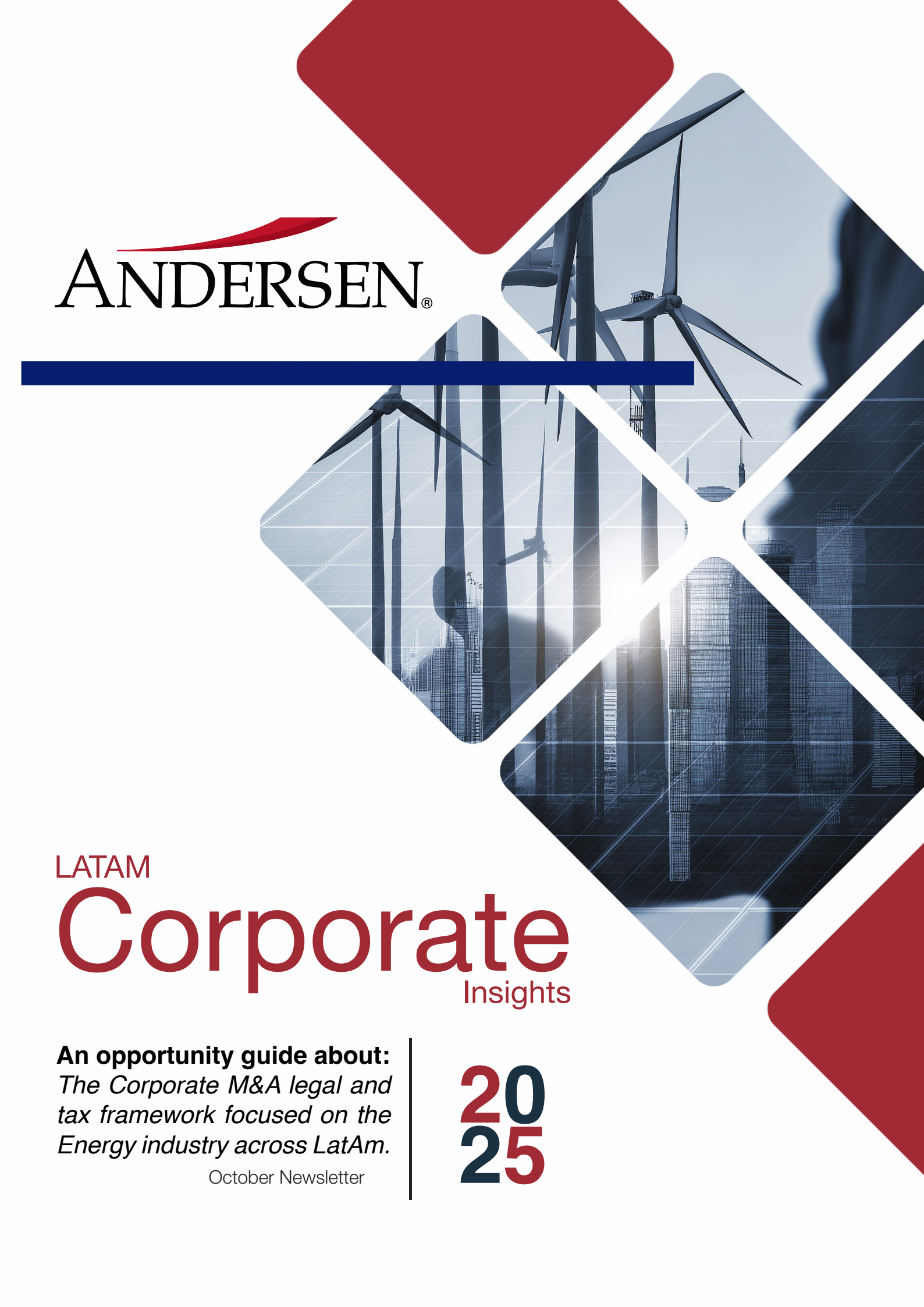




ANDERSEN®

LATAM

Corporate

Insights

An opportunity guide about:
*The Corporate M&A legal and
tax framework focused on the
Energy industry across LatAm.*

October Newsletter

20
25

Index

I

Our International Association

II

Introduction

III

What's new on LATAM regarding the following

1. ENERGY: *What is hot/moving in your jurisdiction in terms of energy M&A opportunities?*

2. TAX: *What type of tax incentives promote energy M&A opportunities in your jurisdiction and how does an investor qualify for them?*

3. CORPORATE / M&A: *What are the main due diligence considerations for energy M&A opportunities in your jurisdiction?*

Our International Association

Andersen Global® was established in 2013 as the international entity surrounding the development of a seamless professional services model providing best-in-class tax and legal services around the world.

Andersen Global Chairman and Andersen CEO
Mark L. Vorsatz, Andersen (U.S.)

The association of legally separate, independent member firms comprises of more than 13.000 professionals worldwide, over 1.800 global partners, and a presence in over 390 locations in more than 170 countries worldwide. Our growth is a by-product of the outstanding client service delivered by our people, the best professionals in the industry. Our objective is not to be the biggest firm, it is to provide best-in-class client service in seamless fashion across the globe. Each and every one of the professionals and member firms that are a part of Andersen Global share our core values. Our professionals share a common background and vision and are selected based on quality, like-mindedness, and commitment to client service. Outstanding client service has and will continue to be our top priority.

Core values



Best-in-class

We aim to be the benchmark for quality in our industry and the standard by which other firms are measured.



Transparency

We value open communication, information sharing and inclusive decision making.



Seamless

Our firm is constructed as a global firm. We share an interest in providing the highest level of client service regardless of location.



Stewardship

We hire the best and the brightest and we invest in our people to ensure that legacy.



Independence

Our platform allows us to objectively serve as our client's advocate; the only advice and solutions we offer are those that are in the best interest of our client.

Our international presence

20.000+

professionals worldwide

2.000+

global partners

500+

locations worldwide

170+

Countries



Discover all the Members, Consulting and
Collaborating Firms of Andersen Global at:

global.andersen.com/locations



Presentation



The Corporate Law and Mergers & Acquisitions (M&A) service lines of the Andersen Latin America (LATAM) legal practice, through its members and collaborating firms of Andersen Global, have prepared the first edition of the LATAM Corporate Insights magazine, which we hope will be of interest to you and have a practical application for the performance of your activities.

We hope this magazine becomes a reference material that allows our readers to understand the similarities, differences, innovations, and key trends in Corporate Law and Mergers & Acquisitions (M&A) in LATAM.

Due to the growing interest of investors in participating in the generation of sustainable and renewable energies in Latin America, this first edition focuses on a comparative analysis of the principal legal and tax trends related to the energy sector from the perspective of each of the jurisdictions that have participated in this publication and that are part of our firm.

Our Corporate Law and Mergers & Acquisitions (M&A) service lines of the Andersen Latin America (LATAM) legal practice consist of eighteen multidisciplinary teams of highly qualified and experienced lawyers, tax advisors, and economists to provide professional services under the highest quality standards. These services include:

- Acquisitions.
- Co-investments and strategic alliances.
- Due Diligence.
- Evaluation of tax and legal aspects derived from the transactions.
- Mergers, Spin-offs, and Transformations.
- Public Tender Offers.
- Restructuring.
- Valuations.

We are confident that LATAM Corporate Insights will help multinational companies gain an overview of the main issues that typically arise when operating in LATAM.

If you are interested in receiving more information related to this publication or our services, please get in touch with any of our partners at Andersen LATAM. We would be happy to assist you.

Alonso Montes
LATAM Legal Coordinator



WHAT'S NEWS IN...

In this insight we would like to show the current opportunities in the CORPORATE M&A area focused on the ENERGY sector of 15 Latin American countries like Argentina, Bolivia, Brazil, Chile, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Panama, Peru, Uruguay. We would like to thank all our contributors to this insight, lawyers from different prominent firms in the region. This insight will be updated from time to time and may include more countries.

A Argentina

1. ENERGY IL: What is hot/moving in your jurisdiction in terms of energy M&A opportunities?

Argentina has strong opportunities to become a relevant supplier of energy to the world. In the midst of the global energy transition, where the demand for gas and lithium, among other energy sources, will grow, the country has great chances of being able to increase its production and exports. It is one of the best countries in the world to produce these types of energies, offering a wide range of opportunities for foreign investors.

In fact, the Vaca Muerta shale basin, is one of the world's largest unconventional oil & gas reserve, which gives the country strong advantages in oil and gas markets. Likewise, it is important to mention the opportunities in lithium development, where Argentina has a lot of potential as the second world reserve and the fourth producer.

Finally, it should be noted that it is difficult to find a country with all the above mentioned energy potential that Argentina has, but also with the possibility to become a producer of green hydrogen and other alternatives as solar, wind and off shore energy.

2.TAX SL: What type of tax incentives promote energy M&A opportunities in your jurisdiction and how does an investor qualify for them?

The Income Tax Law sets forth that if certain requirements are met, the results from M&A operations are not taxed with Income Tax. Likewise, these operations are not taxed with Value Added Tax (VAT) and certain local taxes such as Turnover Tax and Stamp Tax. The requirements to be fulfilled are mainly related to the maintenance of certain activities, shareholdings participations and communications to the National Tax Bureau.

In addition, it is important to mention that the Law 26,190 sets forth a National Promotion Regime for the use of renewable energy sources for the production of electricity. This Law promotes new investments in electrical energy production, based on the use of renewable energy sources. Below you will find some of its main tax benefits:

- Early refund of Value Added Tax.
- Accelerated amortization in Income Tax.
- Extension in the compensation of losses with profits.
- Dividends or profits distributed by investment projects covered by the Promotion Regime will not be subject to Income Tax (10%) if they are reinvested in new infrastructure projects in the country.
- Tax credit certificate of 20% to be applied to the payment of national taxes for the beneficiaries of the projects that prove a certain percentage of integration of national components used in their electromechanical installations.
- Tax Exemption from Import Duties: The above mentioned benefits differ on the time/year that the investments have been done. To qualify for these benefits, interested companies must submit



an application before the national authorities and mainly fulfill the required investments.

It is important to mention that Argentine Congress enacted Law 27.742 that established an INCENTIVE REGIME FOR LARGE INVESTMENTS ("RIGI").

The RIGI offers tax benefits, exchange rate stability, financial and customs incentives for large-scale investments in the Energy, Mining and Oil & Gas industries, among others.

