



05



## ▶ ENVIRONMENT

[103-1, 103-2, 103-2b, 103-2c]

IN 2020 WE CONTINUED IMPLEMENTING THE CORPORATE GUIDELINES FOR ENVIRONMENTAL MANAGEMENT THAT ENABLE US TO STANDARDIZE ENVIRONMENTAL PROGRAMS AND ACTIVITIES ACROSS OUR BUSINESS UNITS.



All our assets either have their own Environmental Management System or are in the process of implementing one. In addition, in 2020 we updated our [Environmental Policy](#), a document that establishes our commitment to adhering to applicable environmental laws, bylaws, and standards—and we adopted best environmental practices. We strive to mitigate the impact of our operations on the environment, and we employ strategies to reduce our GHG emissions.

**IN 2020, WE CERTIFIED 16 OF OUR ASSETS UNDER ISO 14001, WHICH IS 52% OF OUR TOTAL ASSETS<sup>1</sup>.**



<sup>1</sup> TDF, TDN, and GDS are not subject to ISO certification, for contractual reasons; they are operated by Pemex and were not included in the final percentage. All our solar assets are currently in the process of obtaining their ISO 14001 certification.



# ▶ CLIMATE CHANGE

[102-15, 102-26, 102-31, 103-2]

At IEnova we are committed to contributing in an active and decisive manner to building a low-carbon future. Accordingly, we incorporate measures into our business strategy that help mitigate the effects of climate change and we are taking firm steps to strategically address climate change risks and opportunities.

In 2020, we updated our [Climate Change Strategy](#) and we are in the process of conducting studies on transition risks and physical risks to which we are exposed. To do this, we have followed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and we are currently in the initial stage of implementation.

## CLIMATE CHANGE STRATEGY LINES OF ACTION

### INVESTMENT AND ASSET DEVELOPMENT

- ▶ Develop infrastructure that strengthens Mexico's energy security and supports the transition towards a low-carbon sector.



### MANAGEMENT OF CLIMATE RISKS AND OPPORTUNITIES

- ▶ Integrate climate risks and opportunities into the company's internal risk and business management.



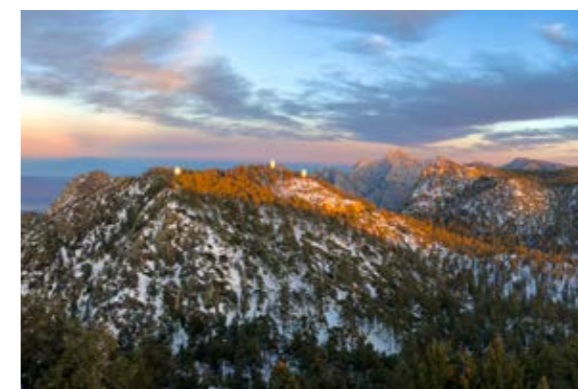
### EMISSIONS REDUCTION AND ENERGY EFFICIENCY

- ▶ Promote GHG emissions reduction projects and increase energy efficiency in our processes.



### TRANSPARENCY AND COLLABORATION

- ▶ Communicate to all our stakeholders our performance in terms of climate change and work with them to address the challenges of climate change.





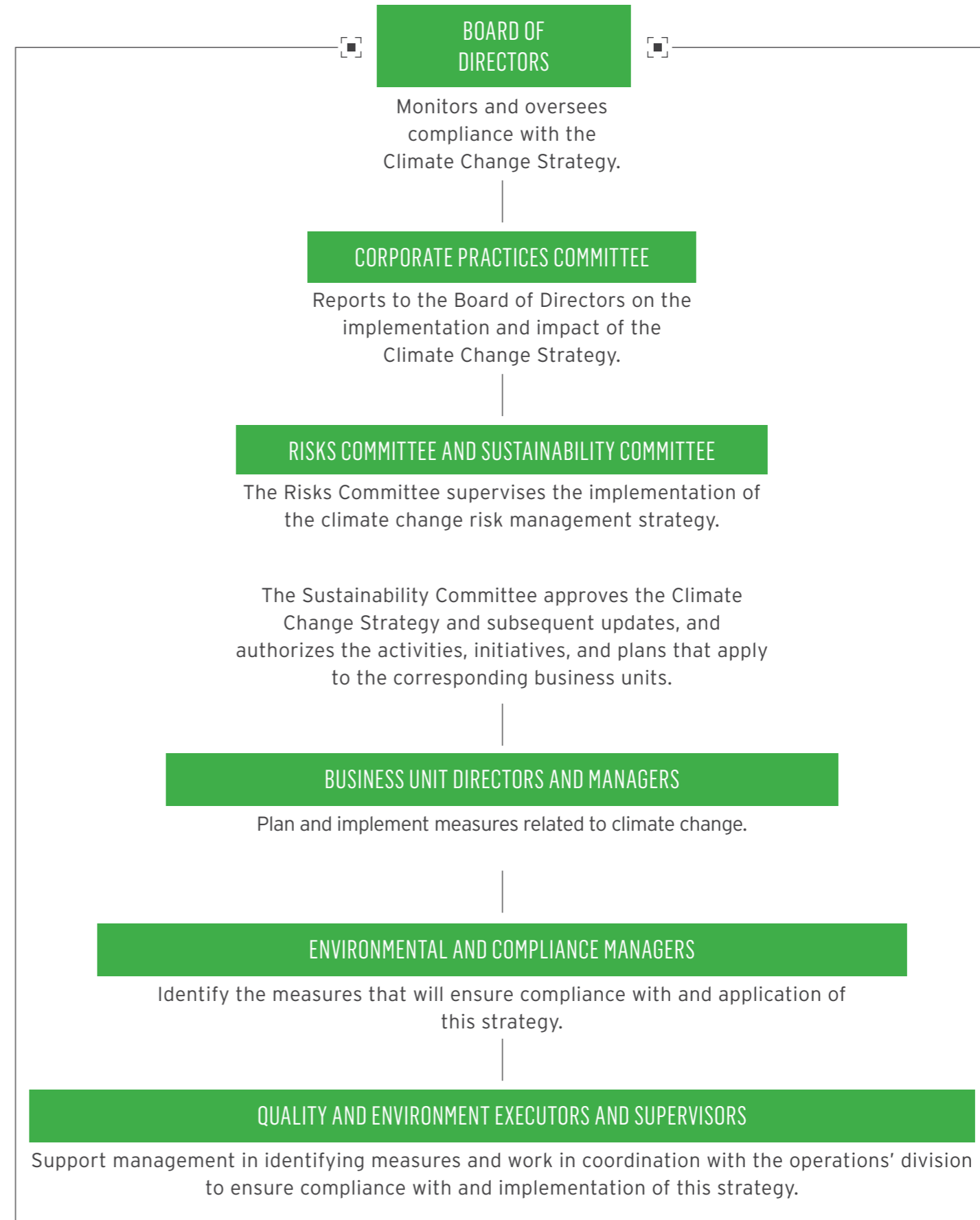
## GOVERNANCE

We have developed a solid transversal corporate structure in which the whole company participates.



