



2022 Sustainability Report

January 2023

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Message from our CEO

World population was exponentially multiplied by 4 in the last 100 years and duplicated since 1976. It has reached 8bn in 2022 and UN forecasts indicate that it shall reach 8.5bn by 2030 and above 9.5bn by 2050. This extraordinary growth alongside the amazing improvement of life conditions in previous century for many world inhabitants means that mankind need to produce additional resources to cover all basic needs in a fair and equal basis. Technology enhancements have made it possible, but earth resources are scarce, and it seems mandatory to work on new solutions which facilitate long term population sustainability.

On the other hand, Climate Change is nowadays more evident and perceived by the population on a day-to-day basis. Temperature rising, seasons unusual behavior, and weather catastrophes among others, are examples of the events that can easily be observed and that are usually present.

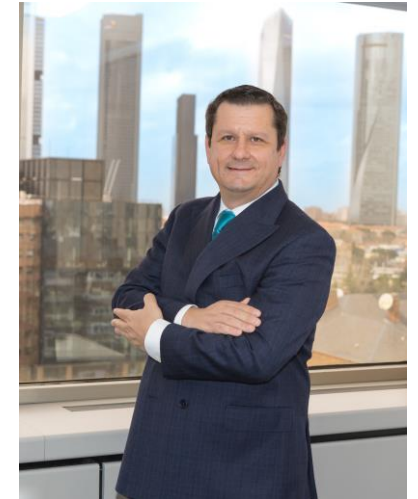
Sustainability has been a cornerstone for Mercados – Aries International (MAI) since the beginning of its operations. As part of MAI's vision, our services focus on supporting worldwide economic, environmental and social sustainable development of energy and water sectors to facilitate people access, quality and affordability.

MAI scope of services is always focused on supporting the creation of policies and development of infrastructures tending to facilitate the use

of renewable energies and to facilitate circular and resilient economy. MAI staff and management is committed to develop services supporting sustainable development which shall ensure a sustainable development with a focus on climate change mitigation. MAI's recommendations are always comprising improvements in behaviors and technologies to mitigate the environmental and social impacts.

In addition, MAI, its management and staff permanently work on reducing MAI's footprint within the activities developed. In this regard, MAI has introduced several internal standards and policies improvements like reduction of disposable materials, introduction of digitalization and monitoring its carbon footprint when making travels.

MAI have adhered to 6 UN Sustainable Development Goals (SDGs) as part of its sustainability statement as a firm commitment so that we altogether can pass a better world on to our children.