Below are the investment thresholds for industries and activities eligible under the Regime:
200.000.000 USD:

- **Mining:** Exploration; Category I & II Minerals as defined in the Federal Mining Code (excluding Potassium and Lithium); Potassium & Lithium; Category III Minerals as defined in the Federal Mining Code.
- **Oil and Gas:** Processing, fractionation, compression, and liquefaction, refining, petrochemicals and fertilizers.
300.000.000 USD
- **Petroleum and Gas:** Transport and Storage
600.000.000 USD
- **Petroleum and Gas:** Offshore exploitation and production; Exploitation and production of gas destined to exports

Investments are channeled through a special purpose vehicle entity ("VPU"). Upon fulfillment of the conditions set forth in the RIGI, the following benefits apply:

INCOME TAX:

Reduced flat 25% income tax rate; Accelerated depreciation deduction; NOLs are transferable to third parties after 5 years and have no time deduction limit; inflation adjustment of NOLs allowed by law and no limits to inflation adjustment apply in general, no thin-capitalization limitation rules for five years; payments for leases, maritime charters, engineering contracts, and the acquisition and management of constructions for foreign beneficiaries are exempt from income

tax and foreign taxpayers are subject to a 30% withholding income tax rate.

Additionally, no gross-up is required when VPU is responsible for covering the tax on behalf of the foreign beneficiary, thus the effective tax rate is reduced.

INTERNATIONAL TRADE TAXES: No import and export Duties or Customs service charge duties.

VAT: Excess input VAT as tax credit certificates can be used to pay supplier debts or National Tax Bureau import tax liabilities; Suppliers may transfer tax certificates to third parties, apply them toward other tax obligations, or request a cash refund.

Many Provinces have adhered and established special regimes of their own to provide incentives that diminish turnover tax, stamp tax and other municipal duties.

Finally, it should be noted that Argentina is working on a National Promotion Regime for the production of green hydrogen that will imply tax benefits among other incentives.

3. CORPORATE / M&A SL: What are the main due diligence considerations for energy M&A opportunities in your jurisdiction?

The main due diligence considerations will be related to corporate, commercial, financial, litigation, labor, environmental and tax aspects. Below you will find a brief summary of the main information and documentation to be considered:

A- Corporate Information

Information and documentation related to the structure and organizational chart of the companies; bylaws, capital structure, books, shareholders/partners, information on any substantial transaction carried out during the last five fiscal periods, information on the legal situation of the companies (if the companies are in bankruptcy, if the books of the companies are up



to date and if the Companies are normally carrying out their corporate activities), information and copy of the current powers granted by the companies, list of current directors/managers of the companies, information on any guarantee, pledge and obligation granted, shareholder/partner agreements or other para-corporate contracts between the shareholders/partners of the companies, share certificates, minutes, location of operations of the companies, permits and legal qualifications of all foreign subsidiaries or branches to carry out activities in each jurisdiction, schedule indicating the date and amount of dividends declared and/or paid during the last 5 fiscal years and copy of at least the last five financial statements of the companies.

B- Customers and Sales

List of clients and copies of their contracts entered into with them in writing (or purchase orders) and their addenda, and summary of all non-written contracts.

C- Information about Commercial Activities – Credits – Contracts– Others

- INSURANCE

Insurance policies and insurance contract coverage of the companies, detail of all the claims filed to the Insurance companies during the last five years under any of the insurance policies contracted by the Companies, together with the summary about the status or final resolution of each claim, reports from insurance brokers on the scope, quality and adequacy of the coverage of the companies.

- CONTRACTS

Copies of (or summaries in the case of unwritten agreements or agreements under negotiation) any significant agreement between the companies and a third individuals or entity, including, but not limited to: confidentiality agreements; exclusivity agreements; trust agreements in which the companies are party as settlor, trustee,

beneficiary or settlor; agreements concerning joint ventures or collaboration contracts or business grouping; all the agreements by which payment obligations have been assumed, such as loan contracts, debt acknowledgments, sureties, guarantees and promissory notes (whether receivable or payable); all the contracts regarding mergers, acquisitions, reorganizations or sale/purchase of assets; all the agreements related to intellectual property, including without limitation all agreements with third parties on the use and protection of trademarks, trade names, domain names, invention patents, industrial models and designs, utility models and copyrights of the companies; all the contracts entered into in relation to technology and know-how, transfer and license thereof, identification of important aspects, determination of duration and ownership; all distribution, representation, agency, marketing, supply, technical support, service, supplier, license or other relevant commercial agreements entered into by the companies; all brokerage, sales agent, or sales representative agreements; all loan, securitization or guarantee agreements, or any other contract that generates encumbrances (i.e. mortgage or pledge) on any assets of the companies that are in force and/or pending payment. Specifically, an explanation of any financial debt obtained by the companies in the last five years, and a copy of the pertinent contracts; equipment or property rentals; copy of lease/leasing agreements in force and expired during the last year in which the companies are the lessor and information on any agreement under negotiation; all the agreements between the companies and any other officer, director/manager, or shareholder/partner of the companies; any agreement that prohibits or limits the business of the companies (for example, non-compete agreement, or in certain areas or anywhere in the world, or which includes waivers or agreements of the companies with respect to rights with a economic value substantial); all the agreements with any government entity (whether national, provincial or municipal), or with state companies and companies, including the holding of national or



provincial public debt titles; any agreement that may be terminated or modified, or for which consent is required, in connection with the M&A operation of the companies; details regarding the distributors or agents and a summary identifying those agreements that may end as a result of a change of control in the companies or change of shareholders/partners

- FINANCIAL – GUARANTEES

Information about the type of activities that the companies carry out or have carried out during the last five years with banks or financial entities (or that is negotiating). Details (including type and number) of all bank accounts of the companies and persons authorized to withdraw funds from their accounts; information on any guarantee granted by the companies and details and amounts of guarantees granted by the companies in force or that the companies are negotiating.

Property Rights

List of Trademarks, Patents and Copyrights registered in the name of the companies; list of Real Estate Properties belonging to the companies, list of registrable movable property (i.e. automobiles, boats, aircraft, etc.) and a list of Internet Domains registered in the name of the companies.

Public tenders (National, provincial and municipal scope)

Details of the public tenders in which the companies have participated and list of direct contracts.

Litigation

Detail of all the claims and disputes that the companies have (whether administrative, arbitration, mediations, bankruptcy requests, state, civil, commercial, labor, tax, social security, intellectual property, environmental, customs, criminal and of any other nature) whether completed, ongoing or imminent, in which the

companies are parties as plaintiff or defendant; information on breaches of obligations related to intellectual and/or industrial rights by the Companies and/or any of their subsidiaries that are known or alleged by third parties; existence of preventive, precautionary measures on the companies or any of their subsidiaries; information regarding any infraction or breach of the Competition Laws, as well as any other notification received by the companies of the National Commission for the Defense of Competition; Details of all pending or firm claims, lawsuits, mediations and litigious issues related to products marketed or failures of products marketed by the companies, as well as claims by insurance or by insurance companies and any circumstance that could be known by the Directors and Managers of the Companies that could result in a possible conflict (judicial or extrajudicial), or notification of any authority

Labor

Contracts and work agreements; labor debts/ social security in court or with finalized process; wages and wages book; personnel files; Affidavits corresponding to the last 10 years; Union framework of the personnel, particular agreements and/or special benefits with the staff and managers/directors; bonus program or policy; supporting documentation of personnel laid off in the last 3 years; detail of inspections suffered, assessments and/or fines applied; list of the members of the administrative body and hierarchical personnel, as well as the functional organization chart of each company; remuneration of directors/managers and hierarchical personnel; collective Agreement Rules applicable to the personnel of the companies; specific agreements that may have been entered into with worker union associations; current list of personnel, classified by jurisdiction and by contractual modality; indicating name and surname, age, position or activity performed, date of entry, monthly remuneration, additional benefits and inclusion or not in the collective agreement; monthly pension affidavits corresponding to the period.

Evidence of payment of the balances contained in such declarations and of those made to Union Entities. Work papers used to prepare the aforementioned affidavits; if there are personnel hired through Temporary Services companies, withholding certificates issued as a result of the companies acting as pension withholding agents. Evidence of income of such withholdings for the work period. Minutes of the tasks performed by the contracted workers and reasons that warranted their hiring by this means; insurances; If there has been an assignment or transfer of personnel from or to other employers, detail: a) personnel included; b) date of transfer; c) conditions; d) obligations and recognition of rights; e) instrumentation; etc and overtime and Work Hours: Inform applicable policy and what is the existing supporting documentation in order to control payment.

Environmental.

Inspection records; reports from environmental advisors; agreements with federal or provincial agencies; record of incidents, etc. and studies / Environmental Impact Reports.

Taxes.

Information and documentation related to sworn statements and working papers presented and used regarding National and Provincial Taxes and municipal taxes will be required mainly.



Andersen Argentina
Juan De Cabo - Partner
Juan.decabo@ar.andersen.com



Bolivia

1. ENERGY IL: What is hot/moving in your jurisdiction in terms of energy M&A opportunities?

In Bolivia, traditionally the oil industry is where most of the M&A transactions for the energy sector have been generated; however, in recent years and with the nationalization of the oil&gas companies, this source of development has moved to the lithium industry. This is due to the growing global demand for this mineral, especially by technology industries, which use lithium for the production of batteries for cell phones, laptops and the now growing electric vehicle industry.

Bolivia has the world's largest reserves of this mineral, estimated at more than 9 million metric tons. Bolivia's lithium deposits are located in the Salar de Uyuni, department of Potosí, located at an altitude of 3,670 meters above sea level, with an area of 10,000 km² (180 km long and 80 km wide).

The inhospitable areas where lithium reserves are located in Bolivia mean that lithium exploitation, extraction and production activities have higher costs than those incurred in neighboring countries like Chile and Argentina, which

makes it extremely necessary to implement technologies through foreign investment, so it is expected that the industry will move in the near future, for major M&A operations.

2.TAX SL: What type of tax incentives promote energy M&A opportunities in your jurisdiction and how does an investor qualify for them?

There are no specific incentives for the energy sector, however, the transfers and/or sales that take place within the Mergers and Acquisitions are not subject to the main taxes in Bolivia, such as Value Added Tax (VAT), additionally the tax credits or credit balances that the predecessor company or companies may have may be transferred to the successor company or companies.

Likewise, mergers and acquisitions are exempt from Transaction Tax (IT). Finally, in the case of Corporate Income Tax (IUE), in addition to the fact that mergers and acquisitions will not be subject to this tax, the successor company or companies may transfer the losses and offset them in the four (4) fiscal years following the year in which the transfer was made.