**ENVIRONMENTAL RISK MANAGEMENT IS AN INTEGRAL PART OF THE COMPANY'S GENERAL RISK MANAGEMENT.**

Pima Solar Park





## STRATEGY AND RISK MANAGEMENT

At IEnova we are committed to contributing to the international agreement of limiting global warming in this century to well below 2°C above pre-industrial levels. For this reason, we are developing a series of studies to identify climate change risks and opportunities that could have an important financial impact on our company, given the nature of our business, regulatory framework, and geographic area of operation. This will enable us to develop a strategy to manage each of the elements we identify. Based on the results of this study, we will assess the resilience of our strategy and of our assets so that we can set up a climate change mitigation and adaptation plan for this century.

## CLIMATE-RELATED RISKS

By analyzing different possible future scenarios, we are exploring and understanding what the impact of these risks could have on our operation by 2040.

### CLIMATE-RELATED RISKS

	TRANSITION RISKS	PHYSICAL RISKS
<b>Definition of the type of risk</b>	Risks that are caused by the transition to a low-carbon economy which result in political, legal, technological, and market changes. If they are not mitigated; these risks can have financial and reputational impacts on organizations.	These risks can produce acute events or long-term chronic changes in climate patterns and can have repercussions on an organization, such as direct damages on infrastructure or an indirect impact resulting from interruptions in the supply chain.
<b>Methodology and Scope</b>	TCFD Guidelines using information from the International Energy Agency (IEA). Assets in our Gas and Power segments were included.	TCFD Guidelines using information from the Intergovernmental Panel on Climate Change (IPCC). The following assets were included: GR, Sonora Pipeline, Ojinaga-El Encino Pipeline, Los Ramones I Pipeline, Los Ramones Norte Pipeline, San Fernando Pipeline, ECOGAS Chihuahua, ECA, Veracruz Terminal, Topolobampo Terminal, Manzanillo Terminal, TDM, ESJ, Ventika, and Border Solar.
<b>Scenarios employed<sup>1</sup></b>	<p><b>Current Policies Scenarios (CPS)</b> Analyzes how global energy markets would evolve if governments made no changes in their current climate change policies.</p> <p><b>Stated Policies Scenario (SPC)</b> Considers what would happen if the initiatives and policies for emission reductions that have been announced were applied. Reflects the implementation of current plans and highlights consequences.</p>	<p><b>RCP 4.5 (Representative Concentration Pathway)</b> Intermediate emissions scenario, consistent with a future of relatively ambitious emission reductions and a slight increase in GHG emissions before they start to decrease around 2040. Characterized by a GHG emissions profile that would result from implementing the 2015 Nationally Determined Contributions (NDCs), followed by a 50% global reduction by 2080.</p> <p><b>RCP 8.5 (Representative Concentration Pathway)</b> The “business-as-usual” scenario is consistent with a future with no substantial changes in the policies to reduce emissions. Characterized by an increase in GHG emissions that would result in high concentrations in the atmosphere. Aligns with current policies.</p>

<sup>1</sup> The Sustainable Development scenario was used as reference in the risk assessment.



Topolobampo Storage Terminal

**IDENTIFIED CLIMATE-RELATED RISKS<sup>1</sup>**

TRANSITION RISKS		PHYSICAL RISKS	
TYPE OF RISK	POTENTIAL IMPACT	TYPE OF RISK	POTENTIAL IMPACT
<b>Regulatory</b>	<ul style="list-style-type: none"> <li>▶ Eliminate subsidies on certain fossil fuels.</li> <li>▶ Implement reforms to limit and prohibit fuels.</li> <li>▶ Implement reforms to limit the development of natural gas infrastructure.</li> </ul>	<b>More serious extreme atmospheric phenomena</b>	<ul style="list-style-type: none"> <li>▶ Tropical cyclones and floods that could interrupt the continuity of operations.</li> <li>▶ Impact on modes of transportation.</li> <li>▶ Heavy seas that could affect loading and unloading activities in facilities located near the sea.</li> </ul>
<b>Social and reputation</b>	<ul style="list-style-type: none"> <li>▶ Consumer rejection of fossil products.</li> <li>▶ Consumer preference for sustainable products.</li> </ul>	<b>Snow and hail</b>	<ul style="list-style-type: none"> <li>▶ Frozen infrastructure, which could interrupt the continuity of operations.</li> <li>▶ Interruption in modes of transportation.</li> <li>▶ Impact on infrastructure. For example: implementation, electronic equipment, and auxiliary and communication systems.</li> </ul>
<b>Market</b>	<ul style="list-style-type: none"> <li>▶ Changes in the demand for fossil fuels.</li> </ul>	<b>Droughts</b>	<ul style="list-style-type: none"> <li>▶ Fire, which could interrupt the continuity of operations.</li> </ul>

<sup>1</sup> In 2020 we started analyzing risks related to climate change. Given that this is the first time we have done this, we did mostly a qualitative assessment, which allowed us to gain a preliminary understanding of both the risks and opportunities related to climate change. We will continue our assessment to obtain further information on the implications of climate change in our planning and operations.



### CLIMATE-RELATED OPPORTUNITIES

The demand for clean energy is increasing around the world. In response, private and public efforts are being made to generate and distribute renewable energy. For IEnova, increasing our generation capacity from renewable sources is a priority.

