.4	615.7	900.1
Intangible assets	214.0	(182.6)	31.4
Goodwill	27.8	(24.3)	3.5
Other assets	95.4	(4.4)	91.0
Cash and cash equivalents	19.4	–	19.4
Total assets	**641.0**	**404.4**	**1,045.4**
Borrowings	222.5	40.8	263.3
Deferred tax liabilities	19.5	9.2	28.7
Other liabilities	85.2	22.0	107.2
Total liabilities	**327.2**	**72.0**	**399.2**
Total net identifiable assets			**646.1**
Net purchase consideration			**646.1**

The Group has determined the fair value of assets acquired and liabilities assumed at acquisition date with the support of an external independent valuation expert leading to the following recognition:

- A decrease in the book value of intangible assets of $182.6 million due to the fair value of the power purchase agreements and tolling agreements under operating leases being classified as property, plant and equipment. The valuation of the power purchase agreements and tolling agreements recognized as intangible assets of $31.4 million at one US asset is based on a with or without method which reflects the benefit of having the agreements in place. For the asset in Trinidad and Tobago, the power purchase agreement is not separately identifiable from the tangible asset and therefore does not qualify as a separate identifiable intangible asset.
- An increase in the book value of PP&E of $615.7 million to reflect the fair value of these assets at acquisition based on an income approach method. This includes $235.8 million relating to the incremental fair value of power purchase agreements classified as operating leases.
- An increase in the book value of the Senior Secured Notes in Lea Power of $40.8 million to reflect the fair value of this liability at acquisition based on an income approach method.
- An increase in the asset retirement obligation of $22.0 million and a net increase in deferred tax liability of $9.2 million.

Acquisition of a Solar portfolio in Italy

On June 4, 2021 the Group entered into an agreement with a group of private shareholders to acquire a 100% of shares of Green Hunter Group Sarl, the parent entity of a portfolio of solar photovoltaic assets totaling 18 MW located in Italy. The transaction completed on November 23 2021. The Group's effective shareholding of the Green Hunter Group is 51%.

The total consideration paid amounted to €30.1 million ($33.9 million).

On a consolidated basis, had this acquisition taken place as of 1 January 2021, the Group would have recognized consolidated revenue of $2,161.6 million, Adjusted EBITDA of $850.7 million and consolidated net profit of $81.6 million for the year ended 31 December 2021. From the acquisition date on 23 November 2021 to 31 December 2021, this acquisition contributed to consolidated revenue, Adjusted EBITDA and net profit of $0.7 million, $0.3 million and $nil million respectively.

The preliminary determination of the fair value of assets acquired and liabilities assumed at acquisition date are:

In $ millions	
Intangible assets	0.3
Property, plant and equipment	56.5
Other assets	5.3
Cash and cash equivalents	6.1
Total assets	**68.2**
Borrowings	14.1
Deferred tax liabilities	5.2
Other liabilities	15.0
Total liabilities	**34.3**
Total net identifiable assets	**33.9**
Net purchase consideration	**33.9**
Goodwill	**–**

The Group has performed a preliminary determination of fair value of assets acquired and liabilities assumed at acquisition date leading to the following recognition:

- An increase in the book value of PP&E of €19.0 million ($21.4 million) to reflect the fair value of these assets at acquisition based on an income approach method.
- A net increase in deferred tax liability of €4.6 million ($5.2 million).

Brazil Hydro portfolio held for sale

As at 31 December 2021, given the advanced state of the sale negotiations the Brazil Hydro business, which is part of our Renewable segment, was classified as held for sale. The major classes of assets and liabilities within the disposal group are:

In $ millions	
Intangible assets	23.0
Property, plant and equipment	123.9
Cash and cash equivalents	12.4
Trade and other receivables	15.9
Total assets	**175.2**
Borrowings non current	121.8
Borrowings current	14.7
Provisions non current	5.1
Other current liabilities	11.5
Total liabilities	**153.1**

On 20 January 2022 a definitive agreement was signed with Infraestutura Brasil Holding XVII S.A for the sale of the Group's Brazilian Hydro power plants for a total enterprise value of BRL 1.73 billion ($313 million). The Group expects to generate a gain from the disposal of these assets. The transaction is expected to complete during the second quarter of 2022, subject to completion of certain conditions under the sale agreement.

The entities relating to the Group's Brazilian Hydro disposal group are:

- ContourGlobal do Brasil Participacoes SA
- Galheiros Geração De Energia S.A.
- Santa Cruz Power Corporation Usinas Hidroelétricas S.A
- Goias Sul Geração De Energia S.A.
- Rio PCG I S.A.
- Bahia PCH I S.A.
- Afluente Geração de Energia Eletrica S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2021

4. Notes to the consolidated financial statements

4.1. Segment reporting

The Group's reporting segments reflect the operating segments which are based on the organizational structure and financial information provided to the Chief Executive Officer, who represents the chief operating decision-maker ("CODM").

Thermal Energy for power generating plants operating from coal, lignite, natural gas, fuel oil and diesel. Thermal plants include Maritsa, Arrubal, Togo, Cap des Biches, KivuWatt, Energies Antilles, Energies Saint-Martin, Bonaire, Mexican CHP, US and Trinidad & Tobago assets and our equity investees (primarily Termoemcali and Sochagota). Our thermal segment also includes plants which provide electricity and certain other services to beverage bottling companies and other industries.

Renewable Energy for power generating plants operating from renewable resources such as wind, solar and hydro in Europe and Latin America. Renewable plants include Asa Branca, Chapada I, II, III, Inka, Vorotan, Austria Portfolio 1 & 2, Spanish Concentrated Solar Power and our other European and Brazilian plants.

The **Corporate & Other** category primarily reflects costs for certain centralized functions including executive oversight, corporate treasury and accounting, legal, compliance, human resources, IT and facilities management and certain technical support costs that are not allocated to the segments for internal management reporting purposes.

The CODM assesses the performance of the operating segments based on Adjusted EBITDA which is defined as profit for the period from continuing operations before income taxes, net finance costs, depreciation and amortization, acquisition related expenses, plus, if applicable, net cash gain or loss on sell down transactions (in addition to the entire full period profit from continuing operations for the business the sell down transaction relates to) and specific items which have been identified and material items where the accounting diverges from the cash flow and therefore does not reflect the ability of the assets to generate stable and predictable cash flows in a given period, less the Group's share of profit from non consolidated entities accounted under the equity method, plus the Group's pro rata portion of Adjusted EBITDA for such entities. In determining whether an event or transaction is adjusted, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence.

The Group also presents the Proportionate Adjusted EBITDA which is the Adjusted EBITDA calculated on a proportionally consolidated basis based on applicable ownership percentage. The Proportionate Adjusted EBITDA includes the net cash gain or loss on sell down transactions as well as the underlying profit from continuing operations for the business in which the minority interest sale relates to reflecting applicable ownership percentage going forward from the date of completion of the sale of a minority interest.

The Group considers that the presentation of Adjusted EBITDA and Proportionate Adjusted EBITDA enhances the understanding of ContourGlobal's financial performance, in regards to understanding its ability to generate stable and predictable cash flows from operations. Where applicable, the cash gain on sell down is also included to demonstrate the ability of the Group to sell down assets at a significant premium, which is a distinct activity from operational performance of the power plants. The Group also believes Adjusted EBITDA is useful to investors because it is frequently used by security analysts, investors, ratings agencies and other interested parties to evaluate other companies in our industry and to measure the ability of companies to service their debt.

The CODM does not review nor is presented a segment measure of total assets and total liabilities.

All revenue is derived from external customers.

Geographical information

The Group also presents revenue in each of the geographical areas in which it operates as follows:

- Europe (including our operations in Austria, Armenia, Northern Ireland, Italy, Romania, Poland, Bulgaria, Slovakia and Spain)
- Latin America which includes South America (including Brazil, Peru, Colombia), Mexico and Caribbean Islands (including Dutch Antilles, French Territory and Trinidad and Tobago)
- United States of America
- Africa (including Nigeria, Togo, Senegal and Rwanda)

In $ millions	Years ended December 31 2021	2020
Revenue		
Thermal Energy	**1,708.3**	963.3
Renewable Energy	**443.7**	447.4
Total revenue	**2,151.9**	1,410.7
Adjusted EBITDA		
Thermal Energy	**541.3**	420.9
Renewable Energy	**334.7**	332.0
Corporate & Other[1]	**(34.5)**	(30.9)
Total Adjusted EBITDA	**841.5**	722.0
Proportionate Adjusted EBITDA	**692.3**	568.7
Non controlling interests	**149.2**	153.3
Total Adjusted EBITDA	**841.5**	722.0
Reconciliation to profit before income tax		
Depreciation, amortization and impairment (note 4.3.)	**(399.2)**	(311.6)
Net finance costs, foreign exchange gains and losses, and changes in fair value of derivatives (note 4.6)	**(249.2)**	(247.8)
Share of adjusted EBITDA in associates[2]	**(27.0)**	(19.9)
Share of profit in associates (note 4.12.)	**16.2**	12.3
Acquisition related items (note 4.5.)	**(14.2)**	(20.2)
Restructuring costs (note 4.3.)[3]	**–**	(5.2)
Private incentive plan[4]	**–**	(6.6)
Mexico CHP fixed margin swap[5]	**5.5**	(15.6)
Change in finance lease and financial concession assets[6]	**(37.9)**	(31.7)
Brazil Hydro concession extension[7]	**5.5**	–
Other	**1.7**	(3.4)
Profit before income tax	**142.9**	72.3

1. Corporate costs correspond to selling, general and administrative expenses before depreciation and amortization of $6.1 million (December 31, 2020: $5.3 million).
2. Corresponds to our share of Adjusted EBITDA of plants accounted for under the equity method (Sochagota and Termoemcali) which are reviewed by our CODM as part of our Thermal Energy segment.
3. Represents redundancy and staff-related restructuring costs.
4. Represents the private incentive plan as described in note 4.27. The private incentive plan ended 31 December 2020.
5. Reflects an adjustment to align the recognized earnings with the cash flows generated under the CHP Mexico fixed margin swap during the period as presented in the consolidated statement of cash flow as "Mexico CHP fixed margin swap".
6. Reflects an adjustment to align the recognized earnings with the cash flows generated under finance lease and financial concession arrangements which is presented in the consolidated statement of cash flow as "Change in finance lease and financial concession assets".
7. Reflects the non-cash gain recognized due to Generating Scaling Factor ("GSF") settlement in Brazil Hydro whereby a concession extension has been granted to compensate for historical GSF liability payments made prior to acquisition of the assets by ContourGlobal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Cash outflows on capital expenditure

	Years ended December 31	
In $ millions	**2021**	2020
Thermal Energy	**43.2**	27.2
Renewable Energy	**57.8**	47.4
Corporate & Other	**3.4**	2.4
Total capital expenditure	**104.4**	77.0

Geographical information

The geographical analysis of revenue, based on the country of origin in which the Group's operations are located, and Adjusted EBITDA is as follows:

	Years ended December 31	
In $ millions	**2021**	2020
Europe[1]	**1,302.5**	840.9
Latin America[2]	**530.5**	444.5
United States	**183.0**	–
Africa	**136.0**	125.3
Total revenue	**2,151.9**	1,410.7

1. Revenue generated in 2021 in Bulgaria and Spain amounted to $706.9 million and $426.9 million respectively (December 31, 2020: $406.3 million and $296.9 million respectively).
2. Revenue generated in 2021 in Brazil and Mexico amounted to $140.2 million and $296.1 million respectively (December 31, 2020: $142.0 million and $211.5 million respectively).

	Years ended December 31	
In $ millions	**2021**	2020
Europe[1]	**438.1**	402.5
Latin America[2]	**273.0**	273.2
United States	**84.6**	–
Africa	**80.3**	77.2
Corporate & Other	**(34.5)**	(30.9)
Total Adjusted EBITDA	**841.5**	722.0

1. Adjusted EBITDA generated in 2021 in Bulgaria and Spain amounted to $127.8 million and $200.5 million respectively (December 31, 2020: $121.6 million and $189.0 million respectively).
2. Adjusted EBITDA generated in 2021 in Brazil and Mexico amounted to $93.8 million and $110.5 million respectively (December 31, 2020: $94.7 million and $104.9 million respectively).

The geographic analysis of non-current assets, excluding derivative financial instruments and deferred tax assets, based on the location of the assets, which are not presented to the CODM, is as follows:

	December 31	
In $ millions	**2021**	2020
Europe	**1,941.3**	2,151.1
Latin America	**1,614.0**	1,761.6
United States	**773.8**	–
Africa	**370.3**	405.4
Total non-current assets	**4,699.6**	4,318.1

4.2. Revenue

In $ millions	Years ended 31st December 2021	2020
Revenue from power sales[1]	**1,801.3**	1,191.4
Revenue from operating leases[2]	**184.9**	85.6
Revenue from concession and finance lease assets[3]	**33.9**	34.6
Other revenue[4]	**131.8**	99.1
Total revenue	**2,151.9**	1,410.7

Revenue from power sales and Other revenue are recognized under IFRS 15 and total $1,933.1 million in the year to December 31, 2021 (December 31, 2020: $1,290.5 million). Revenue from operating leases and revenue from concession and finance lease assets are recognized under IFRS 16 and IFRIC 12 respectively.

1. The increase in Revenue from power sales from $1,191.4 million to $1,801.3 million is mainly due to the February 2021 acquisition of the US and Trinidad and Tobago assets contributing $101.8 million, higher CO_2 emissions revenue in our Maritsa plant for $300.6 million, revenue increase in Arrubal for $138.9 million mainly due to trading optimization and positive spreads for burning additional gas and higher production and higher gas pass throughs at Mexico CHP contributing $84.6 million.
2. Revenue from operating leases mainly includes $55.1 million relating to our Solutions plants, $31.7 million relating to our Bonaire plant, $98.1 million relating to the acquisition of the US and Trinidad and Tobago assets and $nil million relating to our Energie Antilles plant in the year to December 31, 2021 (December 31, 2020: $43.2 million, $25.9 million, $nil and $16.6 million respectively).
3. Some of our main plants are operating under specific arrangements for which certain other accounting principles are applied as follows:
   - Our Togo, Rwanda (Kivuwatt) and Senegal (Cap des Biches) plants are operating pursuant to concession agreements that are under the scope of IFRIC 12.
   - Our Energies Saint Martin plant is operating pursuant to power purchase agreements that are considered to contain a finance lease.
4. Other revenue primarily relates to environmental, operational and maintenance services rendered to offtakers in our power plants in Bulgaria, Togo, Rwanda and Senegal.

The Group has one customer contributing more than 10% of Group's revenue (2020: one customer).

	Years ended December 31 2021	2020
Customer A	**32.8%**	28.8%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

4.3. Expenses by nature

In $ millions	Years ended December 31 2021	2020
Fuel costs	**541.3**	270.2
Depreciation, amortization and impairment	**399.2**	311.6
Operation and maintenance costs	**95.5**	77.7
Employee costs	**107.9**	88.7
Emission allowance utilized[1]	**449.5**	153.7
Professional fees	**22.0**	19.1
Purchased power	**30.6**	29.6
Transmission charges	**34.7**	33.2
Operating consumables and supplies	**21.2**	24.4
Insurance costs	**33.1**	23.7
Other expenses[2]	**36.0**	38.4
Total cost of sales and selling, general and administrative expenses	**1,771.0**	1,070.3

1. Emission allowances utilized corresponds mainly to the costs of CO_2 quotas in Maritsa which are passed through to its offtaker and purchases of CO_2 allowances in Arrubal, and includes the write-down of CO_2 quotas held in inventory at year end to their net realizable value.
2. Other expenses include facility costs of $15.2 million at December 31, 2021 (December 31, 2020: $12.7 million).

In $ millions	Years ended December 31 2021	2020
Private Incentive Plan[1]	**–**	6.6
Restructuring costs[2]	**–**	5.2
Other	**3.4**	7.9
Total other operating expenses	**3.4**	19.7

1. Represents the private incentive plan as described in note 4.27 share-based compensation plan of the annual accounts. The private incentive plan ended at the end of December 2020.
2. Represents redundancy and staff-related restructuring costs.

4.4. Employee costs and numbers

In $ millions	Years ended December 31 2021	2020
Wages and salaries	**(85.0)**	(67.8)
Social security costs	**(14.4)**	(14.1)
Share-based payments[1]	**(1.9)**	(1.9)
Pension and other post-retirement benefit costs	**(0.8)**	(0.9)
Other	**(5.8)**	(4.0)
Total employee costs before private incentive plan	**(107.9)**	(88.7)
Private incentive plan[1]	**–**	(6.6)
Total employee costs	**(107.9)**	(95.3)
Monthly average number of full-time equivalent employees	**1,491**	1,435
• Thermal	**868**	822
• Renewable	**413**	425
• Corporate	**210**	188

1. See note 4.27 for a description of the private incentive plan and long term incentive plan.

4.5. Acquisition related items

In $ millions	Years ended December 31 2021	2020
Acquisition costs[1]	**(14.2)**	(20.2)
Acquisition related items	**(14.2)**	(20.2)

1. Acquisition costs include notably pre-acquisition costs such as due diligence costs and professional fees and other related incremental costs incurred as part of completed acquisitions or contemplated acquisitions. In 2021, costs incurred primarily related to completed acquisitions in the United States and Italy. In 2020 costs incurred primarily related to a contemplated acquisition in the United States (subsequently completed on February 18, 2021).

4.6. Net finance costs, foreign exchange gains and losses, and changes in fair value of derivatives

In $ millions	Years ended December 31 2021	2020
Finance income	**3.9**	4.4
Net change in fair value of fixed margin derivative[1]	**13.6**	56.1
Net change in fair value of other derivatives[2]	**11.7**	14.4
Net foreign exchange differences[3]	**18.4**	(59.8)
Net foreign exchange gains and (losses) and change in fair value of derivatives	**43.7**	10.7
Interest expenses on borrowings	**(205.5)**	(195.0)
Amortization of deferred financing costs	**(20.8)**	(13.2)
Unwinding of discounting[4]	**(26.0)**	(15.9)
Other[5]	**(44.5)**	(38.8)
Finance costs	**(296.8)**	(262.9)
Net finance costs, foreign exchange gains and losses, and changes in fair value of derivatives	**(249.2)**	(247.8)

1. Net change in fair value of derivative related to the CHP Mexico fixed margin liability.
2. The Group recognized a profit of $8.1 million in the 12 months ended 31 December 2021 in relation to its interest rate, cross currency, financial swaps, options, foreign exchange options and forward contracts (December 31, 2020: profit of $5.6 million) which relates to fair value changes on derivatives not hedge accounted and amounts reclassified from the cash flow hedge reserve.
3. Net foreign exchange differences include foreign exchange gains and losses related to conversion of foreign currency denominated cash balances and foreign exchange differences primarily relate to subsidiaries and loans in subsidiaries that have a functional currency different to the currency in which the loans are denominated.
4. Unwinding of discounting mainly relates to Maritsa debt to non-controlling interests and other long-term liabilities in the 12 months ended 31 December 2021 and 2020.
5. Other mainly includes costs associated with other financing, finance costs of leases, income and expenses related to interest and penalties for late payments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

4.7. Income tax expense and deferred income tax

Income tax expense

In $ millions	Years ended December 31, 2021	2020
Current tax		
• current tax expense of the year	**(45.1)**	(33.7)
• prior year adjustment	**(2.0)**	0.9
Total current tax expense	**(47.1)**	(32.8)
Deferred tax		
• deferred tax expense of the year	**(19.5)**	(17.9)
• prior year adjustment	**3.4**	7.0
Total deferred tax expense	**(16.1)**	(10.9)
Income tax expense	**(63.2)**	(43.7)

The main jurisdictions contributing to the income tax expense for the year ending December 31, 2021 are i) Mexico, ii) Spain and iii) Bulgaria.