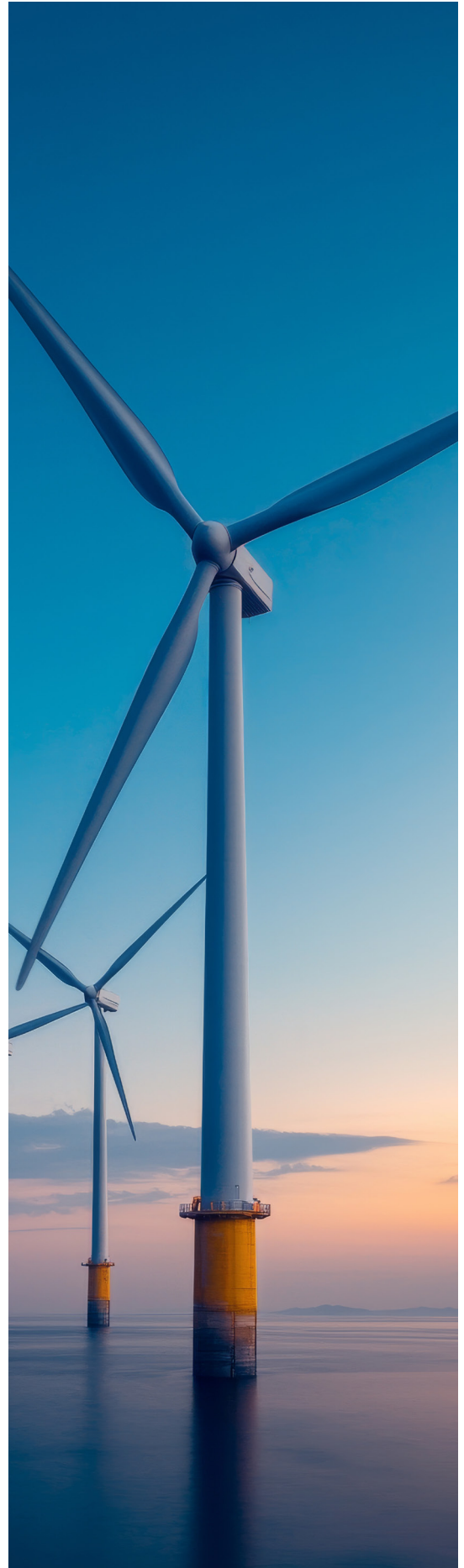


3. CORPORATE / M&A SL: What are the main due diligence considerations for energy M&A opportunities in your jurisdiction?

In addition to the general due diligence considerations that are made in any operation, in the case of mergers and acquisitions it is important to review the documentation and state regulatory standards, since in Bolivia natural resources (including those related to energy) are regulated by the National Government. In addition to special care in regulatory compliance, it is essential to comply with change of controls regulations that may affect the operation.



PPO Indacochea –
Collaborating firm
Maria Eugenia Mosciaro
mmosciaro@ppolegal.com



Brazil

1. ENERGY IL: What is hot/moving in your jurisdiction in terms of energy M&A opportunities?

Regulatory reforms and new business opportunities have attracted the attention of a wide range of investors in the Brazilian electricity sector and have driven M&A transactions in the country. In 2024, a series of significant events occurred, such as the opening of the free market to retail consumers, new incentive laws for biofuels, the creation of a regulated carbon market, and the approval of the offshore wind regulatory framework. These developments have led companies to reposition their strategies for the coming years. In particular, the long-promised electricity sector reform by the Federal Government is expected to be submitted to the National Congress soon.

- **Free Market:** With Ordinance No. 50/2022 issued by the Ministry of Mines and Energy (MME), new high-voltage consumers with a load lower than 500 kW were authorized to purchase electricity through the Free Contracting Environment (“Ambiental de Contratação Livre”

- **ACL)** from January 1, 2024. This new target group now has access to the bilateral electricity trading market, achieving efficiencies from both financial and environmental perspectives,

as it is possible to select energy generated from renewable sources. MME indicates that market liberalization will be continued, so that low-voltage consumers can also acquire energy through the Free Contracting Environment. As a result, the energy trading market has expanded and is expected to continue growing, boosting the acquisition of new generation assets to serve retail consumers.

- **Biofuels:** Law No. 14,993/2024, also known as the “Future Fuel Law”, was enacted. The purpose of this new regulation is to position biofuels as key drivers of the energy transition, including sustainable aviation fuel, biodiesel, and biomethane. M&A activity involving biofuel producers is gaining momentum due to legal requirements mandating the compulsory acquisition of biofuels and environmental attributes by certain agents such as airline operators, fossil fuel distributors, and natural gas producers. The regulation of this law, to be issued this year, should also be closely monitored to ensure legal certainty for these transactions.

- **Environmental Attributes:** Already provided for in the Future Fuel Law, Certificates of Guarantee of Origin of Biomethane (“Certificados de Garantia de Origem de Biometano” – CGOBs) are one example of environmental attributes that certify the origin of electricity purchased from sustainable sources. Another rapidly growing attribute in Brazil is the I-REC, an internationally standardized traceability certificate increasingly associated with renewable energy acquired through power purchase agreements – PPAs in the free market. Law No. 15,042/2024 also established the Brazilian Greenhouse Gas Emissions Trading System (“Sistema Brasileiro de Comércio de Emissões de Gases de Efeito Estufa” – SBCE), which creates the regulated



carbon market in Brazil. All these attributes highlight the need for special attention in the context of acquisitions not only on financial metrics but also on environmental aspects from a corporate and strategic point of view.

- Offshore Wind: Law No. 15,097/2025 was enacted, regulating the exploitation of offshore wind energy potential in Brazil. The law sets guidelines for granting sea sites, obligations for developers, environmental monitoring, and revenue distribution among the federal and subnational entities. This is a market that will undoubtedly generate new acquisitions, given Brazil's vast wind potential and extensive territorial waters. International investors with technical expertise in this technology are now showing interest in Brazil, driven by increased legal certainty.

- Self-Generation: The Federal Government has for some time signaled its intention to propose a reform of Brazil's electricity sector. Specifically regarding self-generation, which is a well-established legal structure in the market due to exemptions from certain sectoral charges and taxes, there is growing momentum around amending the regulatory framework. In particular, there are discussions on increasing the minimum load requirement per consumer for self-generation by equivalence ("autoprodução por equiparação"), which is currently 3 MW (as established in Decree No. 6,210/2007), in addition to a minimum equity stake of each shareholder in the capital stock of the controlled entity, which is the owner of the generation assets. This is a key moment for investors to prepare their projects to align with the upcoming regulatory changes.

- Low-Carbon Hydrogen: Law No. 14,948/2024 establishes the legal framework for low-emission carbon hydrogen, enacting the National Low-Emission Carbon Hydrogen Policy and the Low-Emission Carbon Hydrogen Development Program ("Programa de Desenvolvimento do Hidrogênio de Baixo Carbono" – PHBC). Furthermore, the new

law also provides incentives for the low-emission carbon hydrogen industry through the Special Incentive Regime for Low-Emission Carbon Hydrogen Production ("Regime Especial de Incentivos para a Produção de Hidrogênio de Baixa Emissão de Carbono" – REHIDRO). This scenario incentivizes the installation and development of the hydrogen industry in the country, aiming, among other things, at production for the external market and, consequently, favors foreign investments in Brazil.

2.TAX SL: What type of tax incentives promote energy M&A opportunities in your jurisdiction and how does an investor qualify for them?

Companies organized in Brazil engaging in energy projects may benefit from the following tax benefits, among others:

- i.** REIDI: Exemption from Federal Contribution on Gross Revenue (PIS/COFINS) for equipment, materials and services applied in energy projects (REIDI). The company must require prior approval from Tax Authority;
- ii.** Exemption from State Tax on Sales (ICMS) for equipment and components for solar and wind energy (i.e. solar panels, wind turbines). The legislation provides for a list of tariff classification codes and the benefit is automatically applied;
- iii.** 75% reduction on Corporate Income Tax for energy projects in regions North and Northeast. The project must be previously approved by the Region's development authority;
- iv.** Distributed generation: Exemption from State Tax on Sales (ICMS) on generation and consumption of energy by the same entity up to 1MW of installed capacity; certain States extend the benefit to other types of distributed generation and up to 5MW of installed capacity.

v. Self-generation (“autoprodução”): Taxpayers defend the understanding that generation and consumption of energy by the same company (or in case of a consortium, proportionally to the stake of the company in the consortium) is not a triggering event for the State Tax on Sales (ICMS).

vi. Transmission Lines: Certain States are authorized to provide a reduction in the tax base on the State Tax on Sales (ICMS) on the importation of goods intended for the installation and construction of electric power transmission line.

3. CORPORATE / M&A SL: What are the main due diligence considerations for energy M&A opportunities in your jurisdiction?

Legal due diligence in energy M&A transactions in Brazil involve both general and specific investigation, with particular attention to regulatory and contractual matters. The main aspects for consideration within the Brazilian legal framework are the followings:

Corporate:

A corporate due diligence shall be based on key aspects that could imply in a negative material impact on the transaction itself or on shareholders’ exercise of rights, such as liens or encumbrances on shares, limitations prescribed by shareholders’ agreements, as well as any other restraints prescribed by instruments related thereto.

Antitrust:

For antitrust and gun-jumping prevention, the transaction shall be subject to the approval of the Administrative Council of Economic Defense (CADE), depending on the parties involved with respect to their annual revenues. In general, transactions must be submitted to the Brazilian Antitrust Authority prior approval if they meet the following cumulative thresholds:

(i) At least one of the economic groups involved in the transaction has registered an annual gross revenue or total volume of business, in Brazil, in its last balance sheet, equivalent to or above BRL 750 million, in the year preceding the operation; and

(ii) At least another group involved in the transaction has registered an annual gross revenue or total volume of business, in Brazil, in its last balance sheet, equivalent to or above BRL 75 million, in the year preceding the operation. Therefore, transactions that are subject to mandatory notification to Brazilian Antitrust Authority cannot be consummated until the latter renders a final decision, under penalty of breaching the law and incurring in “gun-jumping”.

Environmental:

Federal, state and municipal administrations have common constitutional authority to protect the environment in Brazil, which implies in special complexity for transactions dealing with natural resources, such as energy M&As. The environmental analysis consists of examining the environmental and operational licenses, permits and certificates of the entities involved in the transaction before authorities, such as the Brazilian Institute of Environment and Natural Resources (IBAMA) and other sub-national bodies.

Litigation matters:

In order to identify risks and liabilities arising out of litigation, it is imperative to verify whether there are any administrative proceedings or notices exchanged with ANEEL and other regulatory authorities, environmental, tax, labor and anticorruption authorities, as well as judicial and arbitration ongoing proceedings and notices, related to contractual, tort, tax, labor, and other matters. Generally, for that purpose, it is expected that the target entities present certificates and reports issued by lawyers directly involved with the relevant litigation proceedings, including

aspects such as the value under discussion, the probability of loss and the potential consequences of an eventual negative outcome.