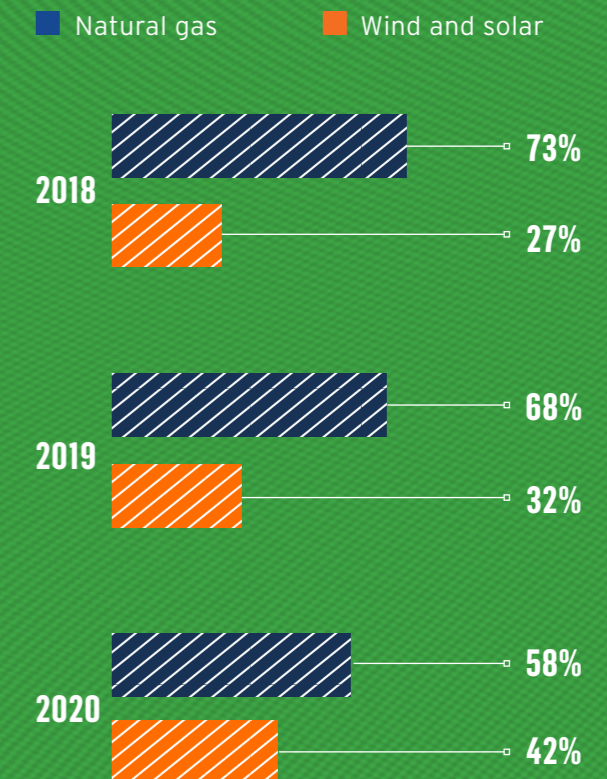
#### IDENTIFIED CLIMATE-RELATED OPPORTUNITIES

TYPE OF OPPORTUNITY	DESCRIPTION OF THE OPPORTUNITY	IMPACT
<b>Source of energy</b>	Higher demand for renewable energy.	Increase in number of customers who want renewable energy.
	Decrease in renewable energy costs.	Greater access and acquisition capacity of residential, commercial, or industrial customers.
<b>Markets</b>	Greater access to financing.	Greater investor appetite for bonds aimed at the development of renewable and low-carbon infrastructure.
	Energy transition.	Lower investment and operational costs, as well as a reduction in GHG emissions.

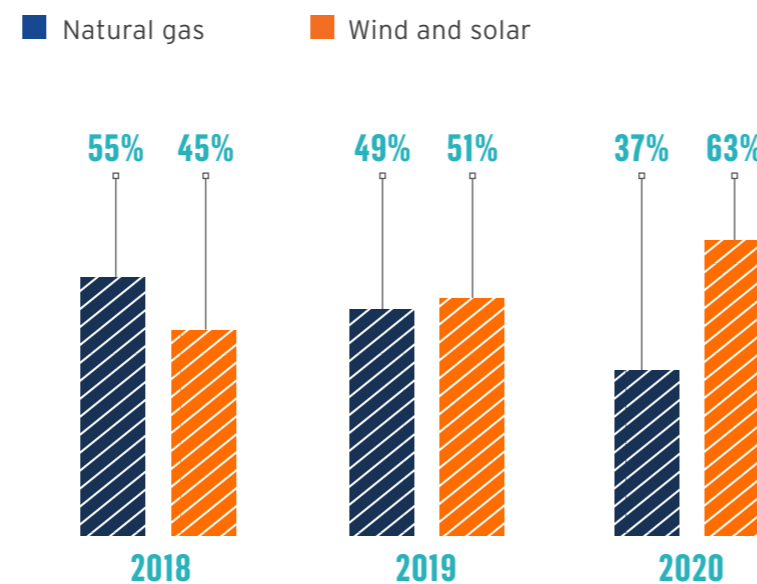
#### FINANCIAL IMPACTS

- ▶ In 2020, our revenues from the sale of renewable electricity generation amounted to USD\$151 million<sup>1</sup>.
- ▶ We have implemented a strategy that will allow us to access sources of financing to develop clean energy infrastructure.
- ▶ Currently, 63% of our power generation capacity comes from renewable sources.

#### POWER GENERATION BY SOURCE



#### POWER GENERATION CAPACITY BY SOURCE



Tepezalá Solar Park

<sup>1</sup> This figure includes revenues from joint ventures.



### METRICS AND TARGETS

### OUR TARGETS AND INDICATORS TO ADDRESS CLIMATE-RELATED ISSUES:



Los Ramones I Pipeline

#### EMISSIONS REDUCTION

- ▶ By 2030, reduce GHG fugitive emissions 50% from our 2019 baseline.

#### ASSET INTEGRITY

- ▶ Conclude the climate change physical risks assessment in at least 50% of our assets by 2021.



Guadalajara Gas Terminal



Los Ramones I Pipeline

#### OPERATIONAL EFFICIENCY

- ▶ In the Pipelines segment, keep emissions below 11.80 tCO<sub>2</sub>/MMm<sup>3</sup>.
- ▶ In the Power segment, keep emissions below 0.35 tCO<sub>2</sub>/MWh.

#### IMPACT

- ▶ We generate and supply renewable energy for 13 industrial organizations. In 2020, we generated 1,996,222 MWh of energy from renewable sources.
- ▶ Our solar and wind assets provide zero-emissions energy to industrial customers and to the electricity grid in Mexico and the US.
- ▶ Our natural gas pipelines and distribution systems grant industrial, commercial, and residential users access to this resource and minimize the use of diesel, LPG, fuel oil, and carbon, all of which contribute greatly to global warming.
- ▶ In collaboration with Sempra Energy and a subsidiary of Total, we made the decision to invest in the development, construction, and operation of the ECA Liquefaction project, which will enable us to supply natural gas to isolated populations in the states of Baja California and Baja California Sur, generating an economic benefit in the region, in addition to supplying the export market with a low-carbon energy source.
- ▶ The gas transportation and distribution systems have predictive and preventive maintenance annual programs in place. All employees from this segment who hold management positions (including junior, middle and senior) must comply with in at least 96% of the program's requirements. This program results in the control and reduction of fugitive methane emissions derived from leakages in the systems. If the mentioned goal is reached, said employees are remunerated as part of their variable compensations.





OUR RENEWABLE ENERGY ASSETS

Because of our renewable power generation, we avoided 986,134 tCO<sub>2</sub>e in the country, which is equivalent to:

NET ELECTRIC POWER GENERATED IN 2020 (MWH)

110,779

RUMOROSA SOLAR

244,897

TEPEZALÁ SOLAR

270,978

PIMA SOLAR

70,000

DON DIEGO SOLAR

416,568

ESJ

883,000

VENTIKA

THE OPERATION OF THESE SOLAR AND WIND PARKS OVER THE COURSE OF THE YEAR IS EQUIVALENT TO:

54,725

55,783

11,897

7,587,603

120,979

123,318

26,300

16,773,767

133,863

136,451

29,101

18,560,137

34,580

35,249

7,517

4,794,521

205,785

209,763

44,736

28,532,055

436,202

444,635

94,827

60,479,452

Avoided GHG emissions per year (tCO<sub>2</sub>e/year)

Homes' electricity use annually

Passenger vehicles out of circulation annually

LED lamps switched on annually



**GHG EMISSIONS**

[302-1, 302-3, 305-1, 305-2, 305-3, 305-5]

As a company committed to the fight against climate change, at IEnova we employ strict methodologies to continually calculate and update our GHG emissions inventory<sup>1</sup>, including emissions generated by those assets over which we have operational control. We employ the calculation methodologies defined in the Bylaws of the General Climate Change Law (*Ley General de Cambio Climático*) related to the National Emissions Registry (*Registro Nacional de Emisiones, RENE*).