The tax on the Group's profit before income tax differs from the theoretical amount that would arise from applying the statutory tax rate of the parent company (2021: 19%, 2020: 19%) to the results of the consolidated entities as follows:

Effective tax rate reconciliation

In $ millions	Years ended December 31, 2021	2020
Profit before income tax	**142.9**	72.3
Profit before income tax at UK statutory tax rate	**(27.2)**	(13.7)
Tax effects of:		
Differences between statutory tax rate and foreign statutory tax rates[1]	**(1.8)**	(0.4)
Changes in unrecognized deferred tax assets[2]	**(18.6)**	(19.5)
Reduced rate and specific taxation regime[3]	**3.2**	6.2
Foreign exchange movement[4]	**4.7**	(3.7)
Prior year adjustment - current tax	**(2.0)**	0.9
Prior year adjustment - deferred tax	**3.4**	7.0
Permanent differences and other items[5]	**(25.0)**	(20.4)
Income tax expense	**(63.2)**	(43.7)
Effective rate of income tax	**44.2%**	60.4%

1. Includes the effect of recognizing net income of investments in associates in the profit before income tax.
2. Mainly relates to tax losses in Luxembourg and Brazil where deferred tax assets are not recognized.
3. Relates to specific tax regimes and some of the Brazilian entities being taxed by reference to revenue rather than accounting profits.
4. Mainly driven by difference between functional currency of statutory entities and currency used for local tax reporting and non-deductibility of foreign exchange movements in certain jurisdictions.
5. This category is composed of tax impacts of inflationary adjustments (2021: $13.0 million, 2020: $6.4 million) and a number of individually immaterial items such as non-deductible Group costs or withholding taxes.

Net deferred tax movement

The gross movements of net deferred income tax assets (liabilities) were as follows:

In $ millions	December 31, 2021	2020
Net deferred tax assets (liabilities) as of January, 1	**(211.4)**	(218.5)
Statement of income	**(16.1)**	(10.9)
Deferred tax recognized directly in other comprehensive income	**(14.4)**	27.9
Acquisitions	**(35.7)**	–
Currency translation differences and other	**2.1**	(9.9)
Net deferred tax assets (liabilities) as of December, 31	**(275.5)**	(211.4)
Including net deferred tax assets balance of:	**49.7**	57.5
Deferred tax liabilities balance of:	**(325.2)**	(268.9)

Analysis of the net deferred tax position recognized in the consolidated statement of financial position

The net deferred tax positions and their movement can be broken down as follows:

In $ millions	Tax losses	Property, plant and equipment	Intangible assets[1]	Derivative financial instruments[2]	Other[3]	Total
As of January 1, 2020 (restated)	28.1	(240.8)	(59.9)	7.7	46.3	(218.5)
Statement of income	88.7	(95.1)	9.6	(1.4)	(12.6)	(10.9)
Other comprehensive income	–	–	(0.1)	28.0	–	27.9
Acquisitions	–	–	–	–	–	–
Currency translations and other	0.8	(13.5)	0.8	0.8	1.1	(10.0)
As of December 31, 2020	117.6	(349.4)	(49.5)	35.1	34.7	(211.4)
Statement of income	**20.5**	**(40.3)**	**4.3**	**(2.9)**	**2.3**	**(16.1)**
Other comprehensive income	**–**	**–**	**–**	**(14.4)**	**–**	**(14.4)**
Acquisitions / disposals[4]	**1.3**	**(117.0)**	**64.7**	**(2.7)**	**18.0**	**(35.7)**
Currency translations and other[5]	**(0.6)**	**8.9**	**(0.9)**	**(0.1)**	**(5.2)**	**2.1**
As of December 31, 2021	**138.8**	**(497.8)**	**18.6**	**14.9**	**50.0**	**(275.5)**

1. Mainly relates to assets acquired through business combinations.
2. $(9.9) million of the current year movement through other comprehensive income represents the movement in the year of hedging expenses in Mexico. $25.8 million of the movement in the prior year related to the recognition of deferred tax assets on these hedging expenses incurred in both 2019 and 2020 following conclusion that such derivative costs should be deductible under Mexican tax rules.
3. This category is made up of various items, the largest being deferred financing costs of $26.8 million (2020: $20.0 million), with $8.6 million being acquired in the period and currency translations of $1.8 million. Other significant items include finance lease capitalization of $(13.7) million (2020: $(16.0) million) and Mexico fixed margin swap provision of $7.3 million (2020: $13.0 million).
4. Mainly includes opening balance sheet deferred tax assets and liabilities relating to the US and Trinidad assets acquired in February 2021.
5. The Other movement relates to a reclassification of a deferred tax liability in Rwanda of $5.4 million which was previously netted against other receivables. An equal and opposite asset is contained in other receivables as the tax liability in Rwanda is passed through to the local offtaker.

Deferred tax assets recognized in the consolidated statement of financial position

The Group recognizes deferred tax assets to the extent that it is probable that sufficient future taxable profits will arise against which these deductible temporary differences can be utilized. The Group has performed an assessment of the recovery of deferred tax assets which has involved the use of budgets and forecasts.

There is a deferred tax asset in Spain of $20.9 million (2020: $24.6 million) which relates predominately to intangible assets. The relevant tax group is profitable, and the reversal of the deferred tax asset is scheduled to be within four years. In the US, there was an operating loss in the current year due to acquisition costs and the amortization of intangible assets. There is an amount of deferred tax assets on tax losses that are dependent on future taxable profits not arising from the reversal of existing deferred tax liabilities of $16.2 million ($3.5 million in 2020), which is scheduled to be reversed within 13 to 15 years. This utilization horizon takes into account management's best estimate of risks to which the operations may be exposed and is considered appropriate given the long term nature of the acquired assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Analysis of the deferred tax position unrecognized in the consolidated statement of financial position

Unrecognized deferred tax assets amount to $300.2 million as of December 31, 2021 (December 31, 2020: $268.2 million) and can be broken down as follows:

	December 31,	
In $ millions	**2021**	2020
Unrecognized deferred tax assets on tax losses[1]	**276.0**	245.9
Unrecognized deferred tax assets on deductible temporary differences	**24.2**	22.3
Total unrecognized deferred tax assets	**300.2**	268.2

The total amount of deductible temporary differences and unused tax losses for which no deferred tax asset is recognized amounts to $1,179.6 million (2020: $1,067.0 million) and is broken down as follows:

	December 31,	
	2021	2020
Tax losses - no deferred tax asset recognized	**1,060.3**	969.7
Deductible temporary differences - no deferred tax asset recognized	**119.3**	97.3
Total	**1,179.6**	1,067.0

Deferred tax assets that have not been recognized mainly relate to tax losses in Luxembourg and Brazil where it is not probable that future taxable profit will be available against which the tax losses can be utilized. The amounts unrecognized for deferred tax purposes generally do not expire with the exception of Luxembourg.

With respect to Luxembourg, tax losses of $279.9 million arising prior to 31 December 2016 can be carried forward without time limit. As from January 1, 2017, new tax losses expire after 17 years and therefore tax losses of $51.2 million, $95.9 million, $147.5 million, $168.3 million and $64.7 million expire on December 31, 2034, 2035, 2036, 2037 and 2038, respectively.

The Group accrues deferred tax liabilities for the withholding tax that will arise on the future repatriation of undistributed earnings. There are no temporary differences on undistributed earnings with material unrecognized deferred tax liabilities.

4.8. Earnings per share

	Years ended December 31,			
	2021		2020	
	Basic	**Diluted**	Basic	Diluted
Profit attributable to CG plc shareholders (in $ millions)	**78.3**	**78.3**	16.0	16.0
Number of shares (in millions)				
Weighted average number of shares outstanding	**656.3**	**656.3**	666.6	666.6
Potential dilutive effects related to share-based compensation		**3.0**		2.3
Adjusted weighted average number of shares		**659.3**		668.9
Profit attributable to CG plc shareholders per share (in $)	**0.12**	**0.12**	0.02	0.02

There was no dilutive impact from the Private Incentive Plan (PIP) on the earnings per share for the year ended 31 December 2020 as the shares were settled in full by existing shares held by Reservoir Capital Group.

4.9. Intangible assets and goodwill

In $ millions	Goodwill	Work in progress	Legado rights	Contracts	Permits, licenses and other project development rights	Software and Other	Total
Cost	0.5	–	233.3	–	145.8	34.6	414.2
Accumulated amortization and impairment	–	–	(1.1)	–	(44.3)	(16.1)	(61.6)
Carrying amount as of January 1, 2020	**0.5**	**–**	**232.2**	**–**	**101.5**	**18.4**	**352.6**
Additions	–	–	–	–	2.2	3.5	5.7
Disposals	–	–	–	–	–	–	–
Currency translation differences	0.1	–	–	–	(16.6)	–	(16.5)
Reclassification	–	1.5	–	–	(1.1)	3.8	4.2
Amortization charge	–	–	(13.7)	–	(6.4)	(6.0)	(26.2)
Closing net book amount	**0.6**	**1.5**	**218.4**	**–**	**79.4**	**19.7**	**319.7**
Cost	0.6	1.5	233.3	–	122.8	40.9	399.1
Accumulated amortization and impairment	–	–	(14.9)	–	(43.4)	(21.1)	(79.4)
Carrying amount as of December 31, 2020	**0.6**	**1.5**	**218.4**	**–**	**79.4**	**19.7**	**319.7**
Additions	–	1.4	–	–	14.5	1.6	17.5
Disposals	–	–	–	–	–	–	–
Acquired through business combination[1]	3.5	–	–	31.4	0.3	–	35.2
Assets recognized as held for sale[2]	–	–	–	–	(22.7)	(0.2)	(22.9)
Currency translation differences	–	–	–	–	(4.8)	(0.2)	(5.0)
Reclassification	–	(2.8)	–	–	1.4	1.4	–
Amortization charge	–	–	(13.7)	(8.1)	(13.6)	(3.6)	(39.0)
Closing net book amount	**4.1**	**0.1**	**204.7**	**23.3**	**54.5**	**18.7**	**305.4**
Cost	4.1	0.1	233.3	31.4	89.0	50.3	408.2
Accumulated amortization and impairment	–	–	(28.6)	(8.1)	(34.5)	(31.6)	(102.8)
Carrying amount as of December 31, 2021	**4.1**	**0.1**	**204.7**	**23.3**	**54.5**	**18.7**	**305.4**

1. Assets acquired through business combination relate to our United States of America and Trinidad and Tobago portfolio, detailed in note 3.1.
2. Assets recognized as held for sale relate to our Brazil Hydro portfolio, detailed in note 3.1.

Contracts relate to the fair valuation on acquisition of power purchase agreements in the United States of America, detailed in note 3.1. Contracts are subsequently measured at amortized cost.

Permits, licenses and other project development rights relate to licenses acquired from the initial developers for our wind parks in Peru and Brazil. Legado rights were recognized on acquisition of Mexico CHP.

Amortization included in “cost of sales” in the consolidated statement of income amounted to $35.6 million in the year ended December 31, 2021 (December 31, 2020: $24.2 million) and amortization included in “selling, general and administrative expenses” amount to $3.4 million in the year ended December 31, 2021 (December 31, 2020: $2.0 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

4.10. Property, plant and equipment

The power plant assets predominantly relate to wind farms, natural gas plants, fuel oil or diesel plants, coal plants, hydro plants, solar plants, asset retirement obligations and other buildings.

Other assets mainly include IT equipment, furniture and fixtures, facility equipment and vehicles, and project development costs.

Assets acquired through business combinations are explained in note 3.1.

Assets held for use in operating leases as a lessor included within Property, Plant and Equipment below are set out in note 4.32.

In $ millions	Land	Power plant assets	Construction work in progress	Right of use of assets	Other	Total
Cost	72.2	5,172.5	76.8	47.6	285.2	5,654.4
Accumulated depreciation and impairment	(0.6)	(1,988.5)	–	(13.1)	(135.0)	(2,137.3)
Carrying amount as of January 1, 2021	**71.6**	**3,184.0**	**76.8**	**34.5**	**150.2**	**3,517.1**
Additions	–	33.7	48.6	3.2	9.2	94.7
Disposals	–	(5.2)	(0.1)	(0.5)	(2.0)	(7.8)
Reclassification	–	114.6	(97.2)	–	(19.4)	(2.0)
Acquired through business combination[1]	14.4	918.3	–	2.8	21.0	956.5
Assets recognized as held for sale[2]	(5.2)	(79.5)	–	(0.1)	(39.1)	(123.9)
Currency translation differences	(4.8)	(135.7)	2.2	(1.8)	(8.9)	(149.0)
Depreciation charge	(0.1)	(339.7)	–	(5.7)	(14.7)	(360.1)
Closing net book amount	**75.9**	**3,690.5**	**30.3**	**32.4**	**96.3**	**3,925.4**
Cost	76.7	5,842.0	30.3	50.1	198.8	6,197.9
Accumulated depreciation and impairment	(0.8)	(2,151.5)	–	(17.7)	(102.5)	(2,272.5)
Carrying amount as of December 31, 2021	**75.9**	**3,690.5**	**30.3**	**32.4**	**96.3**	**3,925.4**

1. Assets acquired through business combination relate to our United States of America and Trinidad and Tobago and Solar Italy portfolios detailed in note 3.1.
2. Assets recognized as held for sale relate to our Brazil Hydro portfolio, detailed in note 3.1.

Construction work in progress as of December 31, 2021 predominantly relates to our ongoing Austria Wind repowering project, Vorotan refurbishment project, and projects at Maritsa. Reclassification from Construction work in progress to Power plant assets primarily relates to completed phases of the Vorotan refurbishment project ($56.9 million), Austria Wind repowering project ($13.8 million) and projects at Maritsa ($12.1 million).

As of December 31, 2021, the Other category mainly related to $53.6 million of instruments and tools, $22.2 million of critical spare parts.

Depreciation included in “cost of sales” in the consolidated statement of income amounted to $357.5 million in the year ended December 31, 2021 (December 31, 2020: $282.0 million) and depreciation included in “selling, general and administrative expenses” amount to $2.7 million in the year ended December 31, 2021 (December 31, 2020: $3.3 million).

In the year ended December 31, 2021, the Group capitalized $2.8 million of borrowing costs in relation to project financing.

In $ millions	Land	Power plant assets	Construction work in progress	Right of use of assets	Other	Total
Cost	68.6	5,187.1	61.5	43.7	325.8	5,686.7
Accumulated depreciation and impairment	(0.5)	(1,736.7)	–	(8.3)	(131.4)	(1,876.9)
Carrying amount as of January 1, 2020	**68.1**	**3,450.5**	**61.5**	**35.4**	**194.4**	**3,809.8**
Restatement for finalization of fair values on acquisition[1]	–	(37.5)	–	–	–	(37.5)
Carrying amount as of January 1, 2020 (restated)	**68.1**	**3,413.0**	**61.5**	**35.4**	**194.4**	**3,772.3**
Additions	–	17.4	59.3	4.2	9.8	90.6
Disposals	–	(5.8)	(4.6)	(1.1)	–	(11.5)
Reclassification[2,3]	–	42.7	(36.9)	–	(30.7)	(24.9)
Currency translation differences	3.6	(20.1)	(2.4)	2.0	(7.2)	(24.1)
Depreciation charge	(0.1)	(263.1)	–	(6.0)	(16.1)	(285.3)
Closing net book amount	**71.6**	**3,184.1**	**76.8**	**34.5**	**150.2**	**3,517.1**
Cost	72.2	5,172.5	76.8	47.6	285.2	5,654.4
Accumulated depreciation and impairment	(0.6)	(1,988.5)	–	(13.1)	(135.0)	(2,137.3)
Carrying amount as of December 31, 2020	**71.6**	**3,184.0**	**76.8**	**34.5**	**150.2**	**3,517.1**

1. IFRS 3 remeasurement adjustment on assets acquired through business combination relate to our Mexican CHP portfolio.
2. Mainly relates to project development costs in Kosovo of €19.7 million ($22.5 million). Given the termination of the Kosovo project agreements in May 2020, the recoverable costs have been de-recognized from Property, plant and equipment and recognized as a contract asset arising from a revenue arrangement presented in line with IFRS 15 in Other non current assets.
3. Reclassification includes previous year's non-material reallocations between asset categories to reflect current positions.

Construction work in progress as of December 31, 2020 predominantly related to our Vorotan refurbishment project, our Austria Wind project repowering, our Mexico CHP and our Maritsa plants.

As of December 31, 2020, the Other category mainly related to $62.1 million of instruments and tools, $48.7 million of facility equipment, $29.7 million of assets retirement obligations.

Depreciation included in "cost of sales" in the consolidated statement of income amounted to $282.0 million in the year ended December 31, 2020 and depreciation included in "selling, general and administrative expenses" amounted to $3.3 million in the year ended December 31, 2020.

In the year ended December 31, 2020, the Group capitalized $1.1 million of borrowing costs in relation to project financing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

4.11. Financial and contract assets

In $ millions	December 31 2021	December 31 2020
Contract assets - Concession arrangements[1]	**378.0**	416.5
Finance lease receivables[2]	**9.9**	15.2
Other	**14.9**	6.6
Total financial and contract assets	**402.8**	438.3
Total financial and contract assets non-current portion	**370.5**	408.3
Total financial and contract assets current portion	**32.3**	30.0

1. The Group operates plants in Togo, Rwanda and Senegal which are in the scope of the financial model of IFRIC 12 ‘Service Concession Arrangements’.

Our Rwanda power plant consists of the development, construction and operation of Gas Extraction Facilities (“GEF”) and an associated power plant. The GEF is used to extract methane and biogas from the depths of Lake Kivu in Rwanda and deliver the gas via submerged gas transport pipelines to shore-based power production facilities totaling 26 MW of gross capacity. The PPA runs for 25 years starting on the commercial operation date and ending in 2040, date when the GEF along with all equipment necessary for the operation of the plant, will be transferred to the Republic of Rwanda.

Our Togo power plant was commissioned in 2010 and is operated under a power purchase agreement with a unique offtaker, Compagnie Energie Electrique du Togo (“CEET”) which has an average remaining contract life of approximately 13.8 years as of December 31, 2021 (December 31, 2020: 14.8 years). At expiration, the Togo plant, along with all equipment necessary for the operation of the plant, will be transferred to the Republic of Togo. This arrangement is accounted for as a concession arrangement and the value of the asset is recorded as a financial asset. The all-in base capacity tariff under the Togo power purchase agreement is adjusted annually for a combination of US$, Euro and local consumer price index related to the cost structure.

Our Cap des Biches power plant in Senegal consists of the development, construction and operation of five engines with a flexi-cycle system technology based on waste heat recovery totaling about 86MW. A PPA integrating all the Cap des Biches requirements and agreements on price was signed for 20 years starting on the commercial operation date of the project and ending in 2036, the date when the power plant along with all equipment necessary for the operation of the plant, will be transferred to the Republic of Senegal.

2. Relates to finance leases where the Group acts as a lessor, and includes our Saint Martin plant in the French Territory. Saint Martin has an average remaining contract life of approximately 1.3 years as of December 31, 2021 (December 31, 2020: 2.3 years).

No losses from impairment of contracted concessional assets and finance lease receivables in the above projects were recorded during the years ended December 31, 2021 and 2020.

Net cash inflows generated by the financial assets under concession agreements amounted to $66.8 million as of December 31, 2021 (December 31, 2020: $70.6 million).