Regulatory/contractual:

Energy is a highly regulated matter in Brazil. Therefore, documents issued by the relevant authorities are key, such as certificates, waivers, authorizations (“outorgas”), governmental concession agreements and regulatory enforcement reports (such as “Relatório de Acompanhamento de Empreendimentos de Geração de Energia Elétrica” – RAPEEL). Furthermore, contractual due diligence associated with regulatory aspects shall be performed in order to ascertain whether operational agreements are into force, including agreements of connection to the transmission/distribution grid (“Contrato de Uso do Sistema de Distribuição ou Transmissão” – CUSD/CUST), fuel supply (if applicable), real estate, Engineering Procurement and Construction (EPCs) and Power Purchase Agreements (PPAs). Financial agreements might as well be subject to investigation, including bonds, loans and guarantees – particularly if they are bound by special tax benefits (such as “debêntures incentivadas”).

Accounting, financial, and asset valuation due diligence:

In addition to the legal due diligence process described above, accounting and financial due diligence may be conducted through specialized firms to evaluate the accuracy of the target's financial statements, identify any contingent liabilities, assess overall financial health, and verify the adequacy of accounting practices in light of applicable standards. In asset-heavy transactions – particularly those involving generation or transmission projects – asset valuation may also be required and should be performed by firms specialized in energy infrastructure



Rolim, Goulart, Cardoso
Advogados –Collaborating firm
Fabio Appendino - Partner
f.appendino@rolim.com



Rolim, Goulart, Cardoso
Advogados –Collaborating firm
Rodrigo Dias - Associate
rodrigo.dias@rolim.com



Rolim, Goulart, Cardoso
Advogados –Collaborating firm
Sophia Galbas Rezende -
Associate
s.rezende@rolim.com



Rolim, Goulart, Cardoso
Advogados –Collaborating firm
Renan Torres Lucas dos Santos
- associate
r.lucas@rolim.com



Rolim, Goulart, Cardoso
Advogados –Collaborating firm
Gabriela Balkanski Melo -
Associate
g.melo@rolim.com



Chile

1. ENERGY II: What is hot/moving in your jurisdiction in terms of energy M&A opportunities?

Chile's energy market attracts strong M&A interest, particularly in renewable energy generation. As of early 2025, solar and wind projects dominate the landscape, with an increasing interest in battery energy storage systems (BESS), which are now essential for stabilizing the grid and supporting the intermittency of renewable generation. The oversupply in the northern grid (SING) and transmission bottlenecks in the central system (SIC) have prompted investors seeking projects that are bundled with storage or demand response components.

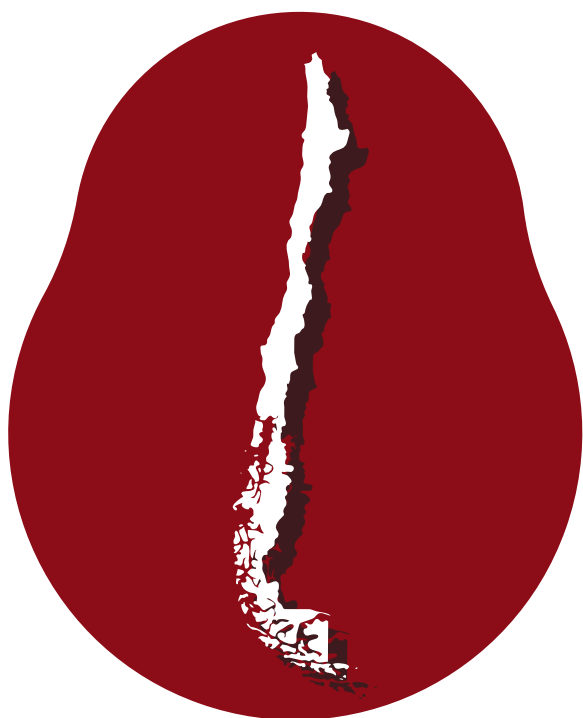
Green hydrogen remains a cornerstone of Chile's long-term energy policy. The government continues advancing its National Green Hydrogen Strategy, now entering the implementation phase with pilot projects in the Atacama and Magallanes regions. Several joint ventures involving European and Asian firms are

in progress, supported by public funding from both Chilean and international institutions. M&A activity now includes hydrogen production, ammonia export terminals, and related infrastructure.

Chile's regulatory certainty and public-private coordination continue to be strong pull factors. The government's roadmap toward decarbonization and the 2050 carbon neutrality goal underpin investor confidence. In 2024, the closure of coal-fired plants accelerated, freeing up grid capacity for renewables, while new transmission projects under Plan de Expansión de Transmisión 2023-2027 aim to decongest saturated nodes.

According to recent reports from BICE Inversiones and EY Chile, M&A activity in the energy sector during 2024 has been led by strategic acquisitions of operating wind and solar farms, while developers focus on obtaining permits and securing environmental approvals for greenfield projects. The secondary market for renewables is particularly active due to attractive returns under long-term PPAs.

Electric mobility is also emerging as a significant investment opportunity, particularly in urban transportation. Chile's Ministry of Transport and Energy has supported the replacement of over 2,000 diesel buses with electric ones in Santiago's RED system, with additional replacements planned for regional cities. This transition presents new opportunities for infrastructure development, including charging networks and smart grid integration.



2.TAX SL: What type of tax incentives promote energy M&A opportunities in your jurisdiction and how does an investor qualify for them?

Chile offers both direct and indirect incentives for renewable energy development and investment. The country has a flexible tax on local polluting emissions of particulate matter, NOx (nitrogen oxides), and SO2 (sulfur dioxide), and a fixed tax for global CO2 emissions for power plants with a capacity of 50MW and above. The country taxes US\$5,000 for every ton of CO2 emitted. The government has also consistently awarded concessions for using fiscal property to develop non-conventional renewable projects.

A standout benefit is the VAT exemption on capital goods imports, which is available to foreign investors for projects exceeding US\$5 million. This includes wind turbines, solar panels, and electrolyzers, provided they are directly related to productive activities and have a useful life of at least three years. Applications must be made through InvestChile, which facilitates coordination with the Ministry of Finance and the Internal Revenue Service.

Regional incentives are particularly attractive in areas such as Magallanes, Arica, and Aysén. Under Law 19.606 and Law 19.420, investments in fixed assets in these regions may be eligible for tax credits of up to 40%, depending on the amount and nature of the investment. These laws apply to clean energy, hydrogen, and infrastructure projects and require the company to declare income under the first category regime with full accounting.

Chile's Law 20.241 on R&D also plays a key role in innovation-based energy investments. Companies can obtain a 35% tax credit on certified R&D expenses and deduct the remaining 65% as operational expenses. This is particularly relevant for pilot programs in energy storage and hydrogen

production that utilize cutting-edge electrolysis or carbon capture technologies. The maximum annual credit is capped at 15,000 UTM.

Moreover, the Foreign Investment Statute (Law 20.848) continues to ensure access to the formal foreign exchange market, repatriation of capital and profits, and tax stability. Investors with a Foreign Investor Certificate from InvestChile can benefit from simplified procedures, greater legal certainty, and favorable treatment under free trade agreements, particularly with the European Union and countries in the Asia-Pacific region.

3. CORPORATE / M&A: What are the main due diligence considerations for energy M&A opportunities in your jurisdiction?

Energy M&A due diligence in Chile involves a multi-layered review process due to the regulatory and technical complexity of infrastructure projects. Investors must assess corporate structure, compliance, and financials, but specific attention is required for real estate, environmental, energy, and mining rights, especially when projects are located in areas with overlapping rights or indigenous land claims.

Real estate diligence involves verifying the legal title, easements, and access rights for both the power plant and its associated infrastructure (i.e. transmission lines). Chile's land registration system is generally reliable, but challenges can arise in rural or indigenous territories. Easements granted under Law 19.253 (indigenous rights) or Law 20.283 (native forests) may require additional review and community consultation.

Environmental diligence requires a thorough review of compliance with the Environmental Impact Assessment System (EIA), including approval status, mitigation measures, and sectoral environmental permits (SEPs). For solar, wind, and hydroelectric projects, the presence of nearby



protected areas or archaeological sites can add significant complexity and timeline risk.

In the energy regulatory sphere, all permits granted by the Superintendencia de Electricidad y Combustibles (SEC) must be in force and properly transferred, if applicable. Special attention must be paid to grid connection contracts (PPCs), PPA structures (both regulated and unregulated), and compliance with operational dispatch norms under the Coordinador Eléctrico Nacional.

These contracts often involve obligations that could survive a transfer.

Finally, Chile's unique separation of surface and subsurface property rights means mining rights must be examined even in non-mining projects. Due diligence must include the review of registered mining concessions on or near the project site to avoid interference or legal claims. Investors often acquire or lease the relevant mining rights as a risk mitigation strategy, particularly for wind and solar farms in northern regions.



Chirgwin – Collaborating firm
Andres Chirgwin
andres@chirgwin.cl



Cuba

1. ENERGY: What is hot/moving in your jurisdiction in terms of energy M&A opportunities?

Cuba's energy sector is undergoing a transition towards renewable sources. Solar, wind, and biomass energy have gained prominence due to the country's aim to reduce dependence on fossil fuels and imported oil. The Cuban government has set a target to generate at least 24% of its electricity from renewables by 2030.

One of the most attractive opportunities for foreign investors are photovoltaic solar farms. These require moderate upfront investment, offer stable returns, and align with the state's sustainability goals. The distribution of power generation in rural areas is also being actively promoted.

Biomass, especially from agricultural waste like sugarcane bagasse, is another promising area. The government encourages cogeneration in sugar mills, allowing foreign companies to partner with Cuba's agro-industrial sector.

Energy efficiency initiatives in industry and transportation also offer great potential. The government seeks foreign technology and expertise to improve energy use and reduce losses in the national power grid.

On the other hand, there are also several investment projects through risk contracts for the exploitation of non-renewable natural resources (oil and gas). or stock of the company owning the installation. The legal regime governing wholly foreign-owned companies (with the limitations that may exist for a change of ownership) is fundamental in due diligence reports on financing or asset acquisition operation.

2.TAX: What type of tax incentives promote energy M&A opportunities in your jurisdiction and how does an investor qualify for them?

Law 118 on Foreign Investment offers a special tax regime for strategic sectors such as renewable energy. Incentives include exemption from profit tax for up to eight years and a 50% reduction in customs duties on equipment and technology imports.

Foreign companies can operate as joint ventures, as wholly foreign-owned companies or through international economic associations. To access incentives, investors must submit a project proposal to the Ministry of Foreign Trade and Foreign Investment (MINCEX), which coordinates with the Ministry of Energy and Mines for approval.