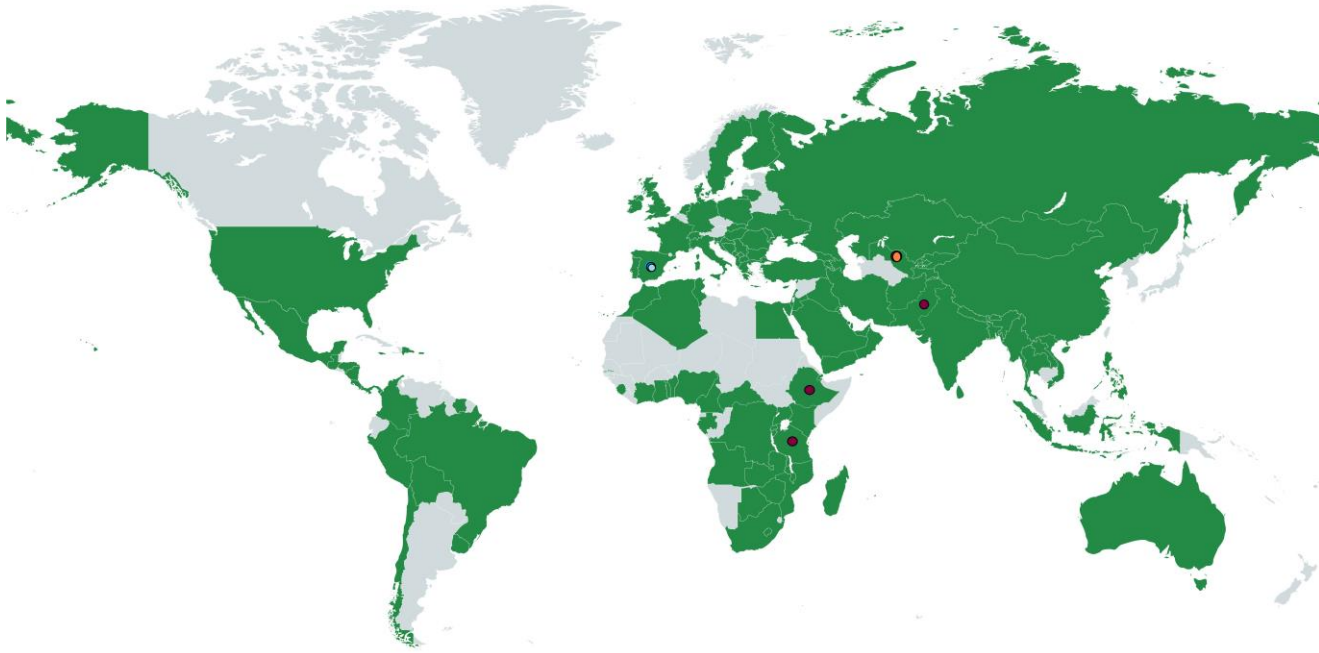




About MAI



MAI at a glance...



- ✓ Experts in **Energy** and **Water**
- ✓ More than **20 years** of experience
- ✓ Know-how and ownership of **1,600 references**
- ✓ More than **145 countries** in 5 Continents
- ✓ More than **45,000 MW** of Renewables advised
- ✓ Certified **ISO 9001**, 14001 and 45001
- ✓ **Global** Service Offering

2022 in a nutshell

In 2022, MAI has continued to provide its clients with high quality services and advanced solutions in a sustainable way.

Despite a challenging environment, including the remaining effect of the pandemic and an armed conflict at Europe's doorsteps, MAI managed, on one hand, to stabilize its organic revenues, and, on the other hand, to increase its portfolio of services by opening new areas. By offering new consulting services in the Water industry and acquiring complementary companies in the environmental and power grid sector, MAI has consolidated its position in the local and international market.

Furthermore, MAI has reported a strong profitability while reinforcing its internal and external resources by increasing its employees and external network. MAI has opened its first representation office in Central Asia (Uzbekistan) to better serve the clients of one of its key regions.

On the operation side, the Company has consolidated its backlog thanks to its stable Order Intake. MAI also entered in new services such as Management Consulting among others.

Finally, MAI carried on its R&D program by developing internal innovation products related to hydrogen and batteries.



More than 60 countries



350 active projects



17m€ revenues



32% growth vs 2021



107 employees / +105%

Diversification through acquisitions



Long Term Strategy

Our Vision

Sustainable and affordable resources for our children

Our Mission

Support our clients to define their strategy and achieve their goal in a sustainable way

Our Values

International
Clients first
Quality
Results oriented
Innovative
Passionate
Sustainable
Independent

2025 Targets

>20m€ revenues.

20% acquisitions

Boosting of Data
Intelligence Solutions

Focus on Climate Change
Risks Mitigation

Care for People
Development

The increasing awareness of our political leaders for a need of a green transition and the related incentive framework (EU taxonomy, UN SDGs, Next Generations funds, etc.) will boost investments and the needs of MAI's existing and potential clients. MAI shall therefore remain a key player in its market by consolidating existing areas, increasing the quality of its services and attracting and developing the best resources.

MAI wants to better support its clients by accelerating their transition toward a more sustainable environment. To do so, MAI shall ensure the integration of its recent acquisitions and count with further inorganic growth, to expand its portfolio of services to new sector such as green hydrogen, mobility, and data analytics.

MAI shall also expand further its commercial network to better cover its international clients and open new countries.

To achieve these goals, MAI shall amongst others:

- ensure its financial capacity by confirming the proven trust of its financial partners.
- Optimize its operations by having the best mix between knowledge and management skills.
- Improve corporate activities including the digitalization & automatization of lower added value tasks.
- Take its R&D program up by striking partnership with universities and innovative start-ups.



Why a Sustainability Report?