4.12. Investments in associates

Set out below are the associates of the Group as of December 31, 2021:

Operational plant		Country of incorporation	Ownership interests 2021	Ownership interests 2020	Date of acquisition
Sochagota	Associate	Colombia	49.0%	49.0%	2006 and 2010
Termoemcali	Associate	Colombia	37.4%	37.4%	2010
Evacuacion Villanueva del Rey, S.L.	Associate	Spain	39.9%	39.9%	2018

Set out below is the summarized financial information for the investments which are accounted for using the equity method (presented at 100%):

In $ millions	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Net income
Year ended December 31, 2020						
Sochagota	79.1	33.8	22.9	35.8	93.7	16.4
Termoemcali	24.4	48.4	17.0	35.9	27.8	11.5
Evacuacion Villanueva del Rey, S.L.	0.1	3.0	0.2	2.9	0.3	–
Year ended December 31, 2021						
Sochagota	**76.1**	**28.6**	**27.2**	**21.0**	**101.9**	**25.4**
Termoemcali	**21.2**	**49.3**	**16.2**	**26.7**	**29.9**	**10.1**
Evacuacion Villanueva del Rey, S.L.	**0.1**	**2.6**	**0.2**	**2.5**	**0.3**	**-**

The reconciliation of the investments in associates for each year is as follows:

In $ millions	**2021**	2020
Balance as of January 1,	**29.5**	26.6
Share of profit	**16.2**	12.3
Dividends	**(8.3)**	(7.8)
Other	**(3.9)**	(1.6)
Balance as of December 31,	**33.5**	29.5

4.13. Management of financial risk

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Interest rate risk

Interest rate risk arises primarily from our long-term borrowings. Interest cash flow risk arises from borrowings issued at variable rates, partially offset by cash held at variable rates. Typically, for any new investments the Group hedges variable interest risk on newly issued debt in a range of 75% to 100% of the nominal debt value. Interest rate risk is managed on an asset by asset basis through entering into interest rate swap agreements, entered into with commercial banks and other institutions. The interest rate swaps qualify as cash flow hedges. Their duration usually matches the duration of the debt instruments. Approximately 10.2% of the Group's existing external debt obligations (excluding Brazil Hydro debt reclassified as held for sale) carry variable interest rates in 2021 (2020: 11.5%) (after taking into account the effect of interest rate swaps).

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. To hedge interest rate exposures, the Group enters into interest rate swaps and cross currency swaps that have similar critical terms to the hedged items, such as the notional amounts, payment dates, reference rate and maturities. The group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of outstanding loans up to the notional amount of the swaps. As all critical terms match, there is an economic relationship and the hedge ratio is established as 1:1. The Group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

The main sources of hedge ineffectiveness in these hedging relationships is the effect of the counterparty and the Group's own credit risk on the fair value of the interest rate swap and cross currency swap contracts, which are not reflected in the fair value of the hedged item attributable to changes in underlying rates, and the risk of over-hedging where the hedge relationship requires re-balancing. No other material sources of ineffectiveness emerged from these hedging relationships. Any hedge ineffectiveness is recognized immediately in the income statement in the period that it occurs.

The following table presents a reconciliation by risk category of the cash-flow hedge reserve and analysis of other comprehensive income in relation to hedge accounting:

In $ millions	Years ended December 31 **2021**	2020
Brought forward cash-flow hedge reserve	**(127.5)**	(86.0)
Interest rate and cross currency swap contracts:		
Net fair value gain/(loss) on effective hedges	**62.0**	(40.8)
Amounts reclassified to Net finance cost	**(7.2)**	(0.7)
Carried forward cash-flow hedge reserve[1]	**(72.7)**	(127.5)

1. The above table show pre-tax cash flow hedge positions, including non-controlling interest. The amounts on the balance sheet include $17.0 million deferred tax (2020: $31.4 million).

The debit value adjustment on the interest rate swaps and cross currency swaps in the interest rate hedge amounts to $1.9 million (2020: $3.7 million). These amounts are recognized on the financial statements against the fair value of derivative (note 4.14). Aside from the IFRS 13 credit/debit risk adjustment, cash-flow hedges generated immaterial ineffectiveness in 2021 which was recognized in the income statement through finance costs.

The following tables set out information regarding the cumulative change in value of the hedged item used in calculating hedge ineffectiveness as well as the impacts on the cash-flow hedge reserve:

In $ millions

Hedged item	Hedged exposure	Hedging instrument	Change in value of hedged item for calculating ineffectiveness	Change in value of hedging instrument for calculating ineffectiveness
As of December 31, 2020				
Cash flows payable on a proportion of borrowings	Interest rate risk	Interest rate swaps	113.0	(113.0)
Cash flows payable on a proportion of borrowings	Interest rate risk and foreign currency risk	Cross currency swaps	14.5	(14.5)
As of December 31, 2021				
Cash flows payable on a proportion of borrowings	Interest rate risk	Interest rate swaps	65.6	(65.6)
Cash flows payable on a proportion of borrowings	Interest rate risk and foreign currency risk	Cross currency swaps	7.1	(7.1)

Hedged cash flows are contractual such that the maturity dates on the interest rate swaps are aligned to the hedged item, except for hedged cash flows on $475.4 million principal, with a swap maturing in 2031, in relation to CHP assets in Mexico that are subject to refinancing after 2026. Refinancing for an additional five years to match the term of the swap is considered highly probable since the Group will continue to maintain significant levels of US$ debt in relation to the CHP assets in Mexico through to 2031.

These agreements involve the receipt of variable payments in exchange for fixed payments over the term of the agreements without the exchange of the underlying principal amounts. The main interest rate exposure for the Group relates to the floating rates with the TJLP, EURIBOR and LIBOR which are not hedged through interest rate swaps (refer to note 4.24). A change of 0.5% of those floating rates would result in an increase in interest expenses by $2.1 million in the year ended December 31, 2021 (2020: $2.8 million).

The replacement of benchmark interest rates such as LIBOR and other interbank offered rates (IBORs) is ongoing globally. At the end of 2021, the polled publication of JPY, CHF and GBP LIBORs ceased, while certain USD LIBORs (overnight, 1-, 3-, 6- and 12-month tenors) polled publication will likely continue until June 2023 (if current regulatory plans do not change). Issuance of new floating-rate loans referencing USD LIBOR are no longer permitted after the end of 2021, and new LIBOR-based swaps traded after 2021 are only permitted if they demonstrably reduce an entity's LIBOR-based risk. The European Central Bank ("ECB") has disclosed no plans for the elimination of EURIBORs, and they will remain in existence (unless the ECB decides otherwise) alongside the ECB's new overnight index ESTR (Euro short-term rate).

The Group has borrowings and IFRS 9 designated hedge relationships that are impacted by IBOR reform including interest rate swap contracts and a cross currency swap that qualify as cash-flow hedges, used to hedge a proportion of our external borrowings. These swaps reference six-month EURIBOR, three-month USD LIBOR and six-month USD LIBOR. None of these borrowings or derivatives have transitioned to alternative rates to date.

In $ millions

	Measurement basis	Assets carrying value 31 December 2021	Liabilities carrying value 31 December 2021	Notional
Borrowings nominal outstanding - EURIBOR	Amortized cost	–	593.6	
Borrowings nominal outstanding - USD LIBOR	Amortized cost	–	885.5	
Derivatives – EURIBOR	Cash flow hedge	2.3	2.8	452.3
Derivatives – USD LIBOR	Cash flow hedge	1.4	71.6	778.9

The risk for the Group regarding this transition is ensuring that the alternative rates are consistent between borrowings and derivatives so that the hedging relationships remain effective in managing interest rate exposure. The Group is managing this risk by ongoing engagement with the counterparties to our borrowings and derivatives regarding the proposed transition.

Foreign currency risk

Foreign exchange risk arises from various currency exposures, primarily with respect to the Euro, Brazilian Real and Bulgarian Lev (which is pegged to the Euro). Currency risk comprises (i) transaction risk arising in the ordinary course of business, including certain financial debt denominated in a currency other than the currency of the operations; (ii) transaction risk linked to investments or mergers and acquisitions; and (iii) translation risk arising on the consolidation in US dollars of the consolidated financial statements of subsidiaries with a functional currency other than the US dollar.

To mitigate foreign exchange risk, (i) most revenues and operating costs incurred in the countries where the Group operates are denominated in the functional currency of the project company, (ii) the external financial debt is mostly denominated in the currency that matches the currency of the revenue expected to be generated from the benefiting project, thereby reducing currency risk, and (iii) the Group enters into various foreign currency sale / forward and / or option transactions at a corporate level to hedge against the risk of lower distribution. Typically, the Group hedges its future distributions in Brazil through a combination of forwards and options for any new investment in the country. The analysis of financial debt by currency is presented in note 4.24.

Potential sensitivity on the post-tax profit result for the year linked to financial instruments is as follows:

- if the US dollar had weakened/strengthened by 10% against the Euro, post-tax profit for the year ended December 31, 2021 would have been $0.5 million higher/lower (2020: $4.7 million higher/lower); and
- if the US dollar had weakened/strengthened by 10% against the Brazilian Real, post-tax profit for the year ended December 31, 2021 would have been $0.1 million higher/lower (2020: $0.5 million higher/lower).

The Bulgarian Lev is pegged to the Euro, therefore the Group's exposure to the LEV is consistent with the Euro. The exposure to the Mexican Peso is limited due to the fixed margin swap derivative which fixes the underlying gas price in USD, refer to sensitivity as disclosed in note 4.15. The Group's hedge policy states that the exposure between US Dollar and Euros will not be hedged, as both currencies are considered as more stable currencies.

Commodity and electricity pricing risk

Apart from the Arrubal plant, the Group's current and future cash flows are generally not impacted by changes in the prices of electricity, gas, oil and other fuel prices as most of the Group's non-renewable plants operate under long-term power purchase agreements and fuel purchase agreements and other commercial agreements such as the fixed margin swap arrangement. These agreements generally mitigate against significant fluctuations in cash flows as a result in changes in commodity prices by passing through changes in fuel prices to the offtaker.

In the particular case of the Brazilian hydro power plants, the Group hedges most of its exposure against the change in local electricity price in case of low generation. In such a case, Brazilian hydro power plants may be required to buy electricity on the market.

Credit risk

Credit risk relates to risk arising from customers, suppliers, partners, intermediaries and banks on its operating and financing activities, when such parties are unable to honour their contractual obligations. Credit risk results from a combination of payment risk, delivery risk (failure to deliver services or products) and the risk of replacing contracts in default (known as mark to market exposure – i.e. the cost of replacing the contract in conditions other than those initially agreed). Financial assets are generally considered to be credit impaired when they are past their contractual due date, or in some jurisdictions outside of historical payment timeframes.

The Group analyzes the credit risk for each new client prior to entering into an agreement. In addition, in order to minimize risk, the Group contracts political risk insurance policies from multilateral organizations or commercial insurers which usually provide insurance against government defaults. Such policies cover project companies in Armenia, Bulgaria, Colombia, Rwanda, Togo, Senegal and Kosovo.

Where possible, the Group restricts exposure to any one counterparty by setting credit limits based on the credit quality as defined by Moody's and S&P and by defining the types of financial instruments which may be entered into. The minimum credit ratings the Group generally accepts from banks or financial institutions are BBB- (S&P) and Baa3 (Moody's). For offtakers, where credit ratings are CCC+ or below, the Group generally hedges its counterparty risk by contracting political risk insurance.

If there is no independent rating, the Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

For trade receivables, financial and contract assets, the Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2021 or 31 December 2020 respectively and the corresponding historical credit losses experienced within this period. In this context, the Group has taken into account available information on past events (such as customer payment behavior), current conditions and forward-looking factors that might impact the credit risk of the Group's debtors.

Trade receivables can be due from a single customer or a few customers who will purchase all or a significant portion of a power plant's output under long-term power purchase agreements. This customer concentration may impact the Group's overall exposure to credit risk, either positively or negatively, in that the customers may be affected by changes in economic, industry or other conditions.

Ageing of trade receivables – net are analyzed below:

	December 31	
In $ millions	**2021**	2020
Trade receivables not overdue	**65.7**	68.9
Past due up to 90 days	**19.0**	17.3
Past due between 90 - 180 days	**0.3**	2.1
Past due over 180 days	**18.4**	19.7
Total trade receivables	**103.4**	108.0

As of December 31, 2021, $30.8 million (December 31, 2020: $31.1 million) of trade receivables were outstanding in connection with our Bulgarian power plant, Maritsa East 3. The trade receivables include around €17.3 million ($19.6 million) as of December 31, 2021 to be received from NEK that the Group considers recoverable under the terms of the PPA-signed contract amendments and the tribunal award in an ad hoc arbitration under the arbitration rules of the United Nations Commission on International Trade Law (UNCITRAL) between Maritsa and its offtaker NEK in relation to environmental capex reimbursement in February 2022.

The trade receivables include an expected credit loss of $3.3 million (December 31, 2020: $3.1 million) on the Past due over 180 days category with an increase in allowance recognized in profit and loss of $2.6 million in 2021, (December 31, 2020: $0.4 million).

There were immaterial credit losses and no overdue balances identified on financial and contract assets.

The Group deems the associated credit risk of the trade receivables not overdue to be suitably low.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Liquidity risk

Liquidity risk arises from the possibility of the Group not being able to meet its obligations. The Group mainly relies on long-term debt obligations to fund its acquisitions and construction activities with Corporate bonds issued in the corporate Luxembourg holdcos and project financing arrangements at the assets level. All significant asset level long-term financing arrangements are supported locally and covered by the cash flows expected from the power plants when operational. The Group has, to the extent available at acceptable terms, utilized non-recourse debt to fund a significant portion of the capital expenditures and investments required to construct and acquire its electric power plants and related assets.

A rolling cash flow forecast of the Group's liquidity requirements is prepared to confirm sufficient cash is available to meet operational needs and to comply with borrowing limits or covenants. Such forecasting takes into consideration the future debt financing strategy, covenant compliance, compliance with internal statement of financial position ratio targets and, if applicable external regulatory or legal requirements – for example, cash restrictions.

The subsidiaries are separate and distinct legal entities and, unless they have expressly guaranteed any of the holding company indebtedness, have no obligation, contingent or otherwise, to pay any amounts due pursuant to such debt or to make any funds available whether by dividends, fees, loans or other payments.

Some of the Group's subsidiaries have given guarantees on the credit facilities and outstanding debt securities of certain holding companies in the Group.

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date:

In $ millions	Less than 1 year	Between 1 and 5 years	Over 5 years	**Total**
Year ended December 31, 2020	1,429.0	1,576.9	2,667.2	**5,673.1**
Borrowings[1]	899.7	1,379.6	2,592.5	**4,871.8**
Trade and other payables	333.7	–	–	**333.7**
Derivative financial instruments	41.0	106.2	44.8	**192.0**
IFRS 16 lease liabilities	4.3	17.2	11.4	**32.9**
Other current liabilities[3]	150.3	–	–	**150.3**
Other non current liabilities[3]	–	73.9	18.5	**92.4**
Year ended December 31, 2021	1,107.2	2,303.1	1,776.2	**5,186.5**
Borrowings[2]	349.1	2,132.8	1,710.3	**4,192.2**
Trade and other payables	597.0	–	–	**597.0**
Derivative financial instruments	26.3	43.7	27.8	**97.8**
IFRS 16 lease liabilities	3.9	15.8	10.4	**30.2**
Other current liabilities[3]	130.8	–	–	**130.8**
Other non current liabilities[3]	–	110.8	27.7	**138.5**

1. Borrowings represent the outstanding nominal amount (note 4.24). Short-term debt of $899.7 million as of December 31, 2020 related to the short-term portion of long-term financing that matured within the next 12 months, that was repaid using cash on hand and cash received from operations.
2. Borrowings represent the outstanding nominal amount (note 4.24). Short-term debt of $349.1 million as of December 31, 2021 relates to the short-term portion of long-term financing that matures within the next 12 months, that we expect to repay using cash on hand and cash received from operations.
3. Other current liabilities and Other non current liabilities as presented in notes 4.29 and 4.25 respectively excludes IFRS 16 lease liabilities and has been updated to exclude taxes payable and deferred revenue.

The table below analyzes the Group's forecasted interest to be paid into relevant maturity groupings based on the interest's maturity date:

Year ended December 31, 2020

In $ millions	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Forecast interest expense to be paid	196.0	634.3	444.6	1,274.9

Year ended December 31, 2021

In $ millions	**Less than 1 year**	**Between 1 and 5 years**	**Over 5 years**	**Total**
Forecast interest expense to be paid	**176.0**	**533.6**	**339.6**	**1,049.2**

The Group's forecasts and projections, taking into account reasonably possible changes in operating performance, indicate that the Group has sufficient financial resources, together with assets that are expected to generate free cash flow to the Group. As a consequence, the Group has a reasonable expectation to be well placed to manage its business risks and to continue in operational existence for the foreseeable future (at least for the 12 month period from the approval date of these financial statements). Accordingly, the Group continues to adopt the going concern basis in preparing the consolidated financial statements.

Capital risk management

The Company considers its capital and reserves attributable to equity shareholders to be the Company's capital.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern while providing adequate returns for shareholders and benefits for other stakeholders and to maintain a capital structure to optimize the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, sell assets to reduce debt or implement a share buyback program (note 4.22). It may also increase debt provided that the funded venture provides adequate returns so that the overall capital structure remains supportable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

4.14. Derivative financial instruments

The Group uses interest rate swaps to manage its exposure to interest rate movements on borrowings, foreign exchange forward contracts and option contracts to mitigate currency risk, a financial swap in our Mexican CHP business to protect power purchase agreements and cross currency swap contracts in the Cap des Biches project in Senegal to manage both currency and interest rate risks. The fair value of derivative financial instruments are as follows:

	December 31, 2021		December 31, 2020	
In $ millions	Assets	Liabilities	Assets	Liabilities
Interest rate swaps – Cash flow hedge[1]	3.7	63.3	–	120.9
Cross currency swaps – Cash flow hedge[2]	–	11.1	–	26.2
Foreign exchange forward contracts – Trading[3]	0.8	–	–	0.6
Option contracts – not in hedge relationships[4]	-	–	1.5	1.6
Financial swap on commodity[5]	0.6	–	–	0.1
Fixed margin swap[6]	–	23.4	–	42.6
Other[7]	10.8	–	–	–
Total	**16.0**	**97.8**	**1.5**	**192.0**
Less non-current portion:				
Interest rate swaps – Cash flow hedge	3.7	45.5	–	92.7
Cross currency swaps – Cash flow hedge	–	10.1	–	24.2
Foreign exchange forward contracts – Trading	0.1	–	–	0.1
Option contracts – not in hedge relationships	–	–	1.1	–
Financial swap on commodity	0.3	–	–	0.1
Fixed margin swap	–	15.8	–	33.9
Other	5.8		–	–
Total non-current portion	**9.9**	**71.5**	**1.1**	**151.0**
Current portion	**6.1**	**26.3**	**0.4**	**41.0**

1. Interest rate swaps are used to hedge floating rate borrowings such that in effect the Group will be paying interest at a fixed rate. The fair value of the interest rate swaps mostly relate to contracts in Mexico for $51.2 million (December 31, 2020: $83.4 million) maturing in November 2031 and in Armenia for $10.2 million (December 31, 2020: $16.8 million) maturing in November 2034. Interest rate swaps are hedge accounted and as a result changes in fair value are recognized in other comprehensive income.
2. In 2015, the Group entered into cross currency swaps in our Cap des Biches project in Senegal. The fair value of the instruments as of December 31, 2021 amounts to $11.6 million (December 31, 2020: $27.4 million) maturing in July 2033. Credit value adjustment amounts to $0.5 million as of December 31, 2021 (December 31, 2020: $1.2 million). Currency swaps are hedge accounted and as a result changes in fair value are recognized in other comprehensive income.
3. The Group has executed a series of offsets to protect the value, in USD terms, of the BRL-denominated expected distributions from the Brazilian portfolio. The BRL-denominated distributions have been hedged using forward exchange contracts with a fair value of asset $0.8 million and maturity between March 2022 and January 2024 (December 31, 2020: liability $0.1 million). The COP-denominated distributions were economically hedged in 2020 using a forward which was closed in January 2021 (December 31, 2020: liability $0.5 million). Hedge accounting is not applied to BRL/USD and COP/USD foreign exchange forward contracts, as a result changes in fair value are recognized in the consolidated statement of income.
4. The Group executed a series of offsets to protect the value, in USD terms, of the BRL-denominated expected distributions from the Brazilian portfolio and the MXN-denominated expected distributions from the Mexican portfolio. The distributions were protected in 2020 against material depreciation of the BRL using option contracts in place (December 31, 2020: $1.6 million). The MXN-denominated distributions were protected in 2020 against material depreciation of the MXN using an option contract in place (December 31, 2020: asset $0.4 million maturing in November 2021). The Group entered in 2020 into an option to protect the Group against changes in interest rates for our financing projects. This contract was terminated in 2021 (December 31, 2020: asset $1.1 million).
5. The Group entered into a financial swap related to our Mexican CHP business to protect one purchase power agreement against the variations of the natural gas price maturing in April 2024.
6. CHP Mexico entered into fixed margin swap agreements with the seller's affiliates in order to protect certain power purchase agreements against variations in the CFE tariffs (electricity prices). The cash flows hedged amount to around $40 million of annual revenue over the next 8 years.
7. Contract derivative recognized on acquisition of Western Generation in 2021.