Special Development Zones like Mariel offer even more favorable conditions, including extended tax exemptions, modern infrastructure, and logistical advantages. These zones are designed to attract foreign capital in priority sectors.



Power purchase agreements (PPAs) with the state-owned Unión Eléctrica (UNE) also provide legal security, as these long-term contracts set fixed energy rates and guarantee return on investment

3. CORPORATE / M&A: What are the main due diligence considerations for energy M&A opportunities in your jurisdiction?

Legal certainty and institutional transparency are key considerations. While Cuba's legal framework for foreign investment is clear, administrative processes can be slow and require in-depth knowledge of the regulatory environment. Local legal representation and expert consultancy are essential.

Investors must carefully evaluate asset ownership structures. Most energy projects are developed through joint ventures with state entities, which means negotiating terms around profit sharing, governance, and decision-making is crucial.

Another important factor is financial risk related to Cuba's macroeconomic environment. Currency restrictions, limited access to international financing, and external sanctions must be thoroughly assessed. A comprehensive country risk analysis is recommended before investing.

Finally, technical and environmental assessments are critical. Cuba requires environmental impact studies as a prerequisite for approving energy projects, especially in solar and wind. Cooperation with local authorities is vital for successful implementation.



Andersen Espana (Madrid)
Ignacio Aparicio Ramos
Ignacio.aparicio@es.andersen.com



Dominican Republic

1. ENERGY II: What is hot/moving in your jurisdiction in terms of energy M&A opportunities?

The Dominican Republic's target of 30% renewable energy by 2030 is fueling M&A activity in the energy sector. To meet this goal, the country is accelerating solar and wind developments, with 1,745 MW of installed capacity by 2023. By the end of 2024, renewable capacity reached 1.394 GW, excluding over 460 MW of self-consumption. With 27 new parks added in 2024 and more expected in 2025, companies are actively seeking acquisitions to scale their portfolios in this expanding market.

Energy storage is gaining traction following new regulations mandating battery systems for solar projects between 20–200 MWac. These must include storage equal to 50% of their capacity for at least four hours. This complements earlier rules requiring storage for utility-scale projects over 50 MW.

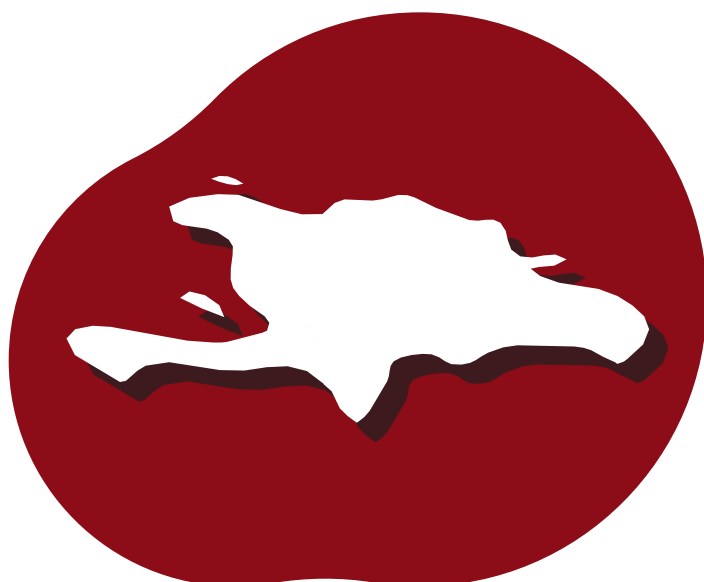
The CNE has already approved 15 storage-integrated projects, and demand is projected to reach 250–400 MW by 2028. This regulatory push

presents a valuable M&A window, especially for firms with expertise in battery technology or integrated storage projects.

The growth of renewable energy has increased the need for transmission infrastructure. The government plans to invest US\$450 million between 2025–2028 in transmission lines and substations. Additionally, the Superintendent of Electricity announced a US\$2.1 billion investment to modernize the national grid. While not generation-related, these efforts may attract M&A interest from firms specializing in grid technologies or infrastructure development, especially amid potential future privatization of distribution assets.

Smaller-scale renewable energy projects under 50 MW also present strong M&A potential. Though less visible, these projects offer opportunities for investors seeking lower capital entry points or portfolio diversification. Additionally, as the sector grows, demand for services like installation, maintenance, and consulting rises, opening acquisition paths for specialized service providers. Biomass and waste-to-energy also show promise, with government backing aimed at diversifying the energy mix and improving waste management.

Support from development banks adds further appeal to the sector. Institutions like the IFC and Proparco often de-risk projects through rigorous due diligence, making them attractive M&A targets. Notably, Ecoener secured US\$43.1 million from Proparco for its Payita 1 solar project, while ACCIONA Energía is developing



the 63.35 MW Pedro Corto plant, expected to begin operations by late 2025. These developments reflect ongoing momentum and investor confidence in the market.

2. TAX SL: What type of tax incentives promote energy M&A opportunities in your jurisdiction and how does an investor qualify for them?

Law No. 57-07, enacted in 2007, is the primary legal framework promoting renewable energy in the Dominican Republic. It offers major tax incentives that enhance the financial appeal of renewable energy projects, making them attractive for M&A. A solid grasp of these benefits is crucial during due diligence, as they can significantly influence a project's profitability and valuation in a potential acquisition.

Key incentives include 100% exemption from import tariffs and Value Added Tax (ITBIS) on essential renewable energy equipment. Additionally, projects benefit from up to 10 years of income tax exemption, which, although originally expiring in 2020, remains in effect. These incentives reduce capital costs and enhance project returns, making eligible companies attractive acquisition targets.

Law No. 57-07 also grants a 5% tax reduction on interest from foreign loans and allows for a one-time tax credit of up to 75% on capital equipment for self-producers. Although this credit was reduced to 40%, there is potential for restoration. For small-scale community projects, the law provides access to favorable financing covering up to 75% of total project costs.

To access these incentives, projects must involve eligible renewable sources like solar, wind, hydro, or biomass. Compliance with CNE regulations and obtaining proper concessions are mandatory. sector to strengthen this dimension of the Dominican economy has brought very positive results.

The country's legal system constitutes another incentive for investment. The Dominican economy has experienced a continuous process of regulatory modernization, which has led to the adoption of a variety of measures aimed at opening and commercially integrating the economy into the international markets. Having recognized that the Dominican market depends on international economic integration, the Dominican government has opted to create a solid legal foundation that allows for sustained economic stability and growth as well as assures freedom and security to the economy's different participants when commercializing goods and services.

3. CORPORATE / M&A SL: What are the main due diligence considerations for energy M&A opportunities in your jurisdiction?

A fundamental aspect of due diligence involves a deep dive into the Dominican Republic's energy sector legal framework, including laws like the General Electricity Law (Law No. 125-01), the Renewable Energy Incentives Law (Law No. 57-07), and the General Law on Environment and Natural Resources (Law No. 64-00). Understanding the roles of the National Energy Commission (CNE) and the Superintendency of Electricity (SIE), the primary regulatory bodies, is crucial. Investors must assess the target's relationship with these entities, its compliance history, and any pending regulatory issues. Notably, M&A deals involving generation companies require SIE approval, needing a clear understanding of the associated timelines and procedures. The SIE's ongoing review of Battery Energy Storage Systems (BESS) regulations also warrants attention.

Thorough scrutiny of concession agreements and Power Purchase Agreements (PPAs) is paramount. Investors must meticulously examine the terms and conditions of the target's concession agreements, defining rights, obligations, duration, and termination clauses. Similarly, a detailed



Ecuador

1. ENERGY: What is trending or moving in your jurisdiction in terms of opportunities for mergers and acquisitions (M&A) in the energy sector?

In 2024, Ecuador went through an energy crisis that highlighted the urgent need to transform and modernize its energy sector. This challenge has driven a transition towards renewable energy sources, promoting projects that combine thermal and renewable energy. These efforts are part of a strategy to reduce environmental impact and diversify the country's energy matrix.

Although the energy industry in Ecuador is mainly managed by the government, which regulates and administers energy resources as it is considered a strategic industry in the Constitution, in recent years new initiatives have emerged that favor investment in renewable energies. This focus is creating unique opportunities for both foreign and local companies interested in participating in this transformation process.

While Ecuador does not yet have a formal M&A framework for the energy sector, the push towards renewable energies and the modernization of its energy infrastructure open the door for private investments and strategic

partnerships that can facilitate the growth and sustainability of the industry. Private companies could play a crucial role, not only as suppliers to state-owned companies but also through new forms of collaboration and integration with government and private projects.

Moreover, the Ecuadorian government has adopted policies such as the Organic Law to Boost Private Initiatives in Electricity Generation, which encourages investment in technologies that facilitate the transition to cleaner energy. These policies could provide access to fiscal incentives, creating a favorable environment for foreign investments.

Thus, Ecuador presents an interesting outlook for investors interested in participating in energy transition projects, which could generate future M&A opportunities once the country continues its opening process towards the private sector.

2. TAXES: What kind of tax incentives promote opportunities for mergers and acquisitions (M&A) in the energy sector in your jurisdiction and how can an investor qualify for them?

Ecuador has implemented several tax incentives to encourage investment in the energy sector, especially in renewable energy and energy transition technologies. These incentives are attractive for potential mergers and acquisitions (M&A) in the sector, especially for companies interested in projects that align their operations with government sustainability policies.



The main incentives include:

Depreciation and amortization: An additional 100% deduction is allowed for the depreciation of machinery and technologies that promote the use of renewable energy and sustainable practices, which benefits companies investing in clean technologies. This additional deduction is limited to 5% of total income and requires authorization from the competent authority.

It will be possible to deduct, when calculating the income tax base, expenses related to the construction of new electrical networks and distribution infrastructure to supply commercial or industrial clients outside the distribution network. This deduction will only be valid if it has the approval of the electricity distribution companies. However, costs backed by false receipts, non-existent contracts, or transactions with fictitious persons or entities cannot be deducted.

Incentive for environmental donations and investments: A 100% additional deduction is allowed on the income tax base for donations, investments, or sponsorships aimed at programs for environmental prevention, conservation, risk management, and bio-entrepreneurship.

Incentives for renewable energy investments: Companies making new investments in renewable energy will be exempt from income tax for five years, provided these investments are made outside of the cities of Quito and Guayaquil.

Promotion of energy efficiency: Tax incentives are offered to companies that implement clean production and energy efficiency projects, such as the Negotiable Discharge Permits. These permits allow companies to regulate their environmental impact in exchange for certain tax benefits.