Objectives & Methodology

Objective

The main goal of this report is to provide transparency on MAI's contribution to sustainable development through targeted actions and the projects the company implements worldwide. It enables MAI to voluntarily communicate its performance and impact to the organization stakeholders in Environmental, Social and Governance matters.

Internally, the objective is to improve MAI's management by identifying risks and opportunities to be more sustainable.

Finally, MAI would like to benefit of this report to strengthen its internal communication by making collaborators aware of sustainable implemented actions.

Methodology

The scope of this report is not only to list a bunch of sustainable actions done by the company to reduce its negative impact on its direct environment but to truly demonstrate what is the first and secondary impact of MAI's services on its clients business and finally on the local communities.

To do so, MAI has separated its analysis into two part. The first part of this report will be dedicated to the description of the operational impact of MAI's assignment based on project technology, size, scope but also the estimated the number of impacted people. All projects active in 2022 have been considered. The detail is described in the following parts of this report.

The second part focuses on the specific actions implemented by MAI to reduce the negative impact generated by its daily operation.

Recipients

This report is intended to inform all MAI's stakeholder. First, through this report, MAI wish to communicate to its Clients the positive and negative impact of the company operations. Through such transparency, MAI wants to ensure the full satisfaction and the loyalty of the people who count on our services to better drive their business.

MAI also want to make sure that direct stakeholders, such as employees and collaborators, approve the way MAI is doing business and therefore confirm the trust they have placed in the company.

The Company also wish to inform all other stakeholders such as financing partners, suppliers, potential partners, governmental agencies, unions, etc - about how sustainable MAI's business is. This communication will develop further MAI's and its stakeholders' commitment to and engagement in the needed sustainable transition.



MAI's Focus to the UN SDGs



The 17 UN Sustainable Development Goals (SDGs) are a shared responsibility. MAI generally aligns itself with this initiative, while specifically committing to the following:

PRINCIPAL FOCUS

- **SDG 7: Affordable and Clean Energy-** Ensure access to affordable, reliable, sustainable and modern energy for all.
- **SDG 6: Clean Water and Sanitation-** Ensure availability and sustainable management of water and sanitation for all.
- **SDG 9: Industry, Innovation, and Infrastructure-** Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

SECONDARY FOCUS

- **SDG 13: Climate Action-** Take urgent action to combat climate change and its impacts.
- **SDG 5: Gender Equality-** Achieve gender equality and empower all women and girls.
- **SDG 12: Responsible Consumption and Production-** Ensure sustainable consumption and production patterns .

This report intends to describe how MAI's actions contribute to the UN SDGs through the services provided to its clients and its own corporate actions.



MAI's Impact on Local Communities



MAI's Impacts on Local Communities (1/2)

In 2022, MAI has been active in 52 countries through 116 ongoing projects. This map shows the geographic extend where MAI has been able to support its clients in implementing their projects and therefore bringing a direct and positive impact to the population.

Since several years, MAI has a strong presence in East Africa, Middle East, Central Asia and South Asia.

In total, services provided by MAI have positively impacted more than 1.3 billion people, either in terms of energy access or in terms of energy quality and affordability.

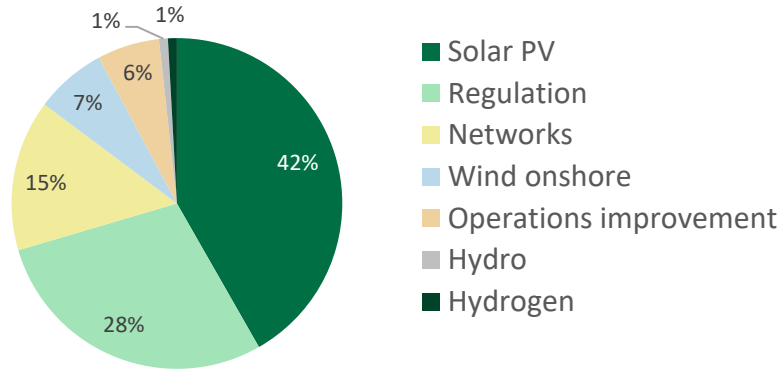
Always caring about the secondary impact of its activities, MAI has estimated that the provided services have positively impacted more than 0.6 billion of women, mainly from developing countries and therefore contributing to the development of additional sectors such as the education, economy, health, industry, etc.