The notional principal amount of derivative financial instruments:

- the outstanding interest rate swap contracts and cross currency swap qualified as cash-flow hedge amounted to $1,231.2 million as of December 31, 2021 (December 31, 2020: $1,213.4 million), bearing interest ranging between 0.15% and 4.58% as of December 31, 2021 (December 31, 2020: 0.16% and 5.07%);
- the outstanding foreign exchange forward and option contracts amounted to $16.5 million as of December 31, 2021 (December 31, 2020: $161.8 million). In 2020, the outstanding option allowing the possibility to enter into an underlying swap

with the objective to protect the Group against changes in interest rates on our financing projects amounted to $200.0 million. This contract was cancelled in 2021 (December 31, 2020: asset $1.1 million); and

- the commodity swap (gas) relates to one PPA in our Mexican CHP amounted to $2.1 million as of December 31, 2021 (December 31, 2020: $3.0 million).

The Group recognized in Net Finance costs a gain in respect of changes in fair value of derivatives listed above of $21.7 million in the 12 months ended December 31, 2021 (December 31, 2020: profit $61.7 million) and a gain of $2.4 million in the 12 months ended December 31, 2021 in relation to settled positions (December 31, 2020: profit of $8.8 million).

4.15. Fair value measurements

Fair value measurements of financial instruments are presented through the use of a three-level fair value hierarchy that prioritizes the valuation techniques used in fair value calculations. The Group's policy is to recognize transfers into and out of fair value hierarchy levels as at the end of the reporting period.

The levels in the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

There were no transfers between fair value measurement levels between December 31, 2021 and 2020.

When measuring our interest rate, cross currency swaps and foreign exchange forward and option contracts at fair value on a recurring basis at both December 31, 2021 and December 31, 2020, we have measured these at level 2 in the fair value hierarchy with the exception of the fixed margin swap and contract derivative which are level 3. The fair value of those financial instruments is determined by using valuation techniques. These valuations techniques maximize the use of observable data where it is available and rely as little as possible on entity specific estimates.

The Group uses a market approach as part of it's available valuation techniques to determine the fair value of derivatives. The market approach uses prices and other relevant information generated from market transactions.

The Group's finance department performs valuation of financial assets and liabilities required for financial reporting purposes as categorized at levels 2 and 3. The Group's only derivatives are interest rate swaps, foreign exchange forward contracts, option contracts, commodity swap contract, fixed margin swap in our Mexican CHP business, contract derivative recognized on acquisition of Western Generation and cross currency swap contracts in our Cap des Biches project in Senegal.

The change in the fair value of the fixed margin swap since December 31, 2020 of $19.2 million is driven by the movement of market inputs, in particular the natural gas price, accounting for $20.2 million of the total variance.

The sensitivity calculations on the CHP Mexico fixed margin swap liability show that (i) for an increase/decrease of 5% in the USD/MXN exchange rate, the fixed margin swap liability would decrease/increase by $7.1 million (December 31, 2020: increase/decrease by $10.9 million), (ii) for an increase/decrease of 5% in the natural gas cost, the fixed margin swap liability will decrease/increase by $4.1 million (December 31, 2020: decrease/increase by $5.7 million), (iii) for an increase/decrease of 25% in discount rates, the fixed margin swap liability will decrease/increase by $0.9 million (December 31, 2020: decrease/increase by $1.3 million), and (iv) and for an increase/decrease of 5% in the CFE tariff, the fixed margin swap liability will increase/decrease by $8.8 million (December 31, 2020: increase/decrease by $13.7 million). For the other level 3 derivative, the contract derivative recognized on acquisition of Western Generation, there are no reasonably possible sensitivities that could have a material impact.

Money market funds (see note 4.16) comprise investment in funds that are subject to an insignificant risk of changes in fair value. The fair value of money market funds is calculated by multiplying the net asset value per share by the investment held at the balance sheet date, we have measured these at level 2 in the fair value hierarchy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

4.16. Financial instruments by category

In $ millions	Financial asset category			
As at December 31, 2020	Financial assets at amortized costs	Assets at fair value through profit and loss	Derivative used for hedging	Total net book value per balance sheet
Derivative financial instruments	–	1.5	–	1.5
Financial and contract assets	438.3	–	–	438.3
Trade and other receivables[1]	228.0	–	–	228.0
Other non-current assets[1]	41.1	–	–	41.1
Cash and cash equivalents[2]	385.0	1,011.9	–	1,396.9
Total	**1,092.4**	**1,013.4**	**–**	**2,105.8**

In $ millions	Financial asset category			
As at December 31, 2021	Financial assets at amortized costs	Assets at fair value through profit and loss	Derivative used for hedging	Total net book value per balance sheet
Derivative financial instruments	–	0.8	15.2	16.0
Financial and contract assets	402.7	–	–	402.7
Trade and other receivables[1]	264.2	–	–	264.2
Other current assets	30.9	–	–	30.9
Other non-current assets[1]	52.6	–	–	52.6
Cash and cash equivalents	369.1	–	–	369.1
Total	**1,119.5**	**0.8**	**15.2**	**1,135.5**

In $ millions	Financial liability category			
As at December 31, 2020	Liabilities at fair value through profit and loss	Other financial liabilities at amortized cost	Derivative used for hedging	Total net book value per balance sheet
Borrowings	–	4,830.3	–	4,830.3
Derivative financial instruments	44.8	–	147.2	192.0
Trade and other payables	–	333.7	–	333.7
Other current liabilities[1]	–	154.6	–	154.6
Other non current liabilities	–	124.9	–	124.9
Total	**44.8**	**5,443.5**	**147.2**	**5,635.5**

In $ millions	Financial liability category			
As at December 31, 2021	Liabilities at fair value through profit and loss	Other financial liabilities at amortized cost	Derivative used for hedging	Total net book value per balance sheet
Borrowings	–	4,176.1	–	4,176.1
Derivative financial instruments	23.4	–	74.4	97.8
Trade and other payables	–	597.0	–	597.0
Other current liabilities[1]	–	134.8	–	134.8
Other non current liabilities	–	164.7	–	164.7
Total	**23.4**	**5,072.6**	**74.4**	**5,170.4**

1. These balances exclude receivables and payables balances in relation to taxes and deferred revenue balance. Refer to note 4.19 for further details regarding Trade and other receivables. Other non-current assets is disclosed in note 4.17 and excludes Vorotan VAT receivable amounting to $2.6 million. Refer to note 4.28 for further detailed of Trade and other payables. Other current liabilities is disclosed in note 4.29 and excludes deferred revenue amounting $6.4 million. Other non-current liabilities is disclosed in note 4.25 and excludes deferred revenue amounting to $3.3 million.
2. These balances include money market funds, which comprise investment in funds that are subject to an insignificant risk of changes in fair value. The comparative figure has been adjusted to include in the fair value through profit and loss cash balances that were held in money market funds and reclassify the remaining cash balances of $385 million to amortized cost.

4.17. Other non-current assets

In $ millions	December 31 2021	2020
Kosovo receivables[1]	**22.4**	24.1
Advance to supplier[2]	**–**	1.4
Other	**32.7**	17.0
Total other non-current assets	**55.1**	42.5

1. Mainly relates to project development costs in Kosovo. The recoverability of the contract asset has been assessed under IFRS 9 and in the context of the arbitration disclosed in note 2.4.
2. Advance payment to supplier related to Vorotan EPC (engineering, procurement and construction) contract as part of the refurbishment program. This program ended in 2021.

4.18. Inventories

In $ millions	December 31 2021	2020
Emission allowance	**404.8**	165.8
Spare parts	**55.5**	54.6
Fuel	**14.2**	14.8
Other	**15.7**	17.0
Total	**490.2**	252.2
Provision	**(4.5)**	(4.8)
Total inventories	**485.7**	247.4

Increase in inventories mainly relates to our Maritsa plant and the increase in emission allowances during the year.

4.19. Trade and other receivables

In $ millions	December 31 2021	2020
Trade receivables - gross	**106.8**	111.0
Accrued revenue (unbilled)	**152.6**	113.1
Provision for impairment of trade receivables	**(3.4)**	(3.1)
Trade receivables - net	**256.0**	221.0
Other tax receivable	**34.9**	36.0
Other receivables	**8.1**	7.0
Trade and other receivables	**299.1**	264.0

All trade and other receivables are short term and the net carrying value of trade receivables is considered a reasonable approximation of the fair value. The ageing of trade receivables – net is presented in note 4.13.

All trade and other receivables are pledged as security in relation with the Group's project financing.

4.20. Other current assets

In $ millions	December 31 2021	2020
Prepaid expenses	**19.7**	17.4
Advances to suppliers	**4.2**	7.9
Other[1]	**36.5**	9.8
Other current assets	**60.4**	35.1

1. Primarily corresponds to deposits in our Arrubal and Mexico CHP plants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

4.21. Cash and cash equivalents

Certain restrictions on our cash and cash equivalents have been primarily imposed by financing agreements or long term obligations. They mainly include short-term security deposits kept as collateral and debt service reserves that cover short-term repayments and which meet the definition of cash and cash equivalents. Money market funds comprise investments in funds that are subject to an insignificant risk of changes in fair value. 77.1% of our cash and cash equivalents as of December 31, 2021 is pledged as security in relation with the Group's project financings (December 31, 2020: 22.0%); cash and cash equivalents includes $81.8 million as of December 31, 2021 (December 31, 2020: $117.3 million) of cash balances relating to debt service reserves required by project finance agreements and $nil in money market funds (December 31, 2020: $1,011.9 million).

4.22. Equity

Issued capital

Issued capital of the Company amounted to $8.9 million as at 31 December 2021, with no changes since the year ended 31 December 2020.

Allotted, authorized, called up and fully paid	Number	Nominal value	£ million	$ million
As at 31 December 2020	670,712,920	0.01	6.7	8.9
As at 31 December 2021	**670,712,920**	**0.01**	**6.7**	**8.9**

During the year the Company paid dividends of $114.5 million (2020: $105.7 million).

	Years ended December 31	
In $ millions	**2021**	2020
Declared during the financial year:		
Final dividend for the year ended 31 December 2019: 3.6901 US cents per share		24.8
Interim dividends for the year ended 31 December 2020: 12.1773 US cents per share		80.9
Final dividend for the year ended 31 December 2020: 4.0591 US cents per share	**26.6**	
Interim dividends for the year ended 31 December 2021: 13.3950 US cents per share	**87.9**	
Total dividends provided for or paid	**114.5**	105.7

Share repurchases

On 1 April 2020 ContourGlobal announced a buyback program of up to £30 million of ContourGlobal plc ordinary shares of £0.01 each ("Shares"), to initially run from 1 April 2020 to 30 June 2020, subsequently extended to 30 September 2020, then further extended to December 31, 2020 and to March 31, 2021.

During the year ended December 31, 2021, the Company repurchased 2,624,774 treasury shares at an average price of 208.4 pence per share for an aggregate amount of £5.5 million ($7.4 million), representing 0.40% of its share capital and used 427,440 shares in respect with the 2018 Long Term Incentive Plan. Since the beginning of the buyback program, the Company repurchased a net amount of 14,572,065 treasury shares, representing 2.17% of its share capital and a cumulative consideration paid of $37.8 million.

4.23. Non-controlling interests

The tables below provide summarized financial information for each subsidiary that has non-controlling interests that are material to the Group.

The amounts disclosed for each subsidiary are before inter-company eliminations.

In $ millions		Year ended December 31, 2020					
Non-controlling interest	CG assets	Acc. NCI	(Loss)/Profit allocated to NCI	Dividends paid to NCI	Distribution paid to NCI	Contribution received from NCI	Proportionate adjusted EBITDA NCI[1]
Electrobras (49%)	Chapadas I (Wind Brazil)	21.5	(2.7)	–	–	3.4	6.6
Electrobras (49%)	Chapadas II (Wind Brazil)	37.3	(1.1)	–	–	–	8.7
NEK (27%)	Maritsa (Bulgaria)	53.3	–	–	18.5[2]	–	32.8
CG Aguila Holdings (20%)	Brazil Hydro and Brazil Solution	13.7	4.5	–	2.6	–	11.5
EIP Energy Infrastructure Holding (49%)	Italy Solar	(4.5)	2.6	–	8.4	–	17.0
EIP Energy Infrastructure Holding (49%)	CSP Spain	20.0	4.1	–	46.2	–	61.9
Energie Burgenland and DH Energie (38%)	Deutsch Haslau (Austria Wind)	6.8	0.1	0.2	0.3	–	1.5
Other		7.2	5.1	5.2	–	–	13.3
Total		**155.3**	**12.6**	**5.4**	**76.0**	**3.4**	**153.3**

1. Represents the non-controlling interest portion included in the Adjusted EBITDA, i.e., the difference between the Adjusted EBITDA and Proportionate adjusted EBITDA.
2. Only reflects the payments of the Debt to NCI in our Maritsa asset disclosed in note 4.25.

In $ millions		**Year ended December 31, 2021**					
Non-controlling interest	CG assets	**Acc. NCI**	**(Loss)/Profit allocated to NCI**	**Dividends paid to NCI**	**Distribution paid to NCI**	**Contribution received from NCI**	**Proportionate adjusted EBITDA NCI[1]**
Electrobras (49%)	Chapadas I (Wind Brazil)	**15.0**	**(5.2)**	**–**	**–**	**–**	**5.2**
Electrobras (49%)	Chapadas II (Wind Brazil)	**32.0**	**(2.8)**	**–**	**–**	**–**	**6.9**
NEK (27%)	Maritsa (Bulgaria)	**53.3**	**–**	**–**	**19.3[2]**	**–**	**34.5**
CG Aguila Holdings (20%)	Brazil Hydro and Brazil Solution	**10.5**	**6.6**	**1.0**	**–**	**–**	**12.3**
EIP Energy Infrastructure Holding (49%)	Italy Solar	**18.1**	**–**	**–**	**15.0**	**17.5**	**17.1**
EIP Energy Infrastructure Holding (49%)	CSP Spain	**17.0**	**(2.0)**	**–**	**55.8**	**–**	**57.6**
Energie Burgenland and DH Energie (38%)	Deutsch Haslau (Austria Wind)	**6.9**	**0.3**	**0.1**	**0.4**	**–**	**1.7**
Other		**8.7**	**4.5**	**2.4**	**8.0**	**–**	**13.9**
Total		**161.5**	**1.4**	**3.5**	**98.5**	**17.5**	**149.2**

1. Represents the non-controlling interest portion included in the Adjusted EBITDA, i.e., the difference between the Adjusted EBITDA and Proportionate adjusted EBITDA.
2. Only reflects the payments of the Debt to NCI in our Maritsa asset disclosed in the note 4.25.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Set out below is summarized financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

In $ millions		Year ended December 31, 2020					
Non-controlling interest	CG assets	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Revenue	Profit or (Loss)
Electrobras (49%)	Chapadas I (Wind Brazil)	151.6	25.8	97.4	37.5	20.1	(5.6)
Electrobras (49%)	Chapadas II (Wind Brazil)	165.1	22.3	80.5	30.4	27.0	(2.3)
NEK (27%)	Maritsa (Bulgaria)	333.1	330.8	99.6	264.4	406.3	58.5
CG Aguila Holdings (20%)	Brazil Hydro and Brazil Solution	212.9	27.7	126.7	55.1	64.2	18.1
EIP Energy Infrastructure Holding (49%)	Italy Solar	225.6	39.4	237.8	30.5	40.7	5.5
EIP Energy Infrastructure Holding (49%)	CSP Spain	1,120.5	77.6	1,087.1	65.9	161.8	8.4
Energie Burgenland and DH Energie (38%)	Deutsch Haslau (Austria Wind)	24.8	3.2	21.1	3.5	4.6	0.3

In $ millions		**Year ended December 31, 2021**					
Non-controlling interest	**CG assets**	**Non-current assets**	**Current assets**	**Non-current liabilities**	**Current liabilities**	**Revenue**	**Profit or (Loss)**
Electrobras (49%)	Chapadas I (Wind Brazil)	**137.0**	**21.0**	**86.5**	**42.2**	**18.5**	**(10.5)**
Electrobras (49%)	Chapadas II (Wind Brazil)	**148.9**	**20.0**	**71.6**	**31.5**	**23.2**	**(5.7)**
NEK (27%)	Maritsa (Bulgaria)	**253.1**	**509.2**	**55.7**	**481.7**	**706.9**	**49.6**
CG Aguila Holdings (20%)	Brazil Hydro and Brazil Solution	**165.8**	**22.3**	**131.1**	**22.1**	**67.1**	**24.9**
EIP Energy Infrastructure Holding (49%)	Italy Solar	**268.6**	**47.5**	**246.5**	**36.8**	**41.2**	**0.1**
EIP Energy Infrastructure Holding (49%)	CSP Spain	**981.0**	**88.3**	**997.2**	**33.1**	**152.9**	**(4.1)**
Energie Burgenland and DH Energie (38%)	Deutsch Haslau (Austria Wind)	**20.8**	**3.3**	**17.1**	**3.4**	**5.1**	**0.8**

In $ millions		Year ended December 31, 2020		
Non-controlling interest	CG assets	Net cash generated by operating activities	Net cash generated by investing activities	Net cash generated by financing activities
Electrobras (49%)	Chapadas I (Wind Brazil)	16.5	(3.6)	(9.5)
Electrobras (49%)	Chapadas II (Wind Brazil)	17.6	(1.9)	(16.1)
NEK (27%)	Maritsa (Bulgaria)	80.2	(11.3)	(79.4)
CG Aguila Holdings (20%)	Brazil Hydro and Brazil Solution	43.6	(4.5)	(38.3)
EIP Energy Infrastructure Holding (49%)	Italy Solar	30.2	(0.4)	(39.7)
EIP Energy Infrastructure Holding (49%)	CSP Spain	115.4	(6.9)	(113.6)
Energie Burgenland and DH Energie (38%)	Deutsch Haslau (Austria Wind)	3.9	–	(4.2)

In $ millions		**Year ended December 31, 2021**		
Non-controlling interest	**CG assets**	**Net cash generated by operating activities**	**Net cash generated by investing activities**	**Net cash generated by financing activities**
Electrobras (49%)	Chapadas I (Wind Brazil)	**16.6**	**(3.2)**	**(15.5)**
Electrobras (49%)	Chapadas II (Wind Brazil)	**16.5**	**(2.8)**	**(14.3)**
NEK (27%)	Maritsa (Bulgaria)	**97.4**	**(11.3)**	**(90.9)**
CG Aguila Holdings (20%)	Brazil Hydro and Brazil Solution	**14.1**	**(17.9)**	**1.4**
EIP Energy Infrastructure Holding (49%)	Italy Solar	**35.8**	**(23.0)**	**(6.1)**
EIP Energy Infrastructure Holding (49%)	CSP Spain	**140.5**	**(4.6)**	**(111.0)**
Energie Burgenland and DH Energie (38%)	Deutsch Haslau (Austria Wind)	**4.0**	**–**	**(4.1)**

Considering the different nature of cash transactions with Non controlling interests (“NCI”), different categories are presented in the Consolidated statement of cash flows:

- Cash distribution to non-controlling interests: only reflects the payments done as payment of the Debt to NCI in our Maritsa asset disclosed in the Note 4.25.
- Dividends paid to NCI: reflects the payments to NCI in the form of dividends payments.
- Transactions with NCI (cash received): reflects the cash received from NCI usually in the form of capital contributions and proceeds from sell down transactions.
- Transactions with NCI (cash paid): reflects the payments/distributions to NCI in a form other than dividends (principally as capital reduction or shareholders’ loans principal and interests repayments).