Permit reviews and adjustments: Private projects in progress or operation with a capacity limit of 10 MW can request the review of permits or power adjustments to align with the new legal limits.

Technology transition plans: Thermal power generation companies must submit transition plans to clean technologies, with the support of the state for natural gas importation.

Financial products: Public and private banks can offer preferential financial products to those wishing to implement renewable energy self-consumption systems.

Priority for projects up to 100 MW: Private projects promoting the use of clean and renewable technologies, under 100 MW, will have access to preferential dispatch and pricing.

The Ministry of Energy and Mines must include legal stability clauses in all contracts it enters into with public or private entities, which should consider the central and local taxes in effect at the time of the contract signing.

3. CORPORATE / M&A: What are the main due diligence considerations for energy M&A opportunities in your jurisdiction?

- Obtain project approval from the Inter-Institutional Committee.
- Establish an Ecuadorian company and register it in the Tax Registry.
- Assess available tax incentives, such as income tax exemptions for renewable energy projects and additional deductions for donations to environmental programs.



- Verify the necessary permits for the operation of the project and ensure compliance with the new power limits established by law.
- Ensure the project meets environmental standards by presenting transition plans to more sustainable technologies.
- Review existing contracts or potential public-private partnership agreements (PPP), considering participation requirements and the tax benefits involved.
- Verification of non-violation of rules of free competition (Antitrust) on the specific type of private-public partnership.



Andersen Ecuador
Mauricio Durango
mauricio.durango@ec.andersen.com



El Salvador

1. ENERGY IL: What is hot/moving in your jurisdiction in terms of energy M&A opportunities?

The diversification of the energy matrix in El Salvador presents opportunities for mergers and acquisitions in the energy sector due to the creation of a National Energy Policy. This policy includes long-term energy planning, energy access, efficient consumption, clean and renewable energy sources, fossil fuels, biofuels, natural gas, among others.

El Salvador's energy sector is divided into four (4) subsectors: electricity, hydrocarbons, bioenergy, and consumption. Each of these subsectors contains multiple internal opportunities for growth and improvement of current energy options. These opportunities are further enhanced by current regulatory improvement measures, which facilitate collaboration between private entities and public institutions overseeing regulated markets.

Additionally, there is a subsector that encompasses generation, transmission, distribution, and commercialization activities—in other words, the production, transport, and marketing of electricity to the end consumer. It is estimated

that by the year 2050, the National Energy System (SEN) will utilize modern, efficient, and cost-effective resources, technologies, and infrastructure to supply, transform, transport, and consume energy.

El Salvador seeks to position itself as a regional leader in attracting investment in the energy sector, particularly in the area of renewable energy generation. This area presents the greatest potential for mergers and acquisitions. The utilization of national resources and renewable sources is increasingly attractive due to changes in national legislation, which offer tax incentives to promote renewable energy for electricity generation.

2.TAX SL: What type of tax incentives promote energy M&A opportunities in your jurisdiction and how does an investor qualify for them?

In order to promote business in the energy sector, the “Law on Incentives for the Promotion of Renewable Energy in Electricity Generation” has been enacted. Under this law, individuals or legal entities dedicated to renewable energy benefit from the following exemptions:

- Tax incentives for investments in renewable energies: hydroelectric, geothermal, wind, solar, marine, biogas, biomass.
- 10-year exemption from import duties.
- 5-year exemption from Income Tax for projects with generation revenues above 10 MW.
- 10-year exemption from Income Tax for projects with generation revenues below 10 MW.



- Full exemption from taxes on income derived from the sale of Certified Emission Reductions (CERs).
- 10-year Income Tax deduction for costs/expenses related to the full reinjection of geothermal resources at geothermal power plants.
- Eligibility for new investments in projects involving the installation or expansion of power plants based on renewable energy sources.

To qualify for these exemptions, companies must submit an application to the relevant institutions, such as the Ministry of Finance, with prior certification from the General Superintendency of Electricity and Telecommunications, including technical, financial, and legal information about the project.

3. CORPORATE / M&A SL: What are the main due diligence considerations for energy M&A opportunities in your jurisdiction?

Legal Due Diligence for this type of project will mainly focus on the legal and regulatory aspects related to the development and execution of the project.

1. Corporate Matters:

- 1.1** Review of the bylaws of the companies involved.
- 1.2** Review of the bylaws of the Special Purpose Vehicle (SPV), if one has been established for the specific project(s).
- 1.3** Analysis of the shareholder structure.
- 1.4** Review of any agreements between the partners or shareholders.

Documents subject to review:

- Copies of the companies' certificates of incorporation, name change certificates (if applicable), and current bylaws.

- Information on the registered office, branches, and business locations.
- An ownership chart showing the company, its subsidiaries, and affiliated entities; and details of any former subsidiaries.
- Details of any direct or indirect investments in other companies, joint ventures, partnerships, or other entities, including the nature and size of each holding.
- Information about company directors and the company secretary (if applicable).
- Copies of the shareholder register, board meeting minutes, and legal books—or the location where they can be inspected.
- Current powers of attorney granted by the company, including a list of authorized signatories and the scope of their authority.
- All contracts between the SPV and third parties, to ensure the project aligns with market standards and is viable for financing.

2. Environmental Matter

Documents subject to review:

- Documentation regarding the activities carried out or planned on properties owned or used by the companies involved.
- Copies of environmental reports, audits, or assessments from the past three (3) years related to the companies or properties they currently or previously occupied.
- Information on any known, suspected, or alleged violations of environmental laws.



- Any other documents related to the project's environmental impact or compliance..

3. Tax aspects

Documents subject to review:

- Copies of corporate tax returns filed over the past five (5) years.
- Details of any tax issues currently under review or that have been investigated in the past year, including any penalties or warnings issued (relating to income tax, corporate tax, withholding tax, municipal taxes, etc.).
- Confirmation that the company maintains proper accounting and tax records, including documentation to support the pricing of intra-group transactions or loans.
- Information on any foreign assets, operations, or registrations—or confirmation that the company has no international presence or tax obligations abroad.
- Details of capital assets where the declared value for tax purposes is significantly different from the book value.
- Information on any tax planning schemes involving the SPV that were intended to reduce or defer tax obligations—or confirmation that no such schemes exist.
- Any tax strategies implemented or planned by the seller that may affect the parties involved.



CENTRAL LAW –
Collaborating firm
Francisco Murillo
frmurillo@central-law.com



CENTRAL LAW –
Collaborating firm
Fernando Argumedo - Asociado
fargumedo@central-law.com

Guatemala

1. ENERGY IL: What is hot/moving in your jurisdiction in terms of energy M&A opportunities?

A short answer is the new tender process to buy power and energy (PEG-5), and to renew and build new electric lines (PET-3). These processes are happening right now.

The Guatemalan energy and power tender, known as PEG-5, is the largest in the country's history and seeks to guarantee long-term electricity supply with a sustainable approach.

The process involves an auction to award contracts at the lowest generation cost and is expected to cover firm demand with up to 1,400 MW of guaranteed capacity, in addition to 150 MW of installed capacity. The tender also includes the contracting of power and electricity to ensure supply to end users, through Load Curve Difference Contracts, Power Purchase Option Contracts, and Generated Energy Contracts. Tenders accepted will be awarded by January 30, 2026.

The process is planned as a reverse auction mechanism, through successive rounds to evaluate the financial offers. The deadline for submitting clarification requests is October

10, 2025. The deadline for issuing addenda is October 31, 2025. Technical bids will be received and opened on November 21, 2025.

PEG-5, a tender under the Generation Expansion Plan (PEG) and Transmission Expansion Plan (PET-3), aims to diversify technology and encourage participation from commercial entities. This initiative supports the national objective of reaching 80% renewable energy generation by 2030, addressing the energy needs of approximately 2 million Guatemalans currently without access to electricity.

Guatemala has launched a tender to contract 1400 megawatts (MW) of new electricity generation capacity to meet growing demand, with around 700 MW to be awarded to projects based on liquefied natural gas (LNG).

2.TAX SL: What type of tax incentives promote energy M&A opportunities in your jurisdiction and how does an investor qualify for them?

Tax incentives for electricity generation from renewable sources are one of the factors attracting investment in renewable energy projects in Guatemala. Furthermore, the dynamics of the electricity generation mix also indicate the influence of these tax treatments on achieving the goal of strengthening environmental protection.

Therefore, the cost-benefit ratio of these benefits is considered positive. These tax incentives are included in the Law DC 52-2003 and are condensed into a tax break in income tax for a ten-year term, and a waiver on import duties for all equipment needed to build the project.

There is also a tax break to promote electrical mobility (Law DC 40-2022), to promote and facilitate the purchase, sale, import, and use of:



electric vehicles, electric or hydrogen-powered motorcycles, hydrogen-powered vehicles, hybrid vehicles, and electric transportation systems such as cable cars, funiculars, electric trains, light rail vehicles, trams, and all-purpose trolleybuses. And to promote investment in projects that provide charging services (hydrogen and electric power). The incentives included are a waiver on import duties, and a 10-year term tax waiver on income tax for facilities where vehicles are assembled, and when electric public transport is operated.

The hydrocarbon sector continues to benefit from tax waivers on import duties and taxes on equipment used in exploration and operation of oil wells. (Law DL 109-83).

The Law DC 19-2016 allows to locate within duty free areas, storage facilities for oil and hydrocarbons, and to conduct from there the sales, transformation, and distribution activities. Therefore, these activities will be waived from import duties, and income taxes, since activities will be considered to be conducted outside Guatemala tax area (Local Tax criteria).

Most important issues to verify in a Due Diligence process related to energy sector in Guatemala?

We consider that an investor before entering an M&A deal in Guatemala, related to energy sector; needs to focus within a Due Diligence process related to the energy sector, on the good standing of licenses, and on the compliance with the local authorities on pending obligations, and contractual commitments, and licenses liabilities. Otherwise, the risk of having licenses revoked is latent, also the risk of being involved in lawsuits, or other claims and fines, is foreseeable.

Also, it is vital to check the environmental licenses and related pending obligations, since these may halt operations. And finally, it is important to check the community accords and obligations negotiated, to avoid social conflicts.



CENTRAL LAW –
Collaborating firm
Veronica Gonzalez
vgonzalez@central-law.com

Honduras

1. ENERGY: What is hot/moving in your jurisdiction in terms of energy M&A opportunities?

As of 2022 the Honduran Government declared the electric power service as a public good of national security and a human right, guaranteed by the Honduran State.