Active projects in 2022

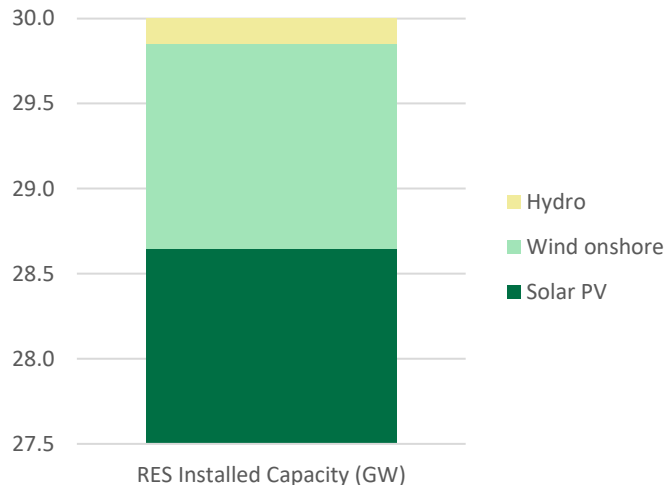


MAI's Impacts on Local Communities (2/2)

of projects by technology/area



Involvement in RES Capacities : 30GW



The company history has shown that MAI always provides spearhead initiatives to implement the best policies and regulations possible based on clients country characteristics.

Once the right framework is in place and always respecting the independency criteria, MAI makes sure to recommend strategies and guidelines related to sustainable technologies. The main type energy generation technologies supported by the company are renewables energies such as wind, solar or small hydro. In 2022, MAI has been involved in more than 30MW of RES projects, always seeking to increase access to a more reliable and affordable energy.

In terms of assets, MAI also seeks to provide the best solutions and advices to improve the power system operation as well as increasing the efficiency of the involved utilities.

From 2022, MAI also advices its clients in the water and environmental sectors with, as ultimate goal, the improvement of the end user quality of life as well as the respect of the environment.



MAI's Corporate Impact



Quality

As MAI, the Company holds its Quality certification 9001:2015 since 2020 and has not had any major non conformities since then. Having a proper Integrated Management System in place, together with MAI's continuous effort to improve it, enables the Company to ensure the quality of its services and deliverables. In 2022, MAI proceeded with:

- Improving its ERP to better understand the projects status, follow-up on KPIs and mitigate the related risks;
- The continuous implementation of its quality check policy, including the review of commercial offers and technical reports;
- Updating all its digital templates and stationery to ensure quality at all levels;
- Acquiring two 9001:2015 certified companies which will enable MAI to provide better quality services to its clients, by including a full scope of services

Once again, MAI showed that Clients satisfaction was its number 1 priority. Note that in 2022, MAI has received an large number of congratulations messages from its clients for the quality of the provided services, in addition to not receiving any formal claim. While a client satisfaction survey procedure, unfortunately the participation rate has been quite low, not allowing to draw clear conclusions from it. One of the priority objective of the company in 2023 is to get concrete feedback from MAI's main clients.





Talents

Our capacity to attract and retain talent is the cornerstone of our strategy. Despite a fast-changing world and the strong inflation in Europe, MAI managed to increase the talent by 107%. It is true that 40 new employees have joined MAI through acquisition. However, organically, MAI has also increased its number of employees by 17%.

While the pandemic impacts have been slowing down, MAI has not stopped to care about its people's wellbeing. The company still offers the possibility to work remotely up to 50% of the time. MAI also continues to offer medical and life insurance, wellbeing training, annual medical checks, etc.

MAI is also taking care of the development of its talents by developing an annual training plan, through which employees can benefit of technical training, project management courses, executive program, languages classes, etc.

MAI also maintained its ISO 45001:2018 certification (Health and Safety) and worked on a stronger travel and logistic policy in order to ensure a safe environment to its employees and collaborators.

MAI has once again implemented the annual employee survey with a reasonable participation rate and quite good results. The company is now working on additional improvements of the working conditions, which will be implemented in 2023.

We really think that talent and business prosper when people feel that their wellness and continuous learning are valued and supported. The related staff efforts therefore contribute to both a greater social good and the increase of the company value.