**SCOPE 1**

Direct emissions resulting from the combustion of fixed and mobile sources which are owned by the company or controlled by it.

**SCOPE 1 GHG EMISSIONS**

	2018	2019	2020
Carbon dioxide equivalent (tCO <sub>2e</sub> )	2,579,606	2,347,431	1,833,278
Carbon dioxide (tCO <sub>2</sub> )	2,115,629	2,179,159	1,691,923
Methane (tCH <sub>4</sub> )	16,526	5,964	5,010
Nitrous oxide (tN <sub>2</sub> O)	4	4	2

This year we reported a considerable reduction in Scope 1 emissions compared to the previous year, mainly because of large maintenance processes at TDM, which resulted in a temporary halt in operations at the facility.

**SCOPE 2**

Indirect emissions derived from the consumption of electric or thermal energy purchased by the company.

**SCOPE 2 GHG EMISSIONS**

	2018	2019	2020
Carbon dioxide equivalent (tCO <sub>2e</sub> )	7,585	7,947	10,636

The increase in Scope 2 emissions was a result of the use of external electric power at our thermoelectric plant due to maintenance processes, and at our solar parks due to an increase in operation times.



<sup>1</sup> Emissions factors and global warming estimates used to calculate our Scope 1 emissions are established by SEMARNAT; for Scope 2 we employ the emissions factor published annually by CRE.



OUR SOURCES OF SCOPE 1 AND 2 EMISSIONS

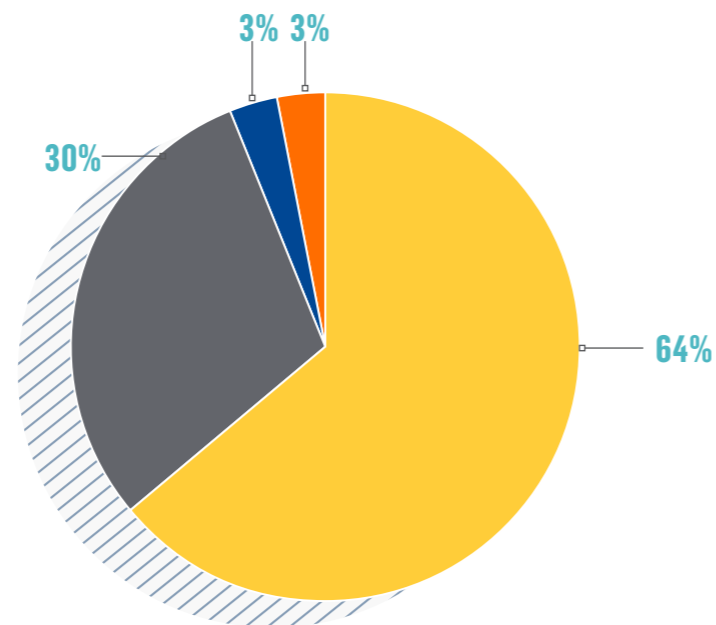
- ▶ Power generation at TDM (64%)
- ▶ Natural gas combustion for gas compression and self-consumption in the Pipelines segment (25%).
- ▶ Fugitive emissions and gas venting in our pipelines, storage, and distribution systems (7%).
- ▶ Self-consumption of electric power at ECA (3%).
- ▶ Consumption of external electric power (1%).

OUR ENERGY CONSUMPTION (MWh)

	2018	2019	2020
Natural gas	10,427,197	10,723,692	8,285,856
Gasoline and diesel	23,847	15,004	15,681
LPG	64	29	14
Electric power	17,165	18,106	28,488
Total	10,468,273	10,756,831	8,330,039

OUR ENERGY CONSUMPTION BY SEGMENT

- Distribution
- Storage
- Pipelines
- Power





FUGITIVE EMISSIONS

In 2020, fugitive emissions represented 13.8% of total GHG emissions in the Pipelines segment and 4.1% of IEnova's total. Our 2030 goal is to reduce these emissions by 50% from our 2019 baseline. This year, we registered a 13,569 tCO<sub>2</sub>e reduction<sup>1</sup> in fugitive emissions in the Pipelines segment, 15% lower than the previous year.

WE WORK TIRELESSLY ON IMPROVING THE EFFICIENCY OF OUR NATURAL GAS PIPELINES TO CONTINUE REDUCING FUGITIVE METHANE EMISSIONS.

Our operational controls and preventive maintenance work employ the highest industry standards to monitor and reduce gas leaks.



Ethane Pipeline



GAS LEAKAGE RATE<sup>2</sup> (%)

	2018	2019	2020
Pipelines	0.0294	0.0105	0.0097
Distribution	0.2788	0.2788	0.274
Storage	0.0057	0.0063	0.0063

<sup>1</sup> Estimated reduction, calculated based on the amount of transported gas.

<sup>2</sup> Measured as a percentage of loss in the total amount of transported, distributed, or stored gas.



SCOPE 3

Indirect emissions resulting from the company's activities (excluding those reported as Scope 2) and that occur at sources that are not owned or controlled by the company.

Our Scope 3 emissions are mainly derived from the use of the gas we transport and distribute. We currently report emissions from the gas we deliver to industrial, commercial, and residential users in our Distribution and Pipelines segments, and from our employees' air travel.

SCOPE 3 GHG EMISSIONS (tCO<sub>2</sub>e)

	2018	2019	2020
Natural gas consumed by customers	17,509,486	17,913,714	18,372,080
Air travel by employees	-	1,149	73



## ▶ POWER GENERATION

[302-1, 305-4, OG3]

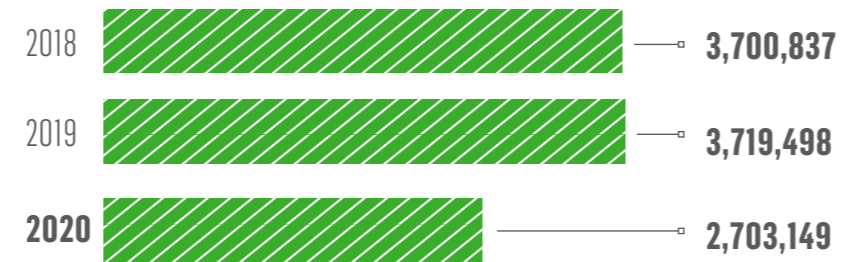
In keeping with our strategy, in 2020 we increased our generation of renewable energy by 15% compared to the previous year. Thus, our energy mix reflects our commitment to the environment and the fight against climate change.