In order to set up the financial and corporate environment required to accomplish such feat, the National Electric Company (ENEE) and the IDB entered into negotiations for the financing of all related projects. Furthermore, the IDB announced more than L 1,500 million (US\$ 60.877.891,46) in funds dedicated to strengthening the electricity transmission network. Recently (February 2023), the parties signed the pertinent contracts to execute expansion projects and infrastructure works aimed at improving the quality of the service.

A massive emergency rural electrification program through solar and hybrid technology has been put into place, which will require the participation of international and local financial organizations. Also, mergers of significant size are expected for the construction of dams to generate renewable energy and flood control.

Grid Strengthening & Expansion :

- **ENEE and IDB Financing:** To achieve the goal of universal and reliable power service, the National Electric Company (ENEE) and the Inter-American Development Bank (IDB) have engaged in significant negotiations. The IDB announced more than L 1,500 million (approximately US\$ 60.88 million) in funds dedicated to strengthening the electricity transmission network. In February 2023, pertinent contracts were signed to execute expansion projects and infrastructure works aimed at improving service quality.
- **BCIE Investment in Transmission:** In a significant development, the Central American Bank for Economic Integration (BCIE - Banco Centroamericano de Integración Económica) has recently approved a US\$165 million financing package for Honduras. This substantial investment is specifically earmarked for the Electricity Transmission Program, Phase I, a nationwide initiative aimed at modernizing and strengthening the country's electricity grid. This BCIE financing is crucial because it seeks to:
 - Improve the quality, safety, and reliability of energy supply for over 2 million Hondurans.
 - Address current limitations in energy transmission capacity, affecting both supply stability and economic growth.



- Fund the construction of approximately 122 kilometers of new transmission lines, the establishment of two new substations, and the expansion of four existing ones.
- Facilitate the energy transition by creating better conditions for the integration of new renewable energy generation projects.
- Promote conditions for increased private investment, both national and international, thereby enhancing the sector's competitiveness.
- Reinforce interconnections with the Central American Electric Interconnection System (SIEPAC), supporting greater regional energy exchange.

2. TAX: What type of tax incentives promote energy M&A opportunities in your jurisdiction and how does an investor qualify for them?

Companies engaging in Renewable Energy benefit from the following exemptions:

Exemption from the payment of sales tax for all equipment, materials and services, for the generation process, and the respective infrastructure.

Exemption from payment of Income Tax, temporary solidarity contribution, Net Asset Tax, Capital's Gain Tax, and all taxes related to income for 10 years in qualified projects.

Exemption from Income Tax, and tax withholding on payments for services or fees for necessary feasibility studies, development, installation, engineering, management, construction of energy production projects.

Specific Renewable Energy Incentives (under the National Promotion Regime for Renewable Energy Sources):

Honduras has a specific legal framework, that promotes new investments in electrical energy production from renewable sources. These benefits include:

Early Refund of Sales Tax (ISV): This allows for faster recovery of ISV paid on investments related to renewable energy projects.

Accelerated Amortization in Income Tax: Companies can depreciate assets related to renewable energy projects at a faster rate for income tax purposes, reducing their taxable income in earlier years.

Extension in the Compensation of Losses with Profits: This provides more flexibility for companies to offset past losses against future profits.

Income Tax Exemption on Reinvested Dividends/ Profits: Dividends or profits distributed by investment projects covered by the Promotion Regime are not subject to Income Tax (10%) if they are reinvested in new infrastructure projects within Honduras.

Tax Exemption from Import Duties: Exemptions on import duties for equipment and materials used in renewable energy projects are typically available.

Exemption from Income Tax for Generation Income:

For generation income of projects +10MW, there can be a 5-year income tax exemption.

For generation income of projects -10MW, there can be a 10-year income tax exemption.

To qualify for these exemptions, the companies must submit an application to the Franchise Department, with technical, financial and legal information of the project.



3. CORPORATE / M&A: What are the main due diligence considerations for energy M&A opportunities in your jurisdiction?

The Legal Due Diligence for this type of project will focus mainly on the legal and compliance aspects related to the project.

Corporate Aspects

- a.** Revision of the articles of incorporation of the involved parties.
- b.** Revision of the articles of the SPV, in case an SPV is duly formed for the specific project (s)
- c.** Shareholder composition
- d.** Review of all agreements between the partners

Documents subject to review:

Copies of the companies' certificate of incorporation; any certificate of incorporation on change of the name and its current memorandum and articles of association.

Details of the companies' registered office, branches, agencies, and places of business.

An ownership chart showing the company, its subsidiaries, and associated companies; and details of any subsidiaries previously owned by the company or any member of the company's group.

Details of all interests owned by the company (whether directly or indirectly) in any company, partnership, joint venture, or other entity, including a description of the nature and size of each interest.

Details of the company's directors and the company secretary (if any).

Copies of the company's shareholders registry, board of directors, and legal books, if they cannot readily be copied, details of where they can be inspected.

A copy of all subsisting powers of attorney granted by the company, and details of the company's authorized signatories and the terms of their authority.

All contracts between the asset holding company (SPV) and third parties, to assess that the project is within the usual market parameters, as well as its bankability.

Environmental - Documents subject to review:

All documents pertaining the activities that are being or will be carried out at the assets owned or occupied by the companies involved in the project.

Copies of all environmental reports, audits or other assessments relating to the companies or any properties that these own or occupy, or have previously owned or occupied, that were commissioned in the last three years.

Details of any known, alleged, or suspected breach by the company of any environmental law.

Documents related to environmental aspects.



CENTRAL LAW –
Collaborating firm
J. Humberto Medina Alva
jhmedina@central-law.com

México

1. ENERGY: What is hot/moving in your jurisdiction in terms of energy M&A opportunities?

As of 2025, the Mexican energy market presents significant M&A opportunities, particularly in renewable energy and storage. The latest constitutional amendment strengthens the Federal Electricity Commission (CFE) as a dominant market player while also opening opportunities for private entities to invest in distributed energy and self-consumption projects. This has spurred growth in companies offering solar solutions, battery storage and energy efficiency technologies.

Driven by the nearshoring trend, demand for reliable energy in industrial sectors has increased, leading to strategic acquisitions of energy assets to secure supply.

However, the institutional reorganization merging the Energy Regulatory Commission (CRE) and the National Hydrocarbons Commission (CNH) into the new National Energy Commission (CNE) has introduced significant regulatory uncertainty that requires careful navigation..

2.TAX: What type of tax incentives promote energy M&A opportunities in your jurisdiction and how does an investor qualify for them?

“Plan México,” implemented in January 2025, introduced substantial tax incentives to encourage investment in strategic sectors, with energy being a primary focus. A key benefit is accelerated depreciation for new fixed assets acquired between January 22, 2025, and September 30, 2030. These deduction rates vary by asset type and sector, reaching up to 91% in some cases.

Specifically for the energy sector, investments in electricity generation, transmission, transformation, and distribution equipment qualify for enhanced deductions. Deductions of up to 56% are available for investments made during 2025–2026 period, decreasing to up to 49% for investments made from 2027 to 2030.

To qualify, investors must ensure the acquired assets remain used in productive activities for at least two years after the end of the fiscal year in which the deduction was applied. Furthermore, they must maintain detailed records of the investments and related expenses to comply with the requirements of the Mexican tax authority



3. CORPORATE / M&A: What are the main due diligence considerations for energy M&A opportunities in your jurisdiction?

Regulatory due diligence in energy M&A in Mexico must start with verifying compliance under the 2025 Ley del Sector Eléctrico (Electricity Industry Law) and the Ley del Sector Hidrocarburos (Hydrocarbon Industry Law). These laws define the current rules for power generation, interconnection, and downstream operations. Crucially, attention should be given to whether permits originate from the 2013 energy reform (legacy permits) or were issued under the new 2025 framework, as their regulatory status and transferability differ significantly, impacting the transaction's legal certainty.

It is essential to verify that the target holds currently valid and explicitly transferable permits issued by the Comisión Nacional de Energía (CNE). Due to the consolidation of the CRE and CNH into the CNE, numerous legacy permits are currently under review or subject to transitional compliance rules, adding complexity.

Environmental, Social, and Governance (ESG) compliance is a key risk factor. Due diligence should include reviewing environmental impact assessments (MIA), climate and emissions reports, and compliance with the Ley General del Equilibrio Ecológico y la Protección al Ambiente (LGEEPA). Furthermore, projects impacting indigenous communities or protected areas require documented free, prior, and informed consent, as mandated by the Escazú Agreement.



Andersen Mexico Legal -
Alonso Montes Bustamante
alonso.montes@mx.andersen.com



Andersen Mexico Legal -
Pablo del Castillo Lobatón
pablo.delcastillo@mx.andersen.com



Andersen Mexico Tax -
Marco Antonio Ruiz
marco.ruiz@mx.andersen.com

Panama

1. ENERGY II What is hot/moving in your jurisdiction in terms of energy M&A opportunities?

The Panamanian energy sector is experiencing a shift towards sustainable and socially responsible investments. Private equity markets are increasingly focusing on impact-driven projects, influenced by a younger demographic prioritizing environmental consideration. This trend is facilitated by digital platforms that broaden access to investment opportunities, indicating a growing appeal of the energy sector to both institutional and retail investors.

Panama is actively restructuring its energy procurement processes to enhance grid stability and attract sustainable investments. The National Energy Secretariat has initiated a comprehensive energy auction targeting the 2025–2030 period, encompassing wind, solar, hydro, and biomass projects. This introduces two distinct categories: contracting power and providing capacity, with contracts extending to 60 months. The aim is to align energy procurement with actual demand, mitigating potential price increases for consumers.

The Panamanian energy market is witnessing consolidation, with major players expanding their portfolios. EnfraGen, a joint venture between Glenfarne Energy Transition and Partners Group, has significantly increased its presence by acquiring six operational renewable energy assets in Panama and Costa Rica. This acquisition includes three hydroelectric plants and two photovoltaic solar plants in Panama, totaling 138 MW, positioning EnfraGen as one of the country's largest renewable energy producers.

In summary, Panama's energy sector presents a dynamic landscape for investors willing to delve into the intricacies of its evolving policies and market trends. By aligning investment strategies with the country's renewable energy objectives and regulatory frameworks, investors can position themselves to benefit from Panama's transition towards a sustainable energy future.

2.TAX: What type of tax incentives promote energy M&A opportunities in your jurisdiction and how does an investor qualify for them?

The Panamanian government actively promotes investment in renewable energy through a series of fiscal incentives, as outlined in Law 37 of June 2013. These incentives are particularly designed to encourage the construction and operation of solar energy infrastructure. Below are the three main tax benefits, along with guidance on how investors can qualify and benefit from them:



1. Exemption from Import Taxes

Importation of equipment related to renewable energy is exempt from all import taxes, duties, fees, contributions, and levies. Additionally, purchases of eligible equipment and materials within the Panamanian national market are exempt from VAT (ITBMS).