Transactions with NCI are presented as financing activities in accordance with IAS 7.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

4.24. Borrowings

Certain power plants have financed their electric power generating projects by entering into external financing arrangements which require the pledging of collateral and may include financial covenants as described below. The financing arrangements are generally non-recourse (subject to certain guarantees) and the legal obligation for repayment is limited to the borrowing entity.

The Group's principal borrowings with a nominal outstanding amount of $4,192.2 million in total as of December 31, 2021 (December 31, 2020: $4,871.8 million) primarily relate to the following:

Type of borrowing	Currency	Project Financing	Issue	Maturity	Outstanding nominal amount December 31, 2021 ($ million)	Outstanding nominal amount December 31, 2020 ($ million)	Rate
Corporate bond[1]	EUR	Corporate Indenture	2020	2026 2028	807.5	867.3	2.75%, 3.125%
Corporate bond[1]	EUR	Corporate Indenture	2018	2025	454.9	1,038.4	4.125%
Loan Agreement	USD	Mexican CHP	2019	2026	475.4	508.5	LIBOR +2.5%
Loan Agreement	EUR	Spanish CSP	2018	2026 2038	338.8	392.5	Fixed 5.8% and 6.7%
Loan Agreement	EUR	Spanish CSP	2018	2036	305.2	348.4	3.438%
Loan Agreement[2]	USD	US and Trinidad and Tobago	2007	2033	186.5	–	Fixed 6.6%
Loan agreement	EUR	Solar Italy	2019	2030	181.7	215.5	EURIBOR 6M +1.7%
Project bond	USD	Inka	2014	2034	165.8	173.2	6.0%
Loan Agreement[3]	EUR	Spanish CSP	2021	2028 2034	159.1	152.2	EURIBOR +1.8% Fixed +2.5%
Loan Agreement	USD	Vorotan	2016	2034	116.2	121.5	LIBOR +4.625%
Loan Agreement[4]	USD	French Caribbean	2021	2026	115.3	–	LIBOR + 3.5%
Loan Agreement / Debentures[5]	BRL	Chapada I	2015	2032 2029	103.7	115.5	TJLP + 2.18% / IPCA +8%
Loan Agreement	EUR	Austria Wind	2013 2020	2027 2033	109.6	105.2	EURIBOR 6M + 2.45% and 4.305% / EURIBOR 3M +1.95% and 4.0% / EURIBOR 6M +1.55%
Loan Agreement	USD	Cap des Biches	2015	2033	91.0	96.3	USD-LIBOR BBA (ICE) +3.20%
Loan Agreement	EUR	Maritsa	2006	2023	69.2	109.1	EURIBOR +0.125%
Loan Agreement	USD	Togo	2008	2028	72.3	80.8	7.16% (Weighted average)
Loan Agreement[5]	BRL	Chapada II	2016	2032	72.1	84.8	TJLP +2.18%
Loan Agreement[5 6]	BRL	Asa Branca	2021	2032	58.9	58.5	TJLP +6.25%
Loan Agreement	EUR	Vorotan	2016	2034	51.4	46.1	0.75% -4.12%
Loan Agreement	USD	KivuWatt	2011	2026	47.6	57.2	LIBOR plus 5.50% and mix of fixed rates
Loan Agreement	EUR	Arrubal	2011	2021	–	98.9	4.9%
Other Credit facilities (individually < $50 million)	Various	Various	2012 – 2019	2021 – 2034	210.0	201.9	Mix of fix and variable rates
Total					**4,192.2**	**4,871.8**	

1. Corporate bond issued by ContourGlobal Power Holdings S.A. in July 2018 for €750 million dual-tranche, includes €450 million bearing a fixed interest rate of 3.375% maturing in 2023 and €300 million bearing a fixed interest rate of 4.125% maturing in 2025. In July 2019, a new €100 million corporate bond tab was added to the €300 million tranche bearing the same fixed interest rate of 4.125% maturing also in 2025. On December 17, 2020 two new Corporate bonds were issued by ContourGlobal Power Holdings S.A. for €410 million aggregate principal amount of 2.75% senior secured notes due in 2026 and €300 million aggregate principal amount of 3.125% senior secured notes due in 2028. On January 6, 2021 the Group redeemed the €450 million ($549.7 million) aggregate principal amount of its 3.375% senior secured notes due 2023.
2. On February 18, 2021, the Group acquired a Thermal portfolio in the United States of America and Trinidad and Tobago representing a total of 1,502 MW. The legal entity Lea Power acquired as per this transaction issued 6.595% Senior Secured Notes under an indenture dated July 24, 2007 which are due to mature in June 2033.

3. On May 14, 2021, Termosolar Alvarado entered into a €161.6 million ($195.2 million) facilities agreement with Unicredit Bank AG, Banco De Crédito Social Cooperativo, S.A., Rivage Euro Debt Infrastructure 3, Rivage Richelieu 1 Fcp, L7 Investment Holdings LP, refinancing the Alvarado facility. The Facility bears interest at EURIBOR plus 1.8% and fixed 2.5% per year and matures in 2028 and 2034.
4. On September 29, 2021, ContourGlobal Luxembourg Sarl entered into a $120.0 million loan agreement with the Bank of Nova Scotia refinancing the Caribbean assets. The agreement bears interest at LIBOR plus 3.5% and matures in 2026.
5. Taxa de Juros de Longo Prazo ("TJLP") represents the Brazil Long Term Interest Rate, which was approximately 5.32% at December 31, 2021 (December 31, 2020: 4.55%).
6. On July 12, 2021, Asa Branca Holding S.A. entered into a R$315.0 million ($59.9 million) debentures agreement refinancing the Asa Branca loan agreement. The loan agreement bears interest at TJLP plus 6.25% and matures in 2032.

With the exception of our corporate bond and revolving credit facility, all external borrowings relate to project financing. Such project financing are generally non-recourse (subject to certain guarantees).

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	Years ended December 31	
In $ millions	**2021**	2020
US Dollars	**1,295.9**	1,056.1
Euros[1]	**2,625.3**	3,382.2
Brazilian Reals	**254.9**	392.0
Total	**4,176.1**	4,830.3
Non-current borrowings	**3,809.1**	3,895.5
Current borrowings	**367.0**	934.8
Total	**4,176.1**	4,830.3

1. €450 million corporate bond maturing in 2023 ($549.7 million) was shown as current in the prior period as a result of the refinancing in December 2020 which resulted in a commitment to repay these bonds in January 2021. The amounts were repaid on January 6, 2021.

The carrying amounts and fair value of the current and non-current borrowings are as follows:

	Carrying amount		Fair value	
	Years ended December 31,		Years ended December 31,	
In $ millions	**2021**	2020	**2021**	2020
Credit facilities	**2,750.6**	2,720.2	**2,876.6**	2,817.9
Bonds	**1,425.5**	2,110.1	**1,456.8**	2,191.3
Total	**4,176.1**	4,830.3	**4,333.4**	5,009.2

Net debt as of December 31, 2021 and 2020 is as follows:

	Years ended December 31	
In $ millions	**2021**	2020
Cash and cash equivalents	**369.1**	1,396.9
Borrowings - repayable within one year	**(349.0)**	(899.7)
Borrowings - repayable after one year	**(3,843.2)**	(3,972.1)
Interest payable, deferred financing costs and other	**16.1**	41.5
IFRS 16 liabilities	**(30.2)**	(32.9)
Net debt	**(3,837.2)**	(3,466.3)
Cash and cash equivalents	**369.1**	1,396.9
Borrowings - fixed interest rates[1]	**(3,762.6)**	(4,306.6)
Borrowings - variable interest rates	**(429.6)**	(565.2)
Interest payable, deferred financing costs and other	**16.1**	41.5
IFRS 16 liabilities	**(30.2)**	(32.9)
Net debt	**(3,837.2)**	(3,466.3)

1. Borrowings with fixed interest rates taking into account the effect of interest rate swaps.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

In $ millions	Cash and cash equivalents	Borrowings	IFRS 16 liabilities	Total net debt
As of January 1, 2020	558.5	(4,090.5)	(33.3)	(3,565.3)
Cash-flows	810.6	–	–	810.6
Acquisitions / disposals	–	–	–	–
Proceeds of borrowings	–	(938.9)	–	(938.9)
Repayments of borrowings	–	323.4	–	323.4
Repayments of borrowings and interests to NCI[1]	–	49.5	–	49.5
Currency translations differences and other	27.8	(173.8)	–	(146.0)
IFRS 16 liabilities net movement[2]	–	–	0.4	0.4
As of December 31, 2020	1,396.9	(4,830.3)	(32.9)	(3,466.3)
Cash-flows	**(995.7)**	–	–	**(995.7)**
Acquisitions / disposals	**25.5**	**(277.4)**	–	**(251.9)**
Proceeds of borrowings	–	**(790.7)**	–	**(790.7)**
Repayments of borrowings	–	**1,304.2**	–	**1,304.2**
Repayments of borrowings and interests to NCI[1]	–	**60.4**	–	**60.4**
Liabilities held for sale	–	**136.5**	–	**136.5**
Currency translations differences and other	**(57.6)**	**221.2**	–	**163.6**
IFRS 16 liabilities net movement[2]	–	–	**2.7**	**2.7**
As of December 31, 2021	**369.1**	**(4,176.1)**	**(30.2)**	**(3,837.2)**

1. Refers to repayment of shareholders loans principal and interests with NCI included in the consolidated statement of cash flows on the line "Transactions with non-controlling interest holders, cash paid" related to CSP Spain (note 4.23).
2. IFRS 16 liabilities net movement includes -$1.4 million for assets acquired through business combinations (note 3.1), -$1.4 million lease additions (2020: -$3.6 million), $6.0 million lease payments (2020: $6.8 million), -$0.3 million for assets recognized as held for sale (note 3.1) and -$0.2 million currency translation adjustment (2020: -$2.8 million).

Debt covenants and restrictions

The Group's borrowing facilities are subject to a variety of financial and non financial covenants. The most significant financial covenants include debt service coverage ratio; leverage ratio; debt to equity ratio; equity to assets ratio; loan life coverage ratio and decreasing senior debt to total debt ratio.

Non-financial covenants include the requirement to maintain proper insurance coverage, enter into hedging agreements, maintain certain cash reserves, restrictions on dispositions, scope of the business, and mergers and acquisitions.

These covenants are monitored appropriately to ensure that the contractual conditions are met.

A technical breach in a minor condition regarding the number of authorized offshore bank accounts has been identified in relation to the financing of our Cap des Biches asset. The Company has performed a technical analysis and concluded that it has an unconditional right to defer payment for at least 12 months and hence $85.5 million of debt is presented as non current in line with the contracted repayment schedule.

Securities given

The Corporate bond, Revolving Credit Facility, HSBC LC facility and UniCredit LC facility at CG Power Holdings level are secured by pledges of shares of certain subsidiaries (ContourGlobal LLC, ContourGlobal Spain Holding Sàrl, ContourGlobal Bulgaria Holding Sàrl, ContourGlobal Latam Holding Sàrl, ContourGlobal Hummingbird UK Holdco I Limited, ContourGlobal Hummingbird US Holdco Inc., ContourGlobal Terra Holdings Sàrl and ContourGlobal Worldwide Holdings Sàrl), and guarantees from ContourGlobal plc, and the above subsidiaries.

Guarantees are also given to Goldman Sachs, Credit Suisse International, Citibank Europe plc, HSBC Bank USA National Association, JP Morgan Securities plc, and Mizuho Capital Markets LLC in relation to the hedging instruments existing at ContourGlobal Power Holdings S.A.

Project financing	Facility	Maturity	Security / Guarantee given
CSP Spain (excluding Alvarado)	Long Term Facility	2036	First ranking security interest in the shares of all the entities in the borrower group plus pledge of receivables and project accounts. Assignment of insurances.
Alvarado 2021	Long Term Facility	2034	Pledge over all the shares of the Borrower, Pledge over the Borrower's Accounts, Pledge over all credit rights of the Borrower under Major Project Documents and the Hedging Agreements to which it is a party, Promissory mortgage over the Project assets. ContourGlobal plc guarantee in case of Tax Group Exit.
Asa Branca 2021	Debentures	2033	Chattel mortgage of shares of the Issuer and the SPE, fiduciary assignment of all dividends as a result of Issuer's and the SPE's shares.
Austria Wind Refinancing 2020	Long Term Facility	2033	Share pledge on the Borrower and each Obligor, pledge of receivables, pledge over accounts, step in rights agreements in Project Contracts.
Berg 2021	Long Term Facility	2035	First ranking security over the shares held in the Borrower, Assignment over the Borrower's rights under Project Documents, pledge over project accounts, pledge over the windfarm superstructures (Superädifikate).
Borger	Long Term Facility	2022	Pledge of shares of the issuer, Pledge of governmental approvals, Pledge of all accounts and Letters of Credit, Pledge of assets and project contracts, Pledge of insurance policies, Pledge of all tangible and intangible property of the Partnership, Pledge of rights to withdraw from the Steam Escrow Account.
Brazil Hydro 2021	Debentures	2029	Fiduciary sale of all shares issued by the Issuer and the Suretors, Fiduciary assignment of all dividends.
Caribbean 2021	Long Term Facility	2026	Pledge of shares, Pledge over project accounts, Pledge of Receivables ContourGlobal Plc guarantee on Debt service reserve facility and Working Capital facility.
Inka	Senior secured notes	2034	Pledge of shares of Energia Eolica SA, EESA assets, accounts, assignment of receivables of the project contracts and insurances.
Chapada I	Long Term Facility	2032	Pledge of shares of Chapada I SPVs and Holding, SPVs assets, accounts, assignment of receivables of the project contracts and insurances. ContourGlobal plc guarantee to LC providers in case Chapada I cannot serve debt.
Maritsa	Credit Facility	2023	Pledge of the shares, any dividends on the pledged shares and the entire commercial enterprise of ME-3, including the receivables from the ME-3 PPA.
Vorotan	Long Term Facility	2034	Pledge of shares of ContourGlobal HydroCascade CSJC assets and project accounts, assignment of receivables arising from the project contracts and insurances.
Chapada II	Long Term Facility	2032	Pledge of shares of Chapada II SPVs and Holding, SPVs assets, accounts, assignment of receivables of the project contracts and insurances.
Cap des Biches	Credit Facility	2033	Pledge over CG Senegal and CG Cap des Biches Sénégal shares, pledge over the project accounts, charge over the assets of CG Cap des Biches Sénégal, assignment of receivables of CG Cap des Biches Sénégal and the insurance policies, direct agreement on the project contracts.
Togo	Loan agreement	2028	ContourGlobal Plc guarantee on cash shortfall for Debt service, and (i) a pledge of CG Togo LLC and CG Togo SA capital stock, (ii) a charge on equipment, material and assets of CG Togo SA, (iii) the assignment of receivables of CG Togo SA, (iv) the assignment of insurance policies, and (v) a pledge on the project accounts.
Kivuwatt	Financing Arrangement	2026	• Secured by, among others, (i) KivuWatt Holdings' pledge of all of the shares of KivuWatt held by KivuWatt Holdings, (ii) certain of KivuWatt's bank accounts and (iii) KivuWatt's movable and immovable assets. • ContourGlobal Plc $1.2 million guarantee for the benefit of KivuWatt under the PPA and Gas • Concession to the Government of Rwanda and to Electrogaz (outside of the loan guarantee). • $8.5 million UK Plc guarantee to cover Debt Service Reserve Account as of 31 December 2019.
Chapada III	Long Term Facility	2032	Pledge of shares of Chapada III SPVs and Holding, SPVs assets, accounts, assignment of receivables of the project contracts and insurances. Corporate guarantee from ContourGlobal do Brazil Holding Ltda until Financial Completion.
Hobbs	Long Term Facility	2033	Pledge over shares of the borrower, pledge over the project accounts, charge over the assets, assignment of receivables and the insurance policies, direct agreement on the project contracts. Pledge of right to terminate the Operating Agreement.
Mexican CHP	Long Term Facility	2026	Pledge of the CGA I and CELCSA shares, assets and accounts, assignment of receivables and insurance policies. $32.4 million ContourGlobal plc guarantee for the Debt Service Reserve Account.
Raiffeisen Windparks	Long Term Facility	2026	Pledge of Project Accounts. Pledge of shares. Pledge of rights under Project Contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Project financing	Facility	Maturity	Security / Guarantee given
Sao Domingos II	Debentures	2027	Trust assignment of credit rights. Chattel mortgage of shares. Chattel mortgage of machines and equipment.
Solar Italy	Long Term Facility	2030	Pledge over Project Accounts. Pledge over shares. Assignment of Receivables of Borrower and CG Energetica.
Solar Slovakia	Long Term Facility	2025	Pledge over receivables. Pledge over movables. Pledge of ownership interest. Mortgage over real estate property.
Waterside	Long Term Facility	2024	Assignment of membership interests. Assignment of rights under the Operating Agreement. Assignment of Additional membership interests. Assignment of rights appurtenant to property. Assignment of proceeds from collateral.
WGP	Long Term Facility	2023	Pledge of stock. Pledge of Debt Securities. Pledge of receivables. Pledge of shares. Mortgage of property.
Zistersdorf	Long Term Facility	2027	Pledge of shares. Pledge of Project property or Trumpet Area. Pledge of DSRA. Assignment of the retention of title to the privileged portions of the Wind Turbine Systems. Assignment of rights under Project Agreements.