Border Solar Park

### POWER GENERATION (MWh)

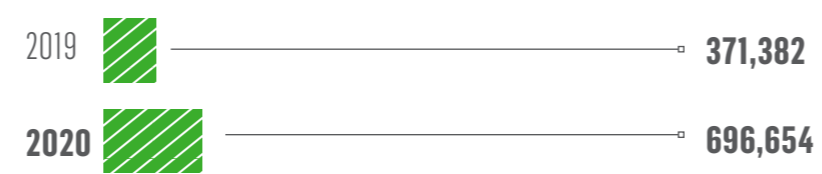
#### Natural gas



#### Wind



#### Solar



Total 2018	Total 2019	Total 2020
5,098,027	5,425,107	4,699,371



# 1,996,222

MWh of renewable energy generated in 2020



Termoeléctrica de Mexicali





ENVIRONMENTAL PILLAR

CARBON INTENSITY

Resulting from the start of operations of our solar parks, our carbon intensity has had a sustained decrease, with a reduction of 16% compared to the previous year. In addition, all our facilities and processes take into consideration, from the design stage and throughout operation, the best technologies to reduce GHG emissions.

TDM's combined-cycle technology enables it to take full advantage of the use of natural gas; in our Pipelines and Distribution segments we have highly efficient processes and equipment that make it possible for systems to operate in compliance with the strictest national and international standards.

GHG EMISSIONS INTENSITY FROM POWER GENERATION<sup>1</sup>  
(tCO<sub>2</sub>e/MWh)



<sup>1</sup>Calculations of the GHG emissions intensity from electric power generation take into consideration our gross generation.



# ▶ BIODIVERSITY

[304-1, 304-2, 304-3, OG4]



## BIODIVERSITY MANAGEMENT MODEL

### FLORA RESTORATION, CONSERVATION, AND COMPENSATION



▶ We execute reforestation programs



▶ We reproduce endemic species in nurseries that we maintain longer than required by the authority



▶ We protect and produce, in a controlled environment, plant species of high ecological value that are native to the area



▶ We preserve species and develop the ability to produce seeds of species that are at risk of extinction

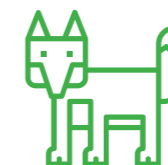
### PROTECTION AND RESCUE OF WILDLIFE



▶ Before we start developing any project, we conduct studies to measure a project's potential impact on the ecosystem



▶ We employ stricter practices than those established by environmental legislation



▶ We suggest additional measures to authorities regarding protection of habitat and species of wildlife found in the region



▶ We rescue fauna and relocate it to safe places





At IEnova, we have different biodiversity conservation programs that are based on the specific characteristics of a given project and on the ecosystem of the site where we build or operate an asset. To achieve our goals, we work continuously with expert organizations in biodiversity management such as universities, civil society organizations, and specialized companies.

Before developing a project, we assess its potential impact on the ecosystems, and we always make sure we do not have an impact on Protected Natural Areas or areas of high biodiversity. To this end, we apply the mitigation hierarchy principle: avoid, minimize, restore, and compensate.

**MITIGATION HIERARCHY PRINCIPLE**



Our practices are often stricter than environmental legislation, which is why we suggest to the authorities measures that we believe have to be implemented in order to protect habitat and species of wild flora and fauna found in the area.

All flora and fauna rescue and relocation activities are carried out by environmental specialists and reported on by the technical personnel at the work site. For these activities, we employ special tools to ensure the welfare of each species.

Our commitment to preserve biodiversity also extends to those assets we develop in collaboration with other companies. We have implemented measures to ensure flora and fauna rescue, relocation, protection, and conservation programs at these assets comply with IEnova's best practices.

Most of our assets have an Environmental Management System in place that includes procedures for measuring and controlling impacts. We have matrixes in place to assess environmental aspects that indicate the level of importance of each topic, their impact on the environment, and management and control measures implemented by the company.

We keep a record of the flora and fauna species found in the areas where we operate, and we classify them based on the Red List of the International Union for Conservation of Nature (IUCN) and the regulations established by SEMARNAT.



**BEFORE STARTING THE CONSTRUCTION OF ANY OF OUR ASSETS, WE CONDUCT ENVIRONMENTAL IMPACT STUDIES ENDORSED AND APPROVED BY THE ENVIRONMENTAL AUTHORITY.**



Energía Costa Azul Nursery



**FLORA AND FAUNA CONSERVATION AND PROTECTION PROJECTS**

ASSET OR SEGMENT	CONSERVATION AND PROTECTION PROGRAM	SYNERGY WITH EXPERT ORGANIZATIONS
<b>Ojinaga-EI Encino Pipeline</b>	We maintain wild flora focusing on species that are relevant because of their ecological, economic, and cultural value and on species deemed to be at risk by the Official Mexican Standard NOM-059-SEMARNAT-2010. Maintenance works are scheduled based on species development and adaptation. For the duration of the project, we monitor the status and sanitary conditions of the relocated flora. To do this, we collect data by species for each lot, label each plant, and record the information in databases, all of which allows us to closely monitor every specimen we relocate.	For this task, we have the support of a specialized company that provides flora maintenance, reposition, and monitoring services.
<b>Sonora Pipeline (Sásabe-Guaymas Segment)</b>	<p>Monthly maintenance services at every segment:</p> <ul style="list-style-type: none"> <li>▶ 6-8 liters of water per plant.</li> <li>▶ Reconstruct pots to improve rainwater harvesting.</li> <li>▶ Apply liquid humus in a dose of 100 liters of humus for every 1,000 liters of water to ensure better growing conditions without damaging the soil.</li> <li>▶ Organic fertilizers in the temporary rights-of-way, per segment.</li> </ul>	For this task, we have the support of a specialized company that provides flora maintenance, repositioning, and monitoring services.
<b>Sonora Pipeline (Guaymas-EI Oro Segment)</b>	<ul style="list-style-type: none"> <li>▶ Reconstruct pots to improve rainwater harvesting.</li> <li>▶ Irrigate reforested plants with mobile water tanks.</li> </ul>	For this task, we have the support of a specialized company that provides flora maintenance, repositioning, and monitoring services.
<b>Los Ramones I and Los Ramones Norte Pipelines</b>	<ul style="list-style-type: none"> <li>▶ During the construction stages of both projects, we created temporary relocation areas where we could maintain and ensure the survival of the flora present in the project area.</li> <li>▶ Once construction was finalized, we established 5 permanent nurseries with more than 176 thousand plants of 68 different species, with a 93.1% survival rate.</li> <li>▶ At these nurseries, we have collected more than 10 million seeds of 38 species, of which 14 are deemed to be at risk of extinction, and we have been able to reproduce more than 22,000 plants of 41 species, of which 10 are deemed at risk of extinction. Seeds are kept in a specialized seed bank of the Universidad Autónoma de Nuevo León (UANL).</li> </ul>	The School of Forestry Sciences of the UANL is in charge of safekeeping, handling, and maintaining the nurseries, under the supervision of the Environmental division of IEnova.