Covered items include:

- Solar panels and collectors
- Inverters and converters
- Stationary batteries
- Spare parts, tools, materials
- Specialized software and other essential components approved by the National Secretariat of Energy

These exemptions apply to items used for the construction, operation, and maintenance of solar installations.

2. Tax Credit for Solar Infrastructure Works

A non-transferable tax credit of up to 5% is granted on the total value of investment in public infrastructure works related to solar projects.

Qualifying works include:

- Roads, bridges, and other access infrastructure
- Health centers and educational facilities
- Other civil works that benefit the community

These works must be:

- Evaluated and accepted by the relevant public entity
- Coordinated with the Ministry of Economy and Finance

Note: The credit can only be applied to income tax liabilities and cannot be transferred, offset, or sold.

3. Accelerated Depreciation of Solar Equipment

Businesses and individuals investing in solar energy infrastructure are allowed to apply accelerated

depreciation for eligible equipment. This method allows the deduction of higher depreciation expenses in the early years of the asset's useful life, thereby reducing taxable income and improving cash flow.

This incentive is particularly advantageous for:

- Solar power plant developers
- Commercial or industrial users of solar technology

4. HOW TO QUALIFY FOR THESE INCENTIVES

To benefit from these tax incentives, investors must file an application with the relevant Panamanian government authorities and provide the following documentation:

- A generation license or concession issued by the National Authority of Public Services (ASEP), in case the project involves the public provision of electricity.
- A Certification from the National Secretariat of Energy, if the activity falls outside public electricity service (e.g., self-consumption or distributed generation).
- Technical documentation proving that the imported or purchased equipment is intended exclusively for renewable energy purposes.

3. CORPORATE / M&A: What are the main due diligence considerations for energy M&A opportunities in your jurisdiction?

All legal entities in Panama must comply with certain requirements according to Panamanian regulations on international fiscal transparency for the prevention of money laundering, the financing of terrorism and the financing of the proliferation of weapons of mass destruction, to comply with the international standards required by the Organization for Economic Cooperation and Development (OECD) and the Financial Action Task Force (FATF) as follows:



- Complete due diligence forms.
- Complete the natural person form for each person who is part of the company, such as: directors, officers, beneficial owners, shareholders, legal representatives, and attorneys of the corporation.
- Provide information and supporting documents for each natural person.
- If the shareholder is a legal entity, it will be necessary to provide additional information until the disclosure of the final beneficial owner behind the corporate structure.
- All legal entities incorporated in Panama must keep accounting records and provide a copy to its Resident Agent.

If the legal entity operates and does business in Panama, it must submit annual financial statements and tax returns to the General Directorate of Revenue (DGI). If the legal entity is an Offshore, it should only provide its Resident Agent information about who is the person who keeps the accounting records and the place where records are kept.

All records must be kept updated regularly and the Resident Agent must be informed of any change in the structure of the corporation.

These requirements are mandatory for all legal entities incorporated in Panama, regardless of their nationality or residence. Failure to comply with them may result in fines, penalties, or legal actions.



CENTRAL LAW –
Collaborating firm
Ana Cristina Arosemena
acarosemena@central-law.com



Peru

1. ENERGY: What is hot/moving in your jurisdiction in terms of energy M&A opportunities?

In Peru is estimated to have more than 800 thousand tons of lithium. Lithium exploitation would be a great opportunity for investors due to factors such as:

- (a) the global energy transition
- (b) the increase in global energy prices
- (c) Peruvian position as world logistic hub in the Pacific Ocean, and
- (d) macroeconomic stability in Peru during last 30 years.

Lithium, also known as the "white gold", is used in various industries to produce batteries for mobile phones, laptops, electronic vehicles, among others.

In 2017, Macusani Yellowcake's, a branch of the Canadian company American Lithium, discovered a significant deposit of this mineral in the province of Carabaya in the department of Puno. Currently, the project is in the pre-exploration phase.

2.TAX: What type of tax incentives promote energy M&A opportunities in your jurisdiction and how does an investor qualify for them?

Currently, the main tax incentives promoted in Peru for investors are related to the early recovery of the IGV (Value Added Tax) and accelerated depreciation for buildings and constructions.

Within the framework of an investment commitment with the Peruvian State, which amount is not less than USD 5'000,000 and the investment project is in preoperative phase, the investors may recover early the IGV (VAT) paid for capital goods, services and construction agreements.

On the other hand, investors may apply an annual depreciation rate of 33.33% for buildings and constructions if the construction is started from January 1st, 2023 and by December 31st, 2024 at least 80% of the construction is completed. This rate also may apply to buildings and constructions acquired by the investors if the conditions referred are met.

3. CORPORATE / M&A: What are the main due diligence considerations for energy M&A opportunities in your jurisdiction?

The main considerations that energy sector investor must know for their M&A operations are provided by the specific antitrust legislation in the electricity sector and the prior control of corporate concentration operations (since 2021).



Regarding specific regulation, as long as the acts of concentration (mergers, incorporation of companies, share acquisitions, etc.) in the activities of generation, transmission and distribution of energy do not imply a damage or restriction to competition, they will be allowed even if they are carried out by the same holder.

Additionally, for a concentration operation to be subject to the prior control procedure, it must exceed the thresholds of 118,000 UIT (approximately USD 154'000,000). In this case, the competent authority to evaluate this type of request is the National Institute for the Defense of Competition and Protection of Intellectual Property (INDECOPI), whose role is to promote free competition and economic efficiency in the Peruvian market.



Picon & Asociados -Andersen
Oscar Picon
opicong@piconasociados.com



Uruguay

1. ENERGY: What is hot/moving in your jurisdiction in terms of energy M&A opportunities?

In recent years, Uruguay has taken significant steps and has transformed the energy matrix towards a majority presence of renewable energies, ratifying the path towards environmental sustainability of renewable energies. As an example, between 2017 and 2021, 94% of Uruguay's electricity generation originated from renewable sources. Uruguay currently allocates approximately 3% of its Gross Domestic Product (GDP) to energy infrastructure.

The International Renewable Energy Agency (IRENA) highlights Uruguay's achievement of incorporating strong private participation in investment through innovative promotion schemes without relying on direct subsidies.

The achievements are reflected in the diversification of the energy matrix, the security of self-sufficiency and the reduction of dependence on fossil fuels. According to the REN21 Renewable Energy Systems and Infrastructure 2024 report, Uruguay is currently the ranked sixth globally for renewable energy generation achieving a 90% share from renewable sources, including hydroelectric, wind, and solar energy.

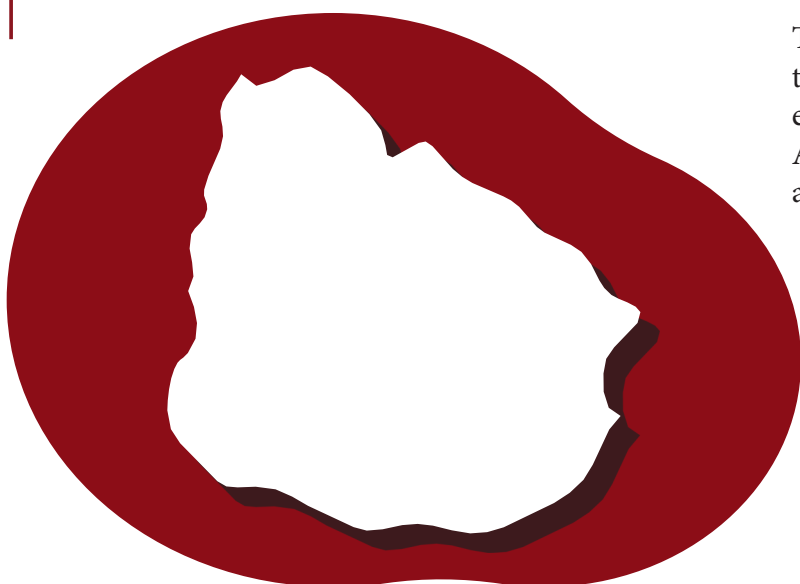
In addition, Uruguay is positioning itself as a regional hub for green hydrogen through its Green Hydrogen and Derivatives Roadmap 2040, which sets out a clear national strategy to develop a competitive industry projected to generate over USD 1.9 billion in annual turnover and create more than 30,000 quality jobs by 2040. The roadmap reflects Uruguay's commitment to advancing global decarbonization targets while leveraging its strong renewable energy base to attract foreign investment and build a robust green hydrogen export sector.

2. TAX: What type of tax incentives promote energy M&A opportunities in your jurisdiction and how does an investor qualify for them?

Uruguay's Investment Promotion and Protection Law No. 16,906 provides an incentive framework for investments in the country, this regime applies with equal guarantees to both foreign and domestic investors.

The Uruguayan regulatory framework establishes tax benefits for investment projects based on the fulfillment of goals related to the generation of productive employment, improvement of the decentralization process, increase in exports, use of clean technologies, investments in research, development and innovation and contribution to sectorial activities of the economy.

The qualification of promoted activity implies the enjoyment of tax benefits related to the exoneration of the Income Tax on Economic Activities (IRAE) of the income generated in the aforementioned activities.



In order to have access to the above-mentioned benefits, the companies that develop these activities must present before the Application Commission (COMAP) the corresponding request for exoneration in which they must establish: a) the activity in merit of which the exoneration is requested; b) the investments in machinery, components, equipment and inputs to be made, discriminating the type, value and quantity of such goods, and; c) Renewable energy purchase and sale contracts.

3. CORPORATE / M&A: What are the main due diligence considerations for energy M&A opportunities in your jurisdiction?

Legal due diligence for such projects will focus primarily on the legal and compliance issues associated with the project.

From the point of view of legal due diligence, the investigation of medium or large companies under Uruguayan standards usually requires the participation of experts in labor law, corporate law, commercial law, notarial law, environmental law, tax law, intellectual property law, antitrust and litigation specialist.

The immediate objective of due diligence is to obtain information. In any purchase or sale of shares, there is usually an asymmetry of information between the buyer and the seller. The purpose of due diligence is to reduce this asymmetry by providing information to the buyer so that he can better decide whether to invest and on what terms.

In the context of a share sale and purchase, the objectives of the due diligence process are usually the following:

- a)** determine whether there is a reason to interrupt negotiations ("deal breaker")
- b)** negotiate the price
- c)** to obtain contractual protections; and
- d)** to obtain information to be used post-takeover.



Andersen Uruguay
Eugenia Ciganda
eugenia.ciganda@uy.andersen.com



Andersen Uruguay
Ana Alfaro
ana.alfaro@uy.andersen.com