4.25. Other non-current liabilities

	December 31	
In $ millions	**2021**	2020
Debt to non-controlling interest[1]	**21.8**	28.6
Deferred payments on acquisitions[2]	**47.9**	33.5
IFRS 16 lease liabilities	**26.2**	28.6
Other[3]	**72.1**	34.2
Total other non-current liabilities	**168.0**	124.9

1. Debt to non-controlling interests: in 2011, the Group purchased a 73% interest in the Maritsa power plant. NEK owns the remaining 27% of the Maritsa power plant. The shareholders' agreement states that all distributable results available should be distributed to shareholders, with no unconditional right to avoid dividends. Consequently and in accordance with IAS 32 'Financial Instruments: presentation', shares held by NEK do not qualify as equity instruments and are recorded as a liability to non-controlling interests in the Group's consolidated statement of financial position. The debt to non-controlling interests was recorded at fair value at the date of acquisition (in accordance with IFRS 3) using a discounted cash flow method based on management's best estimate at that date of the future distributable profits to the minority shareholder NEK over the period of the PPA. This debt is discounted using a European risk free rate adjusted for the credit default swap (CDS) spread for Bulgaria. The debt is subsequently held at amortized cost.
2. As of 31 December 2021, deferred payments and earn-outs on acquired entities relate to deferred payments to be made to initial developers of certain Brazil Wind assets for $14.7 million (31 December 2020: $15.2 million) and Spain CSP previous owner for $17.1 million (31 December 2020: $18.3 million). For the Brazil Wind assets, the liability is reviewed at each reporting date and is based on a percentage of the projected revenue generated under the current power purchase agreements and for CSP Spain the liability is based on a pre-defined amount.
3. Mainly relates to $33.5 million at 31 December 2021 (31 December 2020: $0.8 million) in relation to CSP Spain, which represents the excess cash received based on the net market price compared to the pre-established prices for the current regulatory period, which will be settled over future regulatory periods. Also includes contractual obligations in Brazil, including shortfall and penalties when wind asset generation falls below contracted PPA for $14.7 million at 31 December 2021 (31 December 2020: $15.4 million).

The change in the debt to Maritsa non-controlling interest is presented below:

	December 31	
In $ millions	**2021**	2020
Beginning of the year	**46.3**	58.1
Dividends	**(19.3)**	(18.9)
Unwinding of discount	**0.9**	0.1
Additional dividend paid	**7.4**	3.0
Currency translation adjustments	**(2.7)**	4.0
End of the year	**32.6**	46.3
Current liabilities	**10.8**	17.7
Non-current liabilities	**21.8**	28.6
As of December 31, 2021	**32.6**	46.3

4.26. Provisions

In $ millions	Decommissioning / Environmental / Maintenance provision	Legal and other	Total
As of January 1, 2020	43.9	17.1	61.0
Acquired through business combination	–	–	–
Additions	2.1	3.7	5.8
Unused amounts reversed	(3.1)	(1.4)	(4.5)
Amounts used during the period	–	(1.3)	(1.3)
Currency translation differences and other	2.9	0.2	3.1
As of December 31, 2020	45.8	18.3	64.1
Acquired through business combination	**32.8**	**3.1**	**35.9**
Additions	**0.7**	**3.3**	**4.0**
Unused amounts reversed	**(2.7)**	**(1.9)**	**(4.6)**
Amounts used during the period	**(1.1)**	**(0.7)**	**(1.8)**
Assets held for sale	**(2.6)**	**(2.6)**	**(5.2)**
Currency translation differences and other	**(0.6)**	**(1.3)**	**(1.9)**
As of December 31, 2021	**72.3**	**18.3**	**90.6**

Provisions have been analyzed between current and non-current as follows:

In $ millions	Decommissioning / Environmental / Maintenance provision	Legal and other	Total
Current liabilities	1.9	10.4	12.3
Non-current liabilities	43.9	7.9	51.8
As of December 31, 2020	45.8	18.3	64.1
Current liabilities	**1.2**	**11.7**	**12.9**
Non-current liabilities	**71.1**	**6.6**	**77.7**
As of December 31, 2021	**72.3**	**18.3**	**90.6**

Site decommissioning provisions are recognized based on assessment of future decommissioning costs which would need to be incurred in accordance with existing legislation to restore the sites and expected to occur between 1 and 32 years.

Legal and other provisions include amounts arising from claims, litigation and regulatory risks which will be utilized as the obligations are settled and includes sales tax and interest or penalties associated with taxes.

Legal and other provisions have some uncertainty over the timing of cash outflows.

4.27. Share-based compensation plans

ContourGlobal long-term incentive plan

On 17 May 2021, a fourth grant of performance shares was made under the long term incentive plan ("LTIP") with awards over a total of 2,606,267 ordinary shares of 1 pence in ContourGlobal plc granted to eligible employees (the "participants"). These shares will vest on 17 May 2024 subject to the participants' continued service and to the extent to which the performance conditions set for the awards are satisfied over the period of three years commencing on 1 January 2021 and, ordinarily, ending on 31 December 2023 (the "Performance Period"):

i. EBITDA condition: 50.0 % of award to the compounded annual growth rate of the Company's EBITDA over the Performance Period.
ii. IRR condition: 25.0 % of award to the internal rate of return on qualifying Company projects over the Performance Period.
iii. LTIR condition: 25.0 % of award to the lost time incident rate of the Company over the Performance Period.

The LTIPs are considered to be equity-settled share-based incentives, presented within Selling, general and administrative expenses in the consolidated statement of income.

The likelihood of these conditions has been valued using the Monte Carlo model and the resulting share-based payments charge is being spread evenly over the period between the grant date and the vesting date (36 months). The likelihood will be reassessed each year.

Awards granted during the period included dividend equivalents and hence their fair value was estimated as being equal to the share price ($2.72) on grant date with no other assumptions being incorporated into the valuation

Including this grant, restricted shares were granted under the LTIP with awards over a total of 129,735 ordinary shares of 1 pence in ContourGlobal plc to eligible employees (the "participants"). These shares will vest on 17 May 2024 subject to the participants' continued service.

The Group's total charge for equity-settled share-based incentives for the year of $1.9 million (2020: $1.9 million) has been included within Selling, general and administrative expenses in the consolidated statement of income.

The movements on awards made under the LTIP are as follows:

	Number of shares
Outstanding as of December 31, 2019	3,624,452
Granted during the year	2,137,665
Forfeited	(334,551)
Vested	–
Outstanding as of December 31, 2020	5,427,566
Granted during the year	**2,606,267**
Forfeited	**(1,293,090)**
Vested	**(302,712)**
Outstanding as of December 31, 2021	**6,438,031**

Deferred bonus

Certain employees of the Group are eligible to receive deferred bonus awards as determined by the Remuneration Committee, representing 20% of the individual's total bonus based on performance in the previous year. These awards have a normal vesting period of two to three years with the recipient required to remain with the company over the vesting period otherwise leading to forfeiture of the award in the event of termination of employment. On 17 May 2021, a total of 331,627 deferred bonus shares were awarded to employees with a vesting date of 10 March 2023.

4.28. Trade and other payables

In $ millions	December 31 2021	2020
Trade payables	**92.8**	67.6
Accrued expenses	**504.2**	266.1
Trade and other payables	**597.0**	333.7

The increase mainly comes from Maritsa CO_2 liabilities.

4.29. Other current liabilities

In $ millions	December 31 2021	2020
Deferred revenue	**6.4**	5.6
Deferred payment on acquisition[1]	**–**	1.2
Other taxes payable	**43.9**	34.6
IFRS 16 lease liabilities	**3.9**	4.3
Other[2]	**130.8**	149.1
Other current liabilities	**185.0**	194.8

1. Relates to the deferred payment of the renewable portfolio in Brazil as of December 31, 2020.
2. Mainly relates to contractual obligations in Brazil, including shortfall and penalties when wind asset generation falls below contracted PPA for $69.4 million at 31 December 2021 (31 December 2020: $47.1 million), other regulatory obligations for hydro assets related to the Generation scaling factor (GSF) for $nil million at 31 December 2021 (31 December 2020: $18.2 million), Maritsa current portion of the non-controlling interest debt for $10.8 million at 31 December 2021 (31 December 2020: $17.7 million); Maritsa CO_2 quota for $8.6 million at 31 December 2021 (31 December 2020: $28.0 million) and Arrubal CO_2 quota for $22.5 million at 31 December 2021 (31 December 2020: $8.2 million).

In the case of the shortfall and penalties for the Brazilian Wind assets, there is limited estimation uncertainty as the shortfall and penalties are calculated based on factual information, the actual power generated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

4.30. Group undertakings

ContourGlobal PLC owns (directly or indirectly) only ordinary shares of its subsidiaries. There are no preferred shares scheme in place in the Group.

ContourGlobal plc	United Kingdom	55 Baker Street. London, United Kingdom, W1U 8EW

Consolidated subsidiaries	Ownership	Country of incorporation	Registered address
ContourGlobal Hydro Cascade CJSC	100%	Armenia	AGBU building; 2/2 Meliq-Adamyan str.,0010 Yerevan, Armenia
ContourGlobal erneuerbare Energie Europa GmbH	100%	Austria	Fleischmarkt 1, Top 01, Vienna 1010, Austria
Windpark HAGN GmbH	95%	Austria	Fleischmarkt 1, Top 01, Vienna 1010, Austria
Windpark HAGN GmbH & Co KG	95%	Austria	Fleischmarkt 1, Top 01, Vienna 1010, Austria
Windpark Deutsch Haslau GmbH	62%	Austria	Fleischmarkt 1, Top 01, Vienna 1010, Austria
ContourGlobal Windpark Zistersdorf Ost GmbH	100%	Austria	Fleischmarkt 1, Top 01, Vienna 1010, Austria
ContourGlobal Windpark Berg GmbH	100%	Austria	Fleischmarkt 1, Top 01, Vienna 1010, Austria
ContourGlobal Windpark Scharndorf GmbH	100%	Austria	Fleischmarkt 1, Top 01, Vienna 1010, Austria
ContourGlobal Windpark Trautmannsdorf GmbH	100%	Austria	Fleischmarkt 1, Top 01, Vienna 1010, Austria
ContourGlobal Windpark Velm GmbH	100%	Austria	Fleischmarkt 1, Top 01, Vienna 1010, Austria
ContourGlobal Management Europa GmbH	100%	Austria	Fleischmarkt 1, Top 01, Vienna 1010, Austria
ContourGlobal Wind Holding GmbH	100%	Austria	Fleischmarkt 1, Top 01, Vienna 1010, Austria
ContourGlobal Development GmbH	100%	Austria	Fleischmarkt 1, Top 01, Vienna 1010, Austria
ContourGlobal Beteiligung GmbH	100%	Austria	Fleischmarkt 1, Top 01, Vienna 1010, Austria
ContourGlobal Maritsa East 3 AD	73%	Bulgaria	48 Sitnyakovo Blvd; 9-th fl., Sofia 1505, Bulgaria
ContourGlobal Operations Bulgaria AD	73%	Bulgaria	TPP ContourGlobal Maritsa East 3, Mednikarovo village 6294, Galabovo District, Stara Zagora Region, Bulgaria
ContourGlobal Management Sofia EOOD	100%	Bulgaria	48 Sitnyakovo Blvd; 9-th fl., Sofia 1505, Bulgaria
Galheiros Geração de Energia Elétrica S.A.	80%	Brazil	Rua Leopoldo Couto Magalhães Junior, 758, 3º andar, São Paulo 04542-000, Brazil
Santa Cruz Power Corporation Usinas Hidroelétricas S.A.	80%	Brazil	Rua Leopoldo Couto Magalhães Junior, 758, 3º andar, Itaim Bibi , São Paulo 04542-000, Brazil
Contour Global Do Brasil Holding Ltda	100%	Brazil	Rua Leopoldo Couto Magalhães Júnior, 758, 3º andar, Sao Paulo 04542-000, Brazil
Contour Global Do Brasil Participações Ltda	80%	Brazil	Rua Leopoldo Couto Magalhães Júnior, 758, 3º andar, Sao Paulo 04542-000, Brazil
Abas Geração de Energia Ltda.	100%	Brazil	Rua Leopoldo Couto Magalhães Junior, 758, 3º andar, São Paulo 04542-000, Brazil
Ventos de Santa Joana IX Energias Renováveis S.A.	51%	Brazil	Rodovia Dr. Mendel Steinbruch, S/N - Km, 08 Sala 182 - Distrito Industrial - Maracanaú - CE
Calcedônia Geração de Energia Ltda.	100%	Brazil	Rua Leopoldo Couto Magalhães Junior, 758, 3º andar, São Paulo 04542-000, Brazil
Ventos de Santa Joana X Energias Renováveis S.A.	51%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31, São Paulo 04542-000 ,Brazil
Ventos de Santa Joana XI Energias Renováveis S.A	51%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31, São Paulo 04542-000
Ventos de Santa Joana XII Energias Renováveis S.A.	51%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31, São Paulo 04542-000 ,Brazil
Ventos de Santa Joana XIII Energias Renováveis S.A.	51%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31, São Paulo 04542-000 ,Brazil
Ventos de Santa Joana XV Energias Renováveis S.A.	51%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31, São Paulo 04542-000 ,Brazil

Consolidated subsidiaries	Ownership	Country of incorporation	Registered address
Ventos de Santa Joana XVI Energias Renováveis S.A.	51%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31, São Paulo 04542-000 ,Brazil
Asa Branca Holding S.A.	100%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31, São Paulo 04542-000, Brazil
Tespias Geração de Energia Ltda.	100%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31, São Paulo 04542-000, Brazil
Asa Branca IV Energias Renováveis SA	100%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31, São Paulo 04542-000, Brazil
Asa Branca V Energias Renováveis SA	100%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31, São Paulo 04542-000, Brazil
Asa Branca VI Energias Renováveis SA	100%	Brazil	Rua Leopoldo Couto Magalhães Júnior, 758, 3º andar, Sao Paulo 04542-000, Brazil
Asa Branca VII Energias Renováveis SA	100%	Brazil	Rua Leopoldo Couto Magalhães Júnior, 758, 3º andar, Sao Paulo 04542-000, Brazil
Asa Branca VIII Energias Renováveis SA	100%	Brazil	Rua Leopoldo Couto Magalhães Júnior, 758, 3º andar, Sao Paulo 04542-000, Brazil
Ventos de Santa Joana I Energias Renováveis S.A.	51%	Brazil	Rodovia Dr. Mendel Steinbruch, S/N - Km, 08 Sala 182 - Distrito Industrial - Maracanaú - CE
Ventos de Santa Joana III Energias Renováveis S.A.	51%	Brazil	Rodovia Dr. Mendel Steinbruch, S/N - Km, 08 Sala 182 - Distrito Industrial - Maracanaú - CE
Ventos de Santa Joana IV Energias Renováveis S.A.	51%	Brazil	Rodovia Dr. Mendel Steinbruch, S/N - Km 08 ,Sala 182 , Distrito Industrial - Maracanaú - CE
Ventos de Santa Joana V Energias Renováveis S.A.	51%	Brazil	Rodovia Dr. Mendel Steinbruch, S/N - Km, 08 Sala 182 - Distrito Industrial - Maracanaú - CE
Ventos de Santa Joana VII Energias Renováveis S.A.	51%	Brazil	Rodovia Dr. Mendel Steinbruch, S/N - Km, 08 Sala 182 - Distrito Industrial - Maracanaú - CE
Ventos de Santo Augusto IV Energias Renováveis S.A.	51%	Brazil	Rodovia Dr. Mendel Steinbruch, S/N - Km, 08 Sala 182 - Distrito Industrial - Maracanaú - CE
Chapada do Piauí I Holdings S.A.	51%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31, São Paulo 04542-000
Ventos de Santo Augusto III Energias Renováveis S.A.	100%	Brazil	Rodovia Dr. Mendel Steinbruch, S/N - Km, 08 Sala 182 - Distrito Industrial - Maracanaú - CE
Ventos de Santo Augusto V Energias Renováveis S.A.	100%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31, São Paulo 04542-000 ,Brazil
ContourGlobal Desenvolvimento S.A.	100%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31 São Paulo 04542-000, Brazil
Chapada do Piauí II Holding S.A.	51%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31, São Paulo 04542-000
Chapada do Piauí III Holding S.A.	100%	Brazil	Rua Leopoldo Couto de Magalhães Jr., 758 – cj. 31, São Paulo 04542-000, Brazil
Afluente Geração de Energia Eletrica S.A.	80%	Brazil	Praia do Flamengo, 70 - 1º andar Rio de Janeiro - RJ, Brazil
Goias Sul Geração De Energia S.A.	80%	Brazil	Praia do Flamengo, 70 - 2º andar, parte. Rio de Janeiro - RJ, Brazil
RIO PCH I S.A.	56%	Brazil	Praia do Flamengo, 70 - 4º andar Rio de Janeiro - RJ, Brazil
Bahia PCH I S.A.	80%	Brazil	Praia do Flamengo, 70 - 6º andar, parte. Rio de Janeiro - RJ, Brazil
ContourGlobal LATAM S.A.	100%	Colombia	Carrera 7 No. 74-09, Bogota, Colombia
ContourGlobal Solutions Holdings Ltd	100%	Cyprus	Capital Center, 2-4 Arch, Makarios III Avenue, 9th Floor, Nicosia 1065, Cyprus
ContourGlobal Solutions Ltd	100%	Cyprus	Capital Center, 2-4 Arch, Makarios III Avenue, 9th Floor, Nicosia 1065, Cyprus

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Consolidated subsidiaries	Ownership	Country of incorporation	Registered address
Selenium Holdings Ltd	100%	Cyprus	Capital Center, 2-4 Arch, Makarios III Avenue, 9th Floor, Nicosia 1065, Cyprus
ContourGlobal La Rioja, S.L	100%	Spain	Arrúbal Power Plant, Polígono Industrial El Sequero, 26150 Arrúbal, La Rioja, Spain.
Contourglobal Termosolar Operator S.L.	100%	Spain	Calle Orense, número 34, 7º piso - 28020 Madrid, Spain
ContourGlobal Termosolar, S.L.	51%	Spain	Calle Orense, número 34, 7º piso - 28020 Madrid, Spain
Rústicas Vegas Altas, S.L.	51%	Spain	Calle Orense, número 34, 7º piso - 28020 Madrid, Spain
Termosolar Majadas, S.L.	51%	Spain	Calle Orense, número 34, 7º piso - 28020 Madrid, Spain
Termosolar Palma Saetilla, S.L.	51%	Spain	Calle Orense, número 34, 7º piso - 28020 Madrid, Spain
Termosolar Alvarado, S.L.	51%	Spain	Calle Orense, número 34, 7º piso - 28020 Madrid, Spain
Crasodel Spain SL	100%	Spain	Calle Orense, número 34, 7º piso - 28020 Madrid, Spain
Energies Antilles	100%	France	8, Avenue Hoche 75008 Paris, France
Energies Saint-Martin	100%	France	8, Avenue Hoche 75008 Paris, France
ContourGlobal Saint-Martin SAS	100%	France	5 Rue du Gal de Gaulle, 8 Immeuble le Colibri Marigot, 97150 Saint-Martin, France
ContourGlobal Management France SAS	100%	France	Immeuble Imagine 20-26 boulevard du Parc 92200 Neuilly-sur-Seine, France
ContourGlobal Worldwide Holdings Limited	100%	Gibraltar	Hassans, Line Holdings Limited, 57/63 Line Wall Road, Gibraltar
ContourGlobal Helios S.r.l.	51%	Italy	Via Cusani 5, Milan 20121, Italy
ContourGlobal Solar Holdings (Italy) S.r.l.	51%	Italy	Via Cusani 5, Milan 20121, Italy
ContourGlobal Oricola S.r.l.	100%	Italy	Via Cusani 5, Milan 20121, Italy
ContourGlobal Solutions (Italy) S.R.L.	100%	Italy	Via Cusani 5, Milan 20121, Italy
Portoenergy S.r.l.	51%	Italy	Via Cusani 5, Milan 20121, Italy
Officine Solari Barone S.r.l.	51%	Italy	Via Cusani 5, Milan 20121, Italy
Officine Solari Camporeale S.r.l.	51%	Italy	Via Cusani 5, Milan 20121, Italy
Contourglobal Mediterraneo S.r.l	51%	Italy	Via Cusani 5, Milan 20121, Italy
Officine Solari Aquila S.r.l.	51%	Italy	Contrada Piana del Signore s.n.c. 93012 Gela (CL), Italy
ContourGlobal Energetica S.R.L.	51%	Italy	Via Cusani 5, Milan 20121, Italy
ContourGlobal Eight Srl	51%	Italy	Via Cusani 5, Milan 20121, Italy
ContourGlobal Green Srl	51%	Italy	Via Cusani 5, Milan 20121, Italy
ContourGlobal Industrial Srl	51%	Italy	Via Cusani 5, Milan 20121, Italy
ContourGlobal Light Srl	51%	Italy	Via Cusani 5, Milan 20121, Italy
ContourGlobal One Srl	51%	Italy	Via Cusani 5, Milan 20121, Italy
ContourGlobal Sole Srl	51%	Italy	Via Cusani 5, Milan 20121, Italy
Solar 6 S.R.L.	51%	Italy	Via Cusani 5, Milan 20121, Italy
BS Energia New S.R.L.	51%	Italy	Via Cusani 5, Milan 20121, Italy
ContourGlobal Management Italy S.R.L.	100%	Italy	Via Cusani 5, Milan 20121, Italy
ContourGlobal Horus srl	51%	Italy	Via T. Grossi 2, Milan 20121, Italy
Green Hunter Group Spa	51%	Italy	Via T. Grossi 2, Milan 20121, Italy
Green Hunter Spa	51%	Italy	Via T. Grossi 2, Milan 20121, Italy
Actasol 5 S.R.L.	51%	Italy	Via T. Grossi 2, Milan 20121, Italy
Actasol 6 S.R.L.	51%	Italy	Via T. Grossi 2, Milan 20121, Italy
Cinque S.R.L.	51%	Italy	Via T. Grossi 2, Milan 20121, Italy
Marche Solare 1 Srl	51%	Italy	Via T. Grossi 2, Milan 20121, Italy
Spf Energy Uno Srl	51%	Italy	Via T. Grossi 2, Milan 20121, Italy
Spf Energy Due Srl	51%	Italy	Via T. Grossi 2, Milan 20121, Italy
Spf Energy Tre Srl	51%	Italy	Via T. Grossi 2, Milan 20121, Italy
ContourGlobal Kosovo L.L.C.	100%	Kosovo	Anton çeta 5a 1000 Pristina Republic of Kosovo
ContourGlobal Luxembourg S.àr.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg

Consolidated subsidiaries	Ownership	Country of incorporation	Registered address
Kani Lux Holdings S.à r.l.	80%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Africa Holdings S.à r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Bulgaria Holding S.à r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Spain Holding S.à r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Latam Holding S.à r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
Vorotan Holding S.à r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Terra 2 S.à r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Terra 3 S.à r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Development Holdings S.à r.l	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Terra 5 S.à r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Terra 6 S.à r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Solutions Holdings S.a.r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Senegal Holdings S.à r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Terra Holdings S.à r.l	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Power Holdings S.A.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Worldwide Holdings S.à r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Mirror 1 S.à.r.l	51%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Mirror 2 S.à.r.l	51%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Mirror 3 S.à.r.l	51%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Spain O&M HoldCo S.à r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Intermediate O&M S.à r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Ursaria 3 S.à r.l.	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Mirror 7 S.à.r.l	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Mirror 4 S.à.r.l	100%	Luxembourg	35-37 Avenue de la Liberté L-1931 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Africa Topoco S.à.r.l	100%	Luxembourg	5 Rue de Strasbourg, L-2561 Luxembourg, Grand Duchy of Luxembourg
ContourGlobal Africa Energy S.à.r.l	100%	Luxembourg	5 Rue de Strasbourg, L-2561 Luxembourg, Grand Duchy of Luxembourg
Aero Flash Wind, S.A.P.I. DE C.V.	75%	Mexico	Mexico City, Mexico / Tax Address : Ciudad de Tecate, Baja California

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Consolidated subsidiaries	Ownership	Country of incorporation	Registered address
ContourGlobal holding de generación de energía de México	100%	Mexico	Monterrey, Estado de Nuevo Leon, Mexico
ContourGlobal Servicios Administrativos de generación	100%	Mexico	Monterrey, Estado de Nuevo Leon, Mexico
ContourGlobal Servicios Operacionales de México	100%	Mexico	Monterrey, Estado de Nuevo Leon, Mexico
Cogeneración de Altamira, S.A. DE C.V.	100%	Mexico	San Pedro Garza Garcia, Nuevo Leon, Mexico
Cogeneración de Energía Limpia De Cosoleacaque S.A De C.V.	100%	Mexico	San Pedro Garza Garcia, Nuevo Leon, Mexico
KivuWatt Holdings	100%	Mauritius	4th Floor, Tower A, 1CyberCity, c/o Citco (Mauritius) Limited, Ebene, Mauritius
ContourGlobal Solutions (Nigeria) Ltd	100%	Nigeria	St. Nicholas House, 10th Floor, Catholic Mission Street, Lagos, Nigeria
Contourglobal Bonaire B.V.	100%	Netherlands	Kaya Carlos A. Nicolaas 3 , Bonaire, Netherlands
Energía Eólica S.A.	100%	Peru	Av. Ricardo Palma 341, Office 306, Miraflores, Lima 18, Peru
ContourGlobal Peru SAC	100%	Peru	Av. Ricardo Palma 341, Office 306, Miraflores, Lima 18, Peru
Energía Renovable Peruana S.A.	100%	Peru	Av. Ricardo Palma 341, Office 306, Miraflores, Lima 18, Peru
Energía Renovable del Norte S.A.	100%	Peru	Av. Ricardo Palma 341, Office 306, Miraflores, Lima 18, Peru
ContourGlobal Solutions (Poland) Sp. Z o.o.	100%	Poland	ul. Przemyslowa 2A, Radzymin 05-250 - Poland
ContourGlobal Solutions (Ploiesti) S.R.L.	100%	Romania	Ploeisti, 285 Gheorge Grigore, Cantacuzino street, Prahova County, Ploeisti, Romania
Petosolar S.R.L.	100%	Romania	7 Ghiocei street, ap. 1, Panciu locality, Panciu city, Vrancea county, Romania
Kivu Watt Ltd	100%	Rwanda	Plot 9714, Nyarutarama, P. O. Box 6679, Kigali, Rwanda
RENERGIE Solarny Park Holding SK I a.s.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
PV Lucenec S.R.O.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Rimavské Jánovce s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Dulovo s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Gemer s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Hodejov s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Jesenské s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Nižná Pokoradz s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Riečka s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Rohov s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Starňa s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Včelince 2 s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Hurbanovo s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
AlfaPark s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia

Consolidated subsidiaries	Ownership	Country of incorporation	Registered address
RENERGIE Druhá slnečná s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
SL03 s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Bánovce nad Ondavou s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Bory s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Budulov s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Kalinovo s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
ZetaPark Lefantovce s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny Lefantovce s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Michalovce s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Nižný Skálnik s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Otročok s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Paňovce s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Gomboš s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Rimavská Sobota s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Horné Turovce s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Uzovská Panica s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
RENERGIE Solárny park Zemplínsky Branč s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
ZetaPark s.r.o.	51%	Slovak Republic	Pribinova 25, 811 09 Bratislava, Slovakia
ContourGlobal Cap des Biches Senegal S.à r.l.	100%	Senegal	2, Place de L'Indépendance, Dakar, BP 23607, Senegal
ContourGlobal Togo S.A.	80%	Togo	Route D'Aného, Baguida, BP 3662 , Lomé - Togo
ContourGlobal Trinity Power Ltd	100%	Trinidad and Tobago	P.O. BAG 498, Railway Road, Dow Village, Couva, Trinidad and Tobago, W.I.
ContourGlobal Solutions Ukraine LLC	100%	Ukraine	32, Konstantiniska street, 04071 Kiev, Ukraine
ContourGlobal Solutions (Northern Ireland) Limited	100%	United Kingdom	6th Floor Lesley Tower, 42-26 Fountain Street, Belfast BT1 5EF, Ireland
ContourGlobal Europe Limited	100%	United Kingdom	55 Baker Street, London, W1U 8EW, United Kingdom
Contour Global Hummingbird UK Holdco I Ltd	100%	United Kingdom	55 Baker Street, London, W1U 8EW, United Kingdom
Contour Global Hummingbird UK Holdco II Ltd	100%	United Kingdom	55 Baker Street, London, W1U 8EW, United Kingdom
Contour Global LLC	100%	US	1209 Orange Street, Corporation Trust Center, Wilmington, Delaware 19801, USA
Contour Global Management Inc	100%	US	1209 Orange Street, Corporation Trust Center, Wilmington, Delaware 19801, USA
ContourGlobal Services Brazil LLC	100%	US	650 Fifth Ave - 17th Fl., New York, New York 10019, USA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Consolidated subsidiaries	Ownership	Country of incorporation	Registered address
ContourGlobal Togo LLC	100%	US	2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, USA
ContourGlobal Senegal Holdings LLC	100%	US	2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, USA
ContourGlobal Senegal LLC	100%	US	1209 Orange Street, Corporation Trust Center, Wilmington, Delaware 19801, USA
CG Solutions Global Holding Company LLC	100%	US	1209 Orange Street, Corporation Trust Center, Wilmington, Delaware 19801, USA
Lea Power Partners, LLC	100%	US	12 Timber Creek Lane, Universal Registered Agents, County of New Castle, Newark, Delaware 19711, USA
Borger Energy Associates, LP	100%	US	12 Timber Creek Lane, Universal Registered Agents, County of New Castle, Newark, Delaware 19711, USA
Waterside Power, LLC	100%	US	12 Timber Creek Lane, Universal Registered Agents, County of New Castle, Newark, Delaware 19711, USA
Badger Creek Limited	100%	US	12 Timber Creek Lane, Universal Registered Agents, County of New Castle, Newark, Delaware 19711, USA
Bear Mountain Limited	100%	US	12 Timber Creek Lane, Universal Registered Agents, County of New Castle, Newark, Delaware 19711, USA
Chalk Cliff Limited	100%	US	12 Timber Creek Lane, Universal Registered Agents, County of New Castle, Newark, Delaware 19711, USA
Live Oak Limited	100%	US	12 Timber Creek Lane, Universal Registered Agents, County of New Castle, Newark, Delaware 19711, USA
McKittrick Limited	100%	US	12 Timber Creek Lane, Universal Registered Agents, County of New Castle, Newark, Delaware 19711, USA
Kern Front Limited	100%	US	12 Timber Creek Lane, Universal Registered Agents, County of New Castle, Newark, Delaware 19711, USA
Double C Generation Limited	100%	US	12 Timber Creek Lane, Universal Registered Agents, County of New Castle, Newark, Delaware 19711, USA
High Sierra Limited	100%	US	12 Timber Creek Lane, Universal Registered Agents, County of New Castle, Newark, Delaware 19711, USA
WCAC Operating Company California, LLC	100%	US	12 Timber Creek Lane, Universal Registered Agents, County of New Castle, Newark, Delaware 19711, USA
Carib Holdings, LLC	100%	US	12 Timber Creek Lane, Universal Registered Agents, County of New Castle, Newark, Delaware 19711, USA
WGP Holdings II, LLC	100%	US	12 Timber Creek Lane, Universal Registered Agents, County of New Castle, Newark, Delaware 19711, USA
WG Partners Holdings, LLC	100%	US	12 Timber Creek Lane, Universal Registered Agents, County of New Castle, Newark, Delaware 19711, USA
WG Partners Acquisition, LLC	100%	US	12 Timber Creek Lane, Universal Registered Agents, County of New Castle, Newark, Delaware 19711, USA
ContourGlobal Hummingbird US HoldCo Inc.	100%	US	12 Timber Creek Lane, Universal Registered Agents, County of New Castle, Newark, Delaware 19711, USA

Investments in associates accounted under the equity method:	Ownership	Country of incorporation	Registered address
TermoemCali I S.A. E.S.P.	37%	Colombia	Carrera 5A Nº 71-45, Bogotá, Colombia
Compañía Eléctrica de Sochagota S.A. E.S.P.	49%	Colombia	Carrera 14 No. 20-21 Local 205A, Plaza Real, Tunja, Colombia
Evacuacion Villanueva des Rey, S.L.	18%	Spain	Calle Orense 34, 7ª planta, 28020 Madrid, Spain

4.31. Related party disclosure

ContourGlobal L.P. and Reservoir Capital Group

As of December 31, 2021 ContourGlobal plc and its subsidiaries have no significant trading relationship with the Group's main shareholder, ContourGlobal L.P., and Reservoir Capital Group which ultimately controls ContourGlobal L.P.

Key management personnel

Compensation paid to key management (executive and non-executive committee members) amounted to $9.6 million in December 31, 2021 (December 31, 2020: $15.2 million).

	Years ended December 31	
In $ millions	**2021**	2020
Salaries and short term employee benefits	**5.1**	4.6
Termination benefits	–	–
Post employment benefits	**0.2**	0.1
Profit-sharing and bonus schemes	**2.0**	2.0
Private incentive plan[1]	–	6.6
Non-Executive Directors' emoluments	**0.9**	0.8
Other share based payments	**1.4**	1.1
Total	**9.6**	15.2

1. The private incentive plan ended 31 December 2020.

4.32. Financial commitments and contingent liabilities

a) Commitments

The Group has contractual commitments with, among others, equipment suppliers, professional service organizations and EPC contractors in connection with its power projects under construction that require payment upon reaching certain milestones.

As of December 31, 2021, the Group has completed its Maritsa construction projects and had $0.2 million of firm purchase commitments of property plant and equipment outstanding in connection with its facilities. The Group also has contractual arrangements with Operating and Maintenance (O&M) providers and transmission operators in relation to certain of its operating assets. Maritsa has a long-term Lignite Supply Agreement (LSA) with Maritsa Iztok Mines (MMI) for the purchase of lignite. According to the agreement, Maritsa has to purchase minimum monthly quantities, amounting to 6,187 thousand standard tons per calendar year. The total commitment through the remaining term of the LSA (February 2024) is 12,890 thousand standard tons, equal to $123.7 million at December 2021 prices ($9.59 per standard ton), as compared to 19,077 thousand standard tons equal to $196.6 million at the end of 2020 ($10.31 per standard ton). In the event of a failure on the part of CG Maritsa East 3 AD (ME-3) to take a minimum monthly quantity in any month, ME-3 shall, except in cases caused by Force Majeure and certain actions of Bulgarian authorities as described in the contract, pay to MMI an amount equal to the difference between (i) the aggregate amount paid or payable in respect of lignite delivered during such month and (ii) the aggregate amount that would have been payable had the minimum monthly quantity been taken during such month.

The Group also has agreements related to our Austria Wind project repowering started in 2017. As of December 31, 2021 we are committed to purchase €48.3 million ($54.9 million) worth of equipment and installation during 2022.

b) Contingent liabilities

The Group has contingent liabilities in respect of legal and tax claims arising in the ordinary course of business. The Group reviews these matters in consultation with internal and external legal counsel to make a determination on a case-by-case basis whether a loss from each of these matters is probable, possible or remote. These claims involve different parties and are subject to substantial uncertainties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Kivuwatt arbitration (KivuWatt Ltd)
REG, which replaced its subsidiary Energy Utility Corporation as the claimant in an ad hoc arbitration under the arbitration rules of the United Nations Commission on International Trade Law ("UNCITRAL"), claims damages provisionally quantified at approximately $80 million allegedly arising from KivuWatt's alleged delay in entering into commercial service.

KivuWatt contests REG's right to any damages over and above the $1.2 million cap in liquidated damages provided for in the Power Purchase Agreement and already paid by KivuWatt.

No provision has been recorded as of 31 December 2021 in relation to the above claims as the Group considers that it is less than probable that liabilities will arise from these claims.

Mexico CHP wheeling charges
The injunction granted in the context of the Amparo lawsuit in Mexico described in note 2.4 was conditional upon submission of monthly guarantees (bonds) to the court to cover the difference between the former wheeling fees and the new ones. These guarantees amount to $56.6 million as of December 31, 2021.

As an unfavorable outcome is considered unlikely, a contingent liability has been disclosed in relation to the guarantees as opposed to a provision. Further, in the unlikely event that the wheeling fees increase is confirmed in the final judgment, the Company will recharge most of the increased fees to the related offtakers and will incur additional wheeling fees below $12 million in relation to the years ended 31 December 2020 and 2021.

Togo
ContourGlobal Togo received in late December 2020 a notification from CEET (offtaker of the power purchase agreement) and the Republic of Togo regarding certain alleged breaches of the power purchase agreement and concession agreement, respectively, questioning the performance of the Togo plant and alleging overpayment of $58 million under "take or pay" provisions. The risk of a liability to CEET is assessed as possible and no provision has been recognized as of 31 December 2021.

Taxes
Judgement is sometimes required in determining how to account for indirect or direct tax positions where the ultimate tax determination is uncertain. These positions include areas such as the tax deductibility or treatment of certain costs (in particular, of one-off items that might arise on an acquisition, disposal or internal restructuring), the pricing of goods or services provided between Group companies and the application of local tax law within each territory in which the Group operates. Liabilities are recognized in accordance with relevant accounting standards based on management's best estimate of the outcome, having taken advice where it is considered appropriate to do so. However, if the Group is challenged by local tax authorities, it is possible that the final outcome of these matters may be different from the amounts recorded and additional expenses may be recognized in later periods. The Group is not currently subject to any tax audit where it is considered there is a more than remote probability of a material tax adjustment where we have not provisioned and the risk of a material adjustment to tax provisions within the next 12 months is not considered to be significant.

c) Leasing activities

Operating lease as a lessor
The Group is lessor under non-cancelable operating leases. The future aggregate minimum lease payments receivable under non-cancellable operating leases are as follows:

	Years ended December 31	
In $ millions	**2021**	2020[1]
Minimum lease payments receivable		
No later than 1 year	**166.5**	76.6
Later than 1 year and no later than 5 years	**537.6**	253.7
Later than 5 years	**513.8**	27.7
Total	**1,217.9**	358.0

1. The comparative has been updated to include $110.2 million aggregate minimum lease payments receivable under non-cancellable operating lease relating to Bonaire and to use forecasted future revenue as a basis of minimum lease payments receivable.

The property, plant and equipment related to the assets as the operating lease as a lessor relates to Solutions plants, Energie Antilles, Bonaire, Hobbs, Five Brothers and Trinity for the year ended December 31, 2021 as follows.

In $ millions	Land	Power plant assets	Construction work in progress	Right of use assets	Other	Total
Cost	0.1	263.5	1.6	0.9	9.3	275.4
Accumulated depreciation and impairment	–	(169.2)	–	(0.5)	(8.0)	(177.7)
Carrying amount as of January 1, 2021	0.1	94.3	1.6	0.4	1.3	97.7
Additions	–	2.1	2.3	–	2.0	6.4
Disposals	–	(1.0)	–	–	–	(1.0)
Reclassification	–	1.2	(1.4)	0.1	0.1	–
Acquired through business combination[1]	5.5	240.8	–	0.9	1.2	248.4
Currency translation differences	–	(2.7)	(0.1)	–	0.1	(2.7)
Depreciation charge	–	(28.7)	–	(0.3)	(1.6)	(30.6)
Closing net book amount	5.6	306.0	2.4	1.1	3.1	318.2
Cost	5.6	502.4	2.4	1.8	5.2	517.4
Accumulated depreciation and impairment	–	(196.4)	–	(0.7)	(2.1)	(199.2)
Carrying amount as of December 31, 2021	5.6	306.0	2.4	1.1	3.1	318.2

1. Assets acquired through business combination relate to the operating leases of our United States of America and Trinidad and Tobago portfolios, detailed in note 3.1 and 4.2.