## FLORA AND FAUNA CONSERVATION AND PROTECTION PROJECTS

ASSET OR SEGMENT	CONSERVATION AND PROTECTION PROGRAM	SYNERGY WITH EXPERT ORGANIZATIONS
<b>Energía Costa Azul (ECA)</b>	<ul style="list-style-type: none"> <li>▶ Over the past 14 years, we have implemented our Flora and Fauna Rescue, Protection, and Conservation Program.</li> <li>▶ Native plants have been reproduced in nurseries, particularly those that, given their importance for conservation, require more attention, maintenance, propagation, and reproduction efforts.</li> <li>▶ We have also reproduced species that are endemic to Baja California, such as the coastal cactus. These efforts have allowed us to consolidate a nursery with more than 50,000 plants of 28 species that are native to the Northwestern region of Baja California.</li> </ul>	For this nursery, which is located within the company's property, we collaborate with companies specializing in offering global services. We also carry out activities for the rescue, compensation, reforestation, care, and production of endemic plants.
<b>Energía Sierra Juárez (ESJ)</b>	<p>We have three biodiversity conservation projects:</p> <ul style="list-style-type: none"> <li>▶ Program to monitor birds and bats, currently in operation.</li> <li>▶ Environmental compensation program.</li> <li>▶ Program for the conservation of eagles and California condors.</li> </ul>	<p>For this task, we work with three expert organizations:</p> <ul style="list-style-type: none"> <li>▶ <b>BIIG:</b> in charge of the plant compensation and maintenance programs.</li> <li>▶ <b>INECOL:</b> in charge of monitoring the birds and bats to determine if they are being affected by the operation of the park; they mainly study flight patterns and potential impact noise on the species.</li> <li>▶ <b>San Diego Zoo:</b> in charge of monitoring eagles and California condors to understand their flight patterns and establish a protocol for when one of these animals flies near the park.</li> </ul>
<b>Ventika</b>	<p>We have several programs in place:</p> <ul style="list-style-type: none"> <li>▶ Flora and fauna management and rescue program.</li> <li>▶ Birds and bats monitoring program.</li> <li>▶ Program to study the effect of noise on bird and bat populations.</li> <li>▶ Program to monitor the Monarch Butterflies on an annual basis.</li> <li>▶ Soil conservation program.</li> <li>▶ Environmental stewardship program.</li> </ul>	<p>For this task, we work with two expert organizations:</p> <ul style="list-style-type: none"> <li>▶ <b>Natura Ferox:</b> Company specializing in bird, mammal, and insect populations. They execute programs to monitor birds, bats, and the Monarch Butterfly.</li> <li>▶ <b>IGAMEX:</b> Company specializing in controlling erosion and the environmental restoration of ecosystems. Updated the Program to manage and control erosion at both facilities.</li> </ul>
<b>Solar Parks</b>	We have programs to rescue and relocate flora and fauna species, as well as reforestation and compensation programs that enable us to preserve the biodiversity value in each of the sites.	For this task, we have the support of a specialized company that provides flora maintenance, repositioning, and monitoring services.



## ▶ LOS RAMONES NORTE NURSERIES

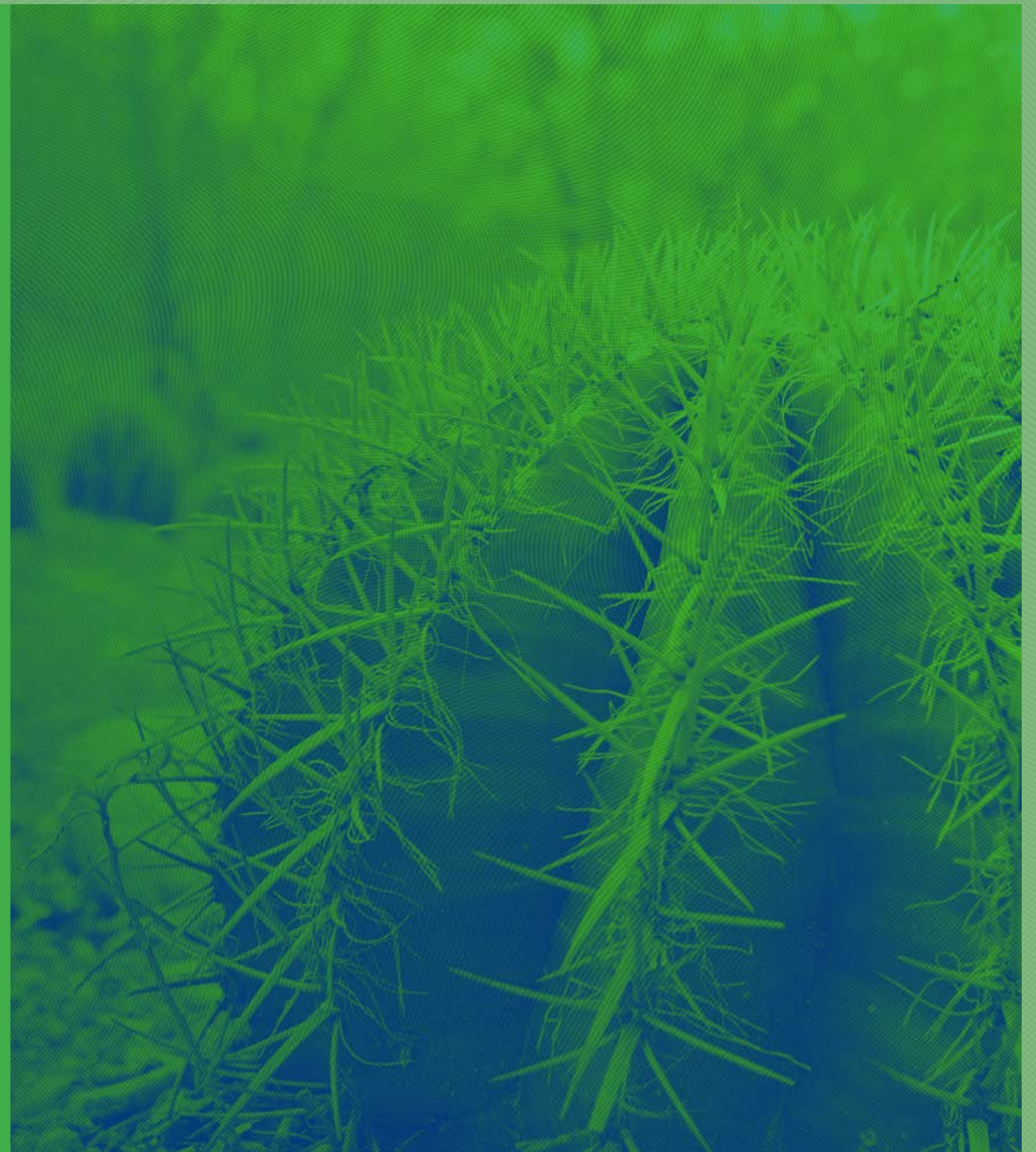
This is the success story of a synergy between a private company focused on environmental and social issues and an academic institution with proven expertise in handling protected species. As a result of these two companies' joint efforts, the nurseries at Los Ramones Norte Pipeline have become an example of collaboration that merits recognition and that should be replicated elsewhere.