Corporate Governance

MAI is a limited liability Company where governance, management and control is shared between the Shareholders, the Board of Directors, the CEO and the Management Team.

The Board of Directors (BoD) manage the company on behalf of the shareholders. It is composed by 5 individuals that meet once every quarter. The BoD approves the strategy, monitors the company performance and takes strategic decisions. The BoD is independent and not remunerated for the provided services. In 2022, the BoD decided to create 4 commissions related to Risk analysis, Long Term Incentive, New Business & digitalization and Compensation. The BoD also approved the acquisitions proposed by the CEO.

The CEO is appointed by the BoD for an indefinite period. The CEO presents and implements the company strategy and reports on the company performance. In 2022, the CEO, supported by its Management Team has once again fulfilled the strategic objectives in terms of growth, profit, diversification and governance set by the Company at the beginning of the year.

The Management Team is composed by MAI's Unit Directors and the Company's CFO. It meets once a month to discuss matters such as MAI's financial and commercial performance, budget, acquisitions, professional development, projects, communication, quality, risk mitigation and sustainability.

On top of the governance bodies, all employees and collaborators have warranted to respect and apply MAI's [Code of Conduct](#)





Reporting

Every year MAI helps businesses with reporting activities, from developing a reporting strategy, preparing data and writing reports, to developing engaging material such as financial report, commercial dashboard, utilization report occupation. The periodical reports that are produced are the following:

- Commercial dashboard including awards, commercial pipeline, hitting rate, etc. (daily)
- Projects General Dashboard (daily)
- Project performance dashboard (daily)
- Full financial closing report (monthly)
- Utilization report per employee and Unit (monthly)
- Company performance report to the Board (quarterly)
- Company performance report to the Staff (quarterly)
- Management review (IMS – yearly and when required)
- Audit Report endorsed by Deloitte (yearly)
- Employee satisfaction report (yearly)
- Training Report (yearly)



Support to Ukraine

Ukraine is a key country for MAI where it has conducted projects for the last 15 years. MAI has been supporting Ukrainian people during 2022 because of the conflict with Russia. In that way the commitment goes beyond common moral or ethics principles. It is important to mention that MAI's clients in Ukraine are in the Energy sector which is strategic for the country and therefore their staff had a mandate to continue operating.

In this regard, MAI has undertaken several proactive actions including but not limited to:

Donations

Two activities were implemented. On one hand, MAI identified secured channels for donations and informed all staff so they could undertake private donations. On the other hand, MAI has acquired and delivered personal protection material for people at the Client's offices.

Early payments to subcontractors

To the extent of MAI's possibilities and policies, subcontractors have received some advance payments in order to support them financially during the initial stages of the conflict.

Hiring of Ukrainian citizen at Madrid office

MAI has hired Ukrainian personnel relocated in Spain as employees of the company. MAI aims to continue with this approach during 2023 as long as the conflict continues.





Environmental Footprint

Since 2021, MAI is carefully monitoring and mitigating the environmental footprint generated by its businesses. Not having significant fixed assets or heavy production processes, MAI monitors the following indicators:







- 1. Consumption of electricity:** In 2022, MAI has consumed 6,073.00 Kw/h of electricity which represents an 81.28% increase compared to 2021.
- 2. Paper Consumption:** In 2022, MAI has consumed 236.09kg of paper, which represents a 5.85% reduction compared to last year.
- 3. Waste Management:** in 2022, the volume of waste has decreased by approximately 10%. One of the main reasons is due to the fact that less carton boxes were used as the day-to-day activities were going back to normality.

The increase of MAI footprint is explained by two factors. First, MAI's footprint has grown together with its financial growth (but not at the same pace). Secondly, staff has been coming back to the office after the Covid-19 pandemic. Comparison with 2021 shall be therefore considered with some caution.

Finally, CO2 Emissions due to business trips are being compensated through donation program lead by our travel partner. In 2022, MAI has generated an estimated CO2 absorption of 407,792kg through the plantation of 1,324 trees. However, the actual flight bookings have produced 599,868 kg of CO2. Even though, MAI tries to reduce the number of flight as much as possible, offering quality meetings through video conference, MAI shall continue its effort to reduce its environmental footprint and reach the Net zero by 2025.