The property, plant and equipment related to the assets as the operating lease as a lessor relates to Solutions plants, Energie Antilles and Bonaire on the year ended December 31, 2020 as follows.

In $ millions	Land	Power plant assets	Construction work in progress	Right of use assets	Other	Total
Cost	0.1	270.6	2.6	0.8	8.3	282.4
Accumulated depreciation and impairment	–	(159.3)	–	(0.2)	(5.4)	(164.9)
Carrying amount as of January 1, 2020	0.1	111.3	2.6	0.6	2.9	117.5
Additions	–	1.5	2.0	–	0.6	4.1
Disposals	–	(1.1)	–	–	–	(1.1)
Reclassification	–	2.6	(3.0)	0.1	0.5	0.2
Currency translation differences	–	(6.0)	–	–	(0.2)	(6.2)
Depreciation charge	–	(14.0)	–	(0.3)	(2.5)	(16.8)
Closing net book amount	0.1	94.3	1.6	0.4	1.3	97.7
Cost	0.1	263.5	1.6	0.9	9.3	275.4
Accumulated depreciation and impairment	–	(169.2)	–	(0.5)	(8.0)	(177.7)
Carrying amount as of December 31, 2020[1]	0.1	94.3	1.6	0.4	1.3	97.7

1. Property, plant and equipment related to the assets as the operating lease as a lessor have been updated to include $57.2 million relating to Bonaire, $16.5 million relating to Solutions Brazil and to exclude $94.0 million relating to Brazil Hydro for the year ended December 31, 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Finance lease as a lessor

The future aggregate minimum lease payments under non-cancellable finance leases (relating to our operation of Energies Saint Martin) are as follows:

In $ millions	Years ended December 31 2021	Years ended December 31 2020
Minimum lease payments receivable		
No later than 1 year	**5.6**	6.0
Later than 1 year and no later than 5 years	**5.6**	12.1
Later than 5 years	**–**	–
Gross investment in the lease	**11.2**	18.1
Less: unearned finance income	**(1.3)**	(2.9)
Total	**9.9**	15.2

In $ millions	Years ended December 31 2021	Years ended December 31 2020
Analyzed as:		
Present value of minimum lease payments receivable:		
No later than 1 year	**5.2**	5.6
Later than 1 year and no later than 5 years	**4.7**	9.6
Later than 5 years	**–**	–
Total	**9.9**	15.2

4.33. Guarantees and letters of credit

The Group and its subsidiaries enter into various contracts that include indemnification and guarantee provisions as a routine part of the Group's business activities. Such contracts generally indemnify the counterparty for tax, environmental liability, litigation, and other matters, as well as breaches of representations, warranties, and covenants set forth in the agreements. In many cases, the Group's maximum potential liability cannot be estimated, since some of the underlying agreements contain no limits on potential liability. The Group considers outflow relating to these guarantees to be remote and therefore no fair value liability has been recognized.

The Group also acts as guarantor to certain of its subsidiaries and obligor with respect to some long-term arrangements contracted at project level.

For the financial guarantees and letters of credit, refer to note 4.24.

4.34. Statutory Auditors' fees

In $ millions	Years ended December 31 2021	2020
Fees payable to the Group's auditors for the audit of the Group's annual accounts and consolidated financial statements	**1.7**	1.3
Fees payable to the Group's auditors and its associates for other services:		
• The audit of the Group's subsidiaries	**1.5**	1.0
• Audit- related assurance services	**0.4**	0.4
• Other assurance services	**1.3**	0.6
• Tax compliance services	–	–
• Tax advisory services	–	–
• Other non-audit services	–	–
Total (net of out of pocket expenses)	**4.9**	3.3

4.35. Subsequent events

In January 2022, Kani Lux Holdings S.à r.l., a majority-owned subsidiary of ContourGlobal plc signed a definitive agreement with Infraestrutura Brasil Holding XVII S.A to sell the Brazil Hydro portfolio. Refer to note 3.1.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

Year ended December 31, 2021

Company balance sheet
At 31st December 2021

In $ millions	Note	2021	2020
Fixed assets			
Investments	6	2,148.0	1,642.1
Current assets			
Debtors	7	4.2	3.9
Cash at bank and in hand		0.7	5.0
		4.9	**8.9**
Creditors: amounts falling due within one year	8	(2.9)	(3.7)
Net current assets		**2.0**	**5.2**
Net assets		**2,150.0**	**1,647.3**
Capital and reserves			
Called-up share capital	9	8.9	8.9
Share premium account		380.8	380.8
Treasury shares	10	(37.8)	(30.4)
Retained earnings and other reserves		1,798.1	1,288.0
Total shareholders' funds		**2,150.0**	**1,647.3**

The Company's profit for the year ended 31 December 2021 was $622.7 million (2020: $124.2 million).

The financial statements on pages 218 to 223 were approved and authorized for issue by the Board and were signed on its behalf by:

Joseph C. Brandt
Director

17th March 2022

Registered Number: 10982736

Company statement of changes in equity
For the year ended 31 December 2021

In $ millions	Called-up share capital	Share premium account	Treasury shares	Retained earnings and other reserves	Total
At January 1, 2020	**8.9**	**380.8**	**–**	**1,267.6**	**1,657.3**
Share based payments[1]	–	–	–	1.9	1.9
Dividends distribution[2]	–	–	–	(105.7)	(105.7)
Treasury shares[3]	–	–	(30.4)	–	(30.4)
Profit for the year	–	–	–	124.2	124.2
At December 31, 2020	**8.9**	**380.8**	**(30.4)**	**1,288.0**	**1,647.3**
Share based payments[1]	–	–	–	1.9	1.9
Dividends distribution[2]	–	–	–	**(114.5)**	**(114.5)**
Treasury shares[3]	–	–	(7.4)	**–**	**(7.4)**
Profit for the year	–	–	–	622.7	622.7
At December 31, 2021	**8.9**	**380.8**	**(37.8)**	**1,798.1**	**2,150.0**

1. Includes CEO deferred bonus award and Long Term Incentive Plan impact on equity.
2. During the year ended 31 December 2021 the Group paid dividends of $26.6 million on 19 April 2021, $29.3 million on 11 June 2021, $29.3 million on 10 September 2021 and $29.3 million on 19 November 2021. During the year ended 31 December 2020 the Group paid dividends of $24.8 million on 9 April 2020, $27.1 million on 26 June 2020, $27.0 million on 25 September 2020 and $26.8 million on 29 December 2020. For further details on dividends paid, refer to page 194 of the Group's financial statements.
3. See note 10.

Notes to the Company financial statements

1. General information

ContourGlobal plc is a public limited company which is listed on the London Stock Exchange and is domiciled in the United Kingdom and incorporated in England and Wales under the Companies Act 2006. The Company was incorporated on 26 September 2017 and adopted FRS 102 from that date.

2. Statement of compliance

The financial statements of ContourGlobal plc have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

3. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied throughout the period presented.

3.1. Basis of preparation

The Company financial statements have been prepared under the historical cost convention. The current year financial information presented is for the year ended 31 December 2021, and the comparative year financial information presented is for the year ended 31 December 2020.

The preparation of the financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are set out below. The financial statements have been prepared on the going concern basis under the historical cost convention.

As permitted by Section 408 of the Companies Act 2006, an entity profit and loss account is not included as it is part of the published consolidated financial statements of ContourGlobal plc.

3.2. Exemptions for qualifying entities under FRS 102

The Company has taken advantage of the following FRS 102 disclosure exemptions available to qualifying entities:

- The requirements of Section 4 Statement of Financial Position 4.12 (a) (iv);
- The requirements of Section 7 Statements of Cash Flows;
- The requirements of Section 3 Financial Statement Presentation paragraph 3.17 (d); and
- The requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41 (f), 11.42, 11.44, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c).

3.3. Foreign currency

(i) Functional and presentation currency

The Company's functional and presentation currency is the US Dollar.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rate at the dates of the transactions.

At each period end foreign currency non-monetary items measured at historical cost are translated using the exchange rate on the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at period end exchange rates are recognized in profit or loss.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

3.4. Investments in subsidiaries

Investments in subsidiaries are held at cost, less any provision for impairment. Annually, the Directors consider whether any events or circumstances have occurred that could indicate that the carrying amount of fixed asset investments may not be recoverable. If such circumstances do exist, a full impairment review is undertaken to establish whether the carrying amount exceeds the higher of fair value less costs of disposals or value in use. If this is the case, an impairment charge is recorded to reduce the carrying value of the related investment.

3.5. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

The premium received on the issue of shares in excess of the nominal value of shares is credited to the share premium account and included within equity.

Treasury shares

The Company buys and sells treasury shares in accordance with the prevailing law and the resolutions of the General Shareholders' Meeting. Such transactions include the sale and purchase of Company shares.

At year end, treasury shares are included under "Treasury shares" in the statement of financial position and are measured at cost.

The gains and losses obtained on disposal of treasury shares are recognized in "Retained earnings and other reserves" in the statement of financial position. There has been no disposal of treasury shares during the years ended 31 December 2021 and 2020.

3.6. Taxation

UK corporation tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Unrecognized deferred tax assets as at 31 December 2021 were $6.2 million ($3.6 million in 2020).

3.7. Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

a) Financial assets

Financial assets including amounts owed by Group undertakings and other receivables and cash at bank and in hand are initially recognized at transaction price and are subsequently carried at amortized cost using the effective interest method.

At the end of each reporting period financial assets measured at amortized cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognized in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognized, the impairment is reversed.

The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognized. The impairment reversal is recognized in profit or loss.

Financial assets are derecognized when (a) the contractual rights to the cash flows from the asset expire or are settled; or (b) substantially all the risks and rewards of ownership of the asset are transferred to another party; or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

b) Financial liabilities

Financial liabilities include trade and other payables (including from intercompany Group companies).

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognized initially at transaction price and subsequently measured at amortized cost using the effective interest method.

3.8. Dividend distribution

Dividends to the Company's shareholders are recognized as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders in the case of final dividends. Interim dividends are recognized in the period in which they are paid.

3.9. Critical accounting judgments and estimation uncertainty

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise their judgment in the process of applying the Company's accounting policies. The area involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements is:

- Carrying value of investments.

The Company considers annually whether there is any indication of impairment in the carrying value of investments in accordance with the accounting policy stated.

In the event that there is an indicator of impairment, the Company performs an impairment assessment to determine if the carrying value of the investment is supported by its recoverable amount. The determination of the recoverable amount requires estimation to be applied. The recoverable amount is the higher of (i) an investment's fair value less costs of disposal (market value), and (ii) value in use determined using estimates of discounted future net cash flows ("DCF") of the investment.

The Company uses a fair value less costs of disposal model, being the higher of the previously mentioned metrics, in estimating the recoverable value, with the key assumption being the EBITDA multiple applied to the actual cash flows for the year. These EBITDA multiples are highly variable by nature and are determined based on external market transactions in comparable entities.

As at December 31, 2021 the market capitalization was $1.7 billion, which is below the carrying value of investments of $2.1 billion and as such was identified as an indicator of impairment. An impairment assessment was performed on a fair value less costs of disposal basis by taking into account certain market information, including Adjusted EBITDA multiples of market transactions from comparable entities within the energy sector. The implied multiple for the Company, based on the year end market capitalization, was significantly less than the Adjusted EBITDA multiples for comparable market transactions, indicating that the carrying value of investments is recoverable. This judgement was also confirmed by other information and support seen by the directors.

4. Directors' Emoluments and employees

The Company had nine Directors and an average of two employees in the year to 31 December 2021 (the Company had nine Directors and an average of four employees in the year to 31 December 2020). In each period, of the nine Directors, one was remunerated by the Company. The other eight Directors were remunerated by another company in the Group. The amount of employee charges, including Directors, recognized in the Company's profit and loss statement in 2021 amounted to $3.4 million (2020: $3.7 million).

In $ millions	2021	2020
Wages and salaries	**1.3**	1.4
Social security costs	**0.2**	0.3
Other pension costs	**-**	0.1
Share-based payments	**1.9**	1.9
Total employee costs	**3.4**	**3.7**

Full details of the Directors' remuneration and interests are set out in the Directors' remuneration report on page 112 to 129.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

5. Auditors' fees

The amount payable to the Company's auditors in respect of the statutory audit were $24,000 (2020: $24,000).

6. Investments in subsidiaries

In $ millions	2021	2020
At 1 January	**1,642.1**	1,642.1
Creation of CG Hummingbird UK Holdco I limited	**505.9**	-
At 31 December	**2,148.0**	1,642.1

In 2021 the Company received $628.4 million of dividends from ContourGlobal Worldwide Holdings SARL (2020: $137.9 million).

The Company's directly wholly owned subsidiaries are ContourGlobal Worldwide Holdings S.à.r.l and ContourGlobal Hummingbird UK Holdco I limited that was created in 2021 for the acquisition of the Western Generation portfolio in February 2021. A full list of indirect subsidiaries and other undertakings as required by Section 409 of the Companies' Act 2006 is shown on pages 206 to 212 of the Group's financial statements.

7. Debtors

In $ millions	2021	2020
Amounts owed by Group undertakings	**3.2**	**2.9**
VAT recoverable	**0.4**	**0.5**
Prepayments and accrued income	**0.6**	**0.5**
	4.2	**3.9**

Amounts owed by Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

8. Creditors: amounts falling due within one year

In $ millions	2021	2020
Trade payables	**0.4**	0.7
Accrued expenses	**1.9**	2.4
Amounts owed to Group undertakings	**0.4**	0.4
Other	**0.2**	0.2
	2.9	**3.7**

Amounts owed to Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

9. Called-up share capital

Issued capital of the Company amounted to $8.9 million as at 31 December 2021 and 31 December 2020.

As of 31 December 2021 and 2020, the Company has issued 670,712,920 shares of £0.01 each, corresponding to an allotted, called up and fully paid capital of £6.7 million, or $8.9 million. There has been no change in the called-up share capital in either year.

10. Treasury shares

On 1 April 2020 ContourGlobal Plc announced a buyback program of up to £30 million of ContourGlobal plc ordinary shares of £0.01 each ("Shares"), to initially run from 1 April 2020 to 30 June 2020, subsequently extended to 30 September 2020 then further extended to December 31, 2020 and then to March 31, 2021.

During the year ended December 31, 2021, the Company repurchased 2,624,774 treasury shares at an average price of 208.4 pence per share for an aggregate amount of £5.5 million ($7.4 million), representing 0.40% of its share capital and used 427,440 shares in respect of the 2018 Long Term Incentive Plan. Since the beginning of the buyback program, the Company repurchased a net amount of 14,572,065 treasury shares, representing 2.17% of its share capital and a cumulative consideration paid of $37.8 million.

11. Contingent liabilities

The Company acts as a guarantor to certain of its subsidiaries with respect to various financial obligations and project financing agreements entered into by its subsidiaries. The Company considers outflow relating to these guarantees to be remote and therefore no fair value liability has been recognized. The main financial obligations are listed below:

- $8.5 million guarantee to cover Kivuwatt debt service reserve account;
- Guarantee on cash shortfall for debt service in ContourGlobal Togo; the loan balance as at 31 December 2021 is $72.3 million;
- Guarantee to Goldman Sachs, Credit Suisse International, Citibank Europe plc, HSBC Bank USA National Association, JP Morgan Securities plc, and Mizuho Capital Markets LLC in relation with the hedging instruments existing at ContourGlobal Power Holdings S.A. As at 31 December 2021 this related to instruments with a nominal value of $16.5 million and a fair value as at year-end of $0.8 million;
- Parent guarantor (as defined in the indenture) under the €850 million bond indenture dated 19 July 2018 (out of which €400 million is outstanding) and under the €710 million bond indenture dated 17 December 2020;
- Guarantor under the $40 million Western Generation portfolio acquisition in North America bridge facility dated 10 December 2020;
- Guarantor under the corporate level revolving credit facility of €120 million dated 10 December 2020 (€40 million was drawn against this credit facility as of 31 December 2021);
- Guarantor under the corporate level letter of credit facility of €75.75 million dated 29 March 2019;
- Guarantor under the corporate level letter of credit facility of €50 million dated 10 March 2020;
- BRL 74.5 million guarantee to Chapada I letters of credit providers corresponding to 25% of the debt;
- Mexican CHP. $35 million letter of credit signed on February 5, 2021 which replaced the letter of credit previously issued under the UniCredit facility released for $32 million on May 5, 2021 at the corporate level. Maturity is in February 2023; and
- $12.0 million guarantee to cover Caribbean refinancing debt service reserve letter of credit.

12. Related parties

In 2020 and 2021 none of the Company or its subsidiaries have contracted with related parties. As of 31 December 2021 and 31 December 2020, the Company has no balance due to or receivables from related parties other than amounts due to and from subsidiary undertakings.

The directors' emoluments are disclosed on page 118 to 127 within the Annual Report on Remuneration for the years ended 31 December 2021 and 2020.

13. Controlling party

The Company is majority owned by ContourGlobal L.P. The ultimate controlling party of ContourGlobal L.P. is Reservoir Capital funds.

The Relationship Agreement is disclosed on page 132 within the Annual Report on Directors' report for the year ended 31 December 2021.

SHAREHOLDER INFORMATION

Year ended 31st December 2021

Warning about unsolicited approaches to shareholders and "boiler room" scams

In recent years, many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas-based "brokers" who target UK shareholders, offering to sell them what often turn out to be worthless or high-risk shares in UK investments. These operations are commonly known as "boiler rooms".

These "brokers" can be very persistent and persuasive. ContourGlobal plc shareholders are advised to be extremely wary of such approaches and advised to only deal with firms authorized by the FCA. You can check whether an organisation is properly authorized and report scam approaches by contacting the FCA on www.fca.org.uk/scams (where you may also review the latest scams) or by calling the FCA Consumer Helpline: 0800 111 6768.

If you have already paid money to share fraudsters then contact Action Fraud on 0300 123 2040.

Registrar

The Company's register of shareholders is maintained by our Registrar, Equiniti Limited. All enquiries regarding shareholder administration including lost share certificates or changes of address should be communicated to the Registrar in writing or by calling 0371 384 2030 for callers from the UK[1], or +44 (0)121 415 7047 for callers from outside the UK.

Shareholders can also view and manage their shareholdings online by registering at www.shareview.co.uk/myportfolio.

Forward-looking statements

This Annual Report has been prepared for, and only for, the members of ContourGlobal plc (the "Company") as a body, and for no other persons. The Company, its Directors, employees, agents and advisors do not accept or assume responsibility to any other person who receives or sees this document and any such responsibility or liability is expressly disclaimed. By their nature, the statements concerning the risks and uncertainties facing the Group in this Annual Report involve uncertainty because future events and circumstances can cause results and developments to differ materially from those anticipated. Forward-looking statements in this Annual Report reflect knowledge and information available at the date of preparation of this Annual Report and the Company undertakes no obligation to update these forward-looking statements after publication. Nothing in this Annual Report should be construed as a profit forecast.

Directors

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Joseph C. Brandt
Stefan Schellinger
Daniel Camus
Mariana Gheorghe
Dr. Alan Gillespie
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1. Lines are open 8.30am to 5.30pm Mondays to Fridays, excluding Bank Holidays in England and Wales.

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Pureprint Ltd aims to reduce at source the effect its operations have on the environment and is committed to continual improvement, prevention of pollution and compliance with any legislation or industry standards.

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