ENova is firmly committed to sustainable development in Mexico. The company manages its operations in alignment with the highest environmental responsibility standards. This is demonstrated by the successful operation of five nurseries in the states of Nuevo León, Tamaulipas, and San Luis Potosí, which are part of the

Environmental Management and Monitoring Program (PMMyMA) of the Los Ramones Norte Pipeline.

In addition to ensuring compliance with environmental regulations and minimizing impacts near the pipeline, the goal of this flagship project is to become a model for the conservation and reproduction of cacti species that are important for the region and for ecosystems in general. At the same time, its social contribution is key to the area as the program is a source of economic revenues and generates technical expertise and environmental awareness. This project has been successful in bringing together the environmental and social arenas.

**WE COLLABORATED WITH EXPERTS FROM THE FACULTY OF FOREST SCIENCES OF THE AUTONOMOUS UNIVERSITY OF NUEVO LEÓN (UANL) TO CONDUCT NATIVE FAUNA RESCUE, MAINTENANCE, AND SURVIVAL EFFORTS.**





## LOS RAMONES NORTE NURSERIES

Since 2016, we have invested USD\$1,358,514 in the PMyMA. We currently hold approximately 176,232 specimens of 68 species of flora. We have collected 10,480,395 seeds of 38 species, of which 8,206,321 belong to 14 species deemed to be at risk of extinction, which are being kept in a seed bank at the UANL. Survival rates for the rescued plants is 93.1%, which exceeds what is required by the General Law of Sustainable Forest Development (*Ley General de Desarrollo Forestal Sustentable*).

At the same time, we encourage the elaboration of professional dissertations about this project, scientific articles, and books on soil use and vegetation in the areas crossed by the pipeline. Additionally, the UANL implements an environmental education program through an agreement with the Ministry of Education of the state of Nuevo Leon, which offers elementary and middle and high school students tours of the Efraím Hernández Xolocotzi Botanical Gardens, which was reactivated and enriched with species from the nursery. In 2018-2019, visitors from 23 institutions toured the facilities, which translates into more than 3,000 students from different education levels in the region.

While currently 31% of the cacti worldwide are deemed at risk of extinction as a result of increasing pressure from human activity, illegal trade of living plants and seeds for the horticultural industry and private collections, as well as non-sustainable exploitation, the Los Ramones Norte nurseries have had a positive impact on three lines of action: environmental, with the conservation and reproduction of plants that hold great value for the ecosystem and are at risk of extinction; social, by strengthening relationships with communities in the area; and, finally, academic, by contributing to environmental education and creating awareness of the importance of caring for the species and the environment in general.

**BY FOLLOWING THIS PATH, WE ARE CERTAIN THAT WE WILL BECOME A MODEL FOR THE CONSERVATION AND REPRODUCTION OF SPECIES OF NATIONAL RELEVANCE AND THAT WE WILL BE ABLE TO REPLICATE THIS SUCCESSFUL MANAGEMENT SYSTEM, WHICH COMBINES ENVIRONMENTAL, SOCIAL, AND ACADEMIC ELEMENTS, IN OUR FUTURE PROJECTS.**



## ▶ WATER MANAGEMENT

[303-1, 303-2, 303-3, 303-4]

At IEnova we promote the responsible use of water. Accordingly, we use water in a highly efficient manner and, at some of our assets, we return water to its original source in similar or better conditions than when it was first withdrawn.

### WATER USE BY EXTRACTION SOURCE (M³)

Extraction Source	2018	2019	2020
Groundwater	4,599	13,738	6,040
Municipal wastewater	5,427,746	5,457,266	4,873,995
Municipal water suppliers	14,499	13,140	6,046
Seawater	96,093,411	94,234,845	98,596,740
<b>Total</b>	<b>101,540,254</b>	<b>99,718,989</b>	<b>103,482,821</b>

### DISCHARGE BY DESTINATION WATER (M³)

Destination	2018	2019	2020
Municipal wastewater treatment plants	7,026	9,117	12,088
Surface water <sup>1</sup>	988,943	766,869	1,323,735
Seawater	95,964,730	94,111,796	98,491,764
<b>Total</b>	<b>96,960,699</b>	<b>94,887,782</b>	<b>99,827,588</b>

**100% OF THE WATER WE WITHDRAW AND CONSUME AT OUR SITES IS DISCHARGED IN ITS CORRESPONDING DESTINATION IN FULL ADHERENCE TO MEXICAN REGULATIONS RELATED TO WATER DISCHARGE QUALITY.**

<sup>1</sup> Municipal wastewater that is used and treated at TDM, which is discharged into federal drainage in better conditions than when it was extracted.



## ECA

Currently, 95.28% of the total water withdrawn by our operations is used by ECA:

- ▶ 100% of the water is withdrawn from the ocean and is desalinated for use in our processes.
- ▶ Water is used to increase the temperature of liquefied natural gas so that it can be regasified.
- ▶ Water is never subjected to processes that could contaminate it.
- ▶ Water is returned to the ocean, always in strict compliance with the corresponding discharge permits.
- ▶ Every three months, an accredited laboratory analyzes the physical and chemical properties of the discharged water to ensure that it complies with the conditions established by the regulation.



## TDM

Our power generation plant, TDM, is among the cleanest combined-cycle plants supervised by the Western Electricity Coordinating Council (WECC) in the US. To achieve this level of excellence, at TDM we use state-of-the-art environmental technologies that comply with all applicable standards in Mexico and in the state of California.