What have we contributed?

UN Goal	From Projects	From Corporate
	<p>Two projects in Cape Verde: one financed by the European Investment Bank to reduce energy loss and improve power quality in three islands; and another financed by the Luxembourg Agency for Development Cooperation to support the formulation of Brava Sustainable Island Project</p> <p>A project to review and evaluate the Energy and Water Prices Reforms for the Saudi Executive Committee on Governance of Energy and Water Products Price Adjustment.</p>	<p>Not applicable</p>
	<p>1.3 bn people have been positively impacted by MAI's participation in international projects, either through an improvement of the local regulation, the improvement of the energy assets and the introduction of the sustainable technologies.</p>	<p>Low consumption through the certification of our premises.</p>
	<p>An average of 30 projects a year, mainly for institutional clients and with international financing from organisations such as the ADB, EBRD, WB, or the KfW, in countries such as Azerbaijan, Bangladesh, Ethiopia, The Gambia, Georgia, Mongolia, Morocco, Tajikistan or Tanzania and with scopes ranging from management services, feasibility studies, cost minimisation and revenues maximisation to Power grid efficiency related; renewables energy based projects.</p>	<p>MAI's Innovation process included modelling project related to Hydrogen and Batteries.</p>
	<p>Most of Projects financed by International Financial Institutions (60% of MAI revenues) include a gender component, especially in supervision of Infrastructure projects where the social component is a key area of the assignments.</p>	<p>In 2022, MAI kept ensuring equal treatment and offering the same working conditions to all gender.</p>
	<p>All projects implemented by MAI contribute to this final goal through sustainable solutions to the Energy Transition.</p>	<p>CO2 compensation scheme through MAI's travel management provider.</p>
	<p>Through its Policies and Code of Conduct, MAI encourages its staff and collaborators to use any resource responsibly and to avoid waste as much as possible. While careful selection of suppliers, products and recycling are well implemented in the Madrid headquarter, MAI encourages the use of those good practices by all interested parties and not only in its headquarter.</p>	



What is next?



What is next?

In 2023, MAI wants to make its business even more sustainable. To do so, MAI's Management will work on and implement a better internal organization to ensure the integration of the recent acquisitions and to better serve our clients where The Client, Quality and Sustainability will be in the main concern of the company.

MAI will also expand its regional network, by contracting local commercial and technical resources. This will enable the company to increase its presence locally without increasing its footprint related to travels and therefore controlling its CO2 emission.







MAI will continue to improve its IMS by harmonizing processes and procedures within all units. In 2023, the company will renew its three ISO certifications, thus undergoing a 360° review by independent auditors (SGS).

MAI will also improve its means of communication both at an internal and external level. The rapid increase of number of employees and external stakeholders needs additional efforts and resources to be dedicated to communication to ensure transparency and clear information flows.

In 2023, MAI will continue to focus on high sustainable impact assignment and put additional efforts in new sustainable services such as hydrogen, climate change, environmental impact assessment linked to both energy and water sectors.

MAI will also increase its level governance best practices by creating specific commissions at board level.

Finally, MAI will continue to limit its corporate CO2 footprint by following its strategy of CO2 reduction and compensation and limiting its travels as much as possible as well as its the use of consumable.

UN Goal	Contribution in 2023
	MAI will be entering in water assignments worldwide, bringing energy expertise and synergies.
	Increasing MAI's renewable businesses to reach 5.2m€ and therefore increase the positive impact on local communities.
	Including Environmental Impact assessment for industries and infrastructure in Spain and abroad through MAI's recent acquisition.
	Strengthening the gender component of MAI's projects, especially in developing countries. Gender Equality Plan implementation and continuous assurance of equal working treatment and conditions to all genders in MAI.
	Growth of MAI's businesses in 2023 in energy regulation, improvement of utilities assets and introductions of renewables.
	Continuous selection of goods and suppliers with sustainable impact whenever possible. Improvement of communication to stakeholders about responsible consumption.





Should you need further information related to MAI's sustainability strategy, please do not hesitate to contact Mrs. Ingrid Kasarjian – Head of Quality and Operation Control at:

Ingrid.Kasarjian@mercadosaries.com

**Facing
tomorrow.**

MAI