To ensure that water consumed at TDM is discharged in the same or better conditions than when it was first withdrawn:

- ▶ TDM withdraws municipal wastewater from the oxidation lagoons in Mexicali, Baja California.
- ▶ Water is pumped to a water treatment plant at a maximum flow of 920m<sup>3</sup>/h, it is treated so it can be used in the process, and then reused several times in the steam, cooling, and condensation processes.
- ▶ After being treated, water can be discharged in compliance with the parameters established by all applicable regulations, with considerably better quality than when it was first withdrawn.

Additionally, TDM has strategic plans for implementing efforts related to water savings and efficient consumption:

- ▶ Reduce the supply of water from 350 m<sup>3</sup>/h to 300 m<sup>3</sup>/h when the plant is not operating.
- ▶ Improve planning for stopping and starting the wastewater treatment plant to minimize the amount of treated water that is not used.
- ▶ Close off the cooling system valves when not in service.
- ▶ Automate the purging process in the cooling tower to reduce over-purging.
- ▶ Install a valve to ration sulfuric acid (controlling pH) in the cooling tower to reduce the presence of sulfates.





ENVIRONMENTAL PILLAR

# WATER STRESS

[303-2]

We monitor the availability of water in Mexico every year. Based on this, we have determined that most of our assets are located in areas that are classified under water stress by the World Resources Institute (WRI). However, our consumption of groundwater is minimal, and we do not extract any surface water, which means our operations have a low impact on the supply of water in our neighboring communities and we do not contribute to worsening the water scarcity problem in the country.





## ► WASTE

[301-2, 306-2]

To manage waste, we collaborate with specialized authorized companies to adequately dispose of or repurpose it. When its physical and chemical nature allows, we work with suppliers that either recycle or reuse waste. 100% of our waste is handled based on federal or local regulations and, whenever it cannot be reused, waste is disposed of in authorized sites.

**IN ALL OUR BUSINESS SEGMENTS WE DEVELOP AND IMPLEMENT TRAINING AND AWARENESS PROGRAMS TO ADEQUATELY MANAGE HAZARDOUS AND NON-HAZARDOUS WASTE.**

These programs are designed to comply with applicable local and national regulations, in addition to international best practices. The following are the main modules of our training programs:

- Adequate separation and classification of waste
- Packing
- Labeling
- Temporary storage

In 2019, at TDM we implemented an initiative to reduce non-hazardous waste consisting of replacing the type of coagulant we use in the wastewater treatment plant with an organic coagulant. This has allowed us to reduce our non-hazardous waste by 23% annually, which amounts to 3,500 tons of waste in two years.

Another benefit of this project is that environmental and health and safety risks are reduced, as it employs a less hazardous substance. It also improves maintenance times for the wastewater treatment plant, brings down our operational expenses, and reduces our indirect GHG emissions due to a decrease in transportation by suppliers.



### GENERATION OF HAZARDOUS AND NON-HAZARDOUS WASTE (ton)

Generation of hazardous waste (ton)			
Disposal method	2018	2019	2020
Recycling or reuse	13	5	8
Energy recovery	7	5	5
Disposal in authorized sites	55	65	63
<b>Total</b>	<b>75</b>	<b>75</b>	<b>76</b>
Generation of non-hazardous waste (ton)			
Recycling or reuse	94	428	54
Disposal in authorized sites	10,159	8,175	6,643
<b>Total</b>	<b>10,253</b>	<b>8,603</b>	<b>6,697</b>

## ► ENVIRONMENTAL CERTIFICATIONS

In alignment with our commitment to the environment, we constantly update the certifications of our assets.

To review our current certifications, please visit the [Certifications section](#) of our website.



# ▶ PROGRESS AND OBJECTIVES

[103-1, 103-2]



		Status
ENVIRONMENT	<b>2020 Progress</b>	
	Continue operating and monitoring the Sustainable Office Program and implement it at those assets that begin operation in 2020.	ACHIEVED
	Obtain or maintain the Clean Industry or Environmental Quality certificate granted by PROFEPA and/or ASEA at all our operating assets during the first 12 months after they begin to operate, or after we gain operating control over them.	ACHIEVED
	Finish updating the Climate Change Strategy and publish it. Continue to identify and assess the main physical risks resulting from climate change (current and future) that have the potential to generate a substantial change in operations, revenues, or expenses for the company.	ACHIEVED
	Respond publicly to the Carbon Disclosure Project (CDP) questionnaire.	ACHIEVED
	Define initiatives and projects for reducing and mitigating emissions to establish annual Scope 1 and Scope 2 GHG emissions (reduction science-based targets) for 2020-2021.	ACHIEVED
	By 2030, reduce fugitive GHG emissions by 50% compared to 2019.	IN PROCESS
Begin the process to participate in and comply with obligations derived from the Emissions Trading System.	ACHIEVED	
	<b>2021 Objectives</b>	
	Continue operating and monitoring the Sustainable Office Program and implement it at those assets that begin operation in 2021.	
	Obtain or maintain the Clean Industry or Environmental Quality certificate granted by PROFEPA and/or ASEA at all our operating assets during the first 12 months after they begin to operate, or after we gain operating control over them.	
	Continue to respond to the CDP.	
	By 2030, reduce fugitive GHG emissions by 50% with respect to 2015.	
	Establish the process to participate in and comply with obligations derived from the Emissions Trading System.	
OPERATIONAL ECO-EFFICIENCY	<b>2020 Progress</b>	
	<b>ECOGAS Distribution:</b>	ACHIEVED
	▶ Reduce water consumption per employee by 2% compared to 2019.	
	<b>Storage:</b>	ACHIEVED
	▶ Maintain hazardous waste generation at ECA below 10 tons annually and keep the generation permit in the Small Generator category. Search for options to adequately dispose of waste that requires special handling at ECA and that can be recycled.	
	▶ Reduce energy consumption at TDF by 3% compared to 2019.	
	▶ Promote recycling of materials at TDF by increasing recycling by 5% compared to 2019.	
▶ Reduce toxic dispersion at TDN by 5%.		
<b>Generation:</b>	ACHIEVED	
▶ Reduce the generation of waste that requires special handling at TDM compared to the previous year.		
▶ Maintain the water consumption index below 1.7 per MWh generated.		
▶ Implement a water management plan based on the need for cleaning photovoltaic panels.		
	<b>2021 Objectives</b>	
	<b>ECOGAS Distribution:</b>	
	▶ Reduce water consumption per employee by 2% compared to 2019.	
	▶ Install solar panels in the Chihuahua headquarters.	