



2013 Sustainability Report

IEnova, Energy for Mexico





FERNANDO ANDRIACCI

Fernando Andriacci was born in the village of Cuicatlán, in the Cañada region of Oaxaca. He began to draw from a very young age. He studied painting, carving, sculpture and art history at the culture center of Oaxaca. He then studied the disciplines and techniques of lithography, woodcutting and mixed techniques in the Rufino Tamayo Arts Workshop. Work and discipline have characterized him since then. His composition pieces are loose and with a range of intense colors inherent to the Cañada region of Oaxaca.

Windmills

The tree on the left represents her family and the tree on the right represents his family; the roots are the ancestors, their grandparents. The sky represents living nature where hundreds of dragonflies fly in harmony with birds and together with the windmills. Mom and Dad are working together with the same purpose: caring for the environment. Meanwhile, the elephant will water the trees and the giraffe will take care of them. The windmills represent respect, honesty, technology and intelligence to create goods without pollution so as to conserve the natural environment and clean air.

Andriacci.



(Translated from "Molinos de Viento", Andriacci).

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CARLOS RUIZ SACRISTÁN

Chairman and Chief Executive Officer

Infraestructura Energética Nova, S.A.B. de C.V.

“Mexico is today at an historic moment marked by structural reforms driven by the Federal Government, in particular the Energy Reform, which will drive development in our country.”

Letter from the Chairman and Chief Executive Officer

2013 was an important year of changes and successes for IEnova: we were incorporated as a new company, we achieved a successful placement of shares on the Mexican Stock Exchange and we strengthened our organization with a team with broad experience and capabilities that will fortify our operations. We also initiated the construction of Gasoducto Sonora, Energía Sierra Juárez and Los Ramones I*, three major projects underpinning our growth plans. Lastly, we established a formal organizational structure related to sustainability, in light of its importance in the definition of company policy and the execution of our strategy.

Changes as important as these generate great opportunities and, without doubt, great challenges and responsibilities. As a public company, we have new obligations to our shareholders, including a clear mandate to maintain disciplined growth in our energy infrastructure investments in Mexico.

All this has been and will be possible thanks to the ethics, professionalism, talent and dedication of our colleagues, as well as their commitment to IEnova’s values.

Sustainability is an integral part of IEnova’s operations supported by our ethical values and principles. Proof of IEnova’s commitment to transparency is our first Sustainability Report, which outlines our vision and the main actions taken by the company during 2013, with respect to the economic, social and environmental pillars of sustainability.

At IEnova, we believe that sustainability is a process of continuous improvement and that it creates long-term benefits. We are committed to the development of infrastructure projects that contribute to Mexico’s growth and promote the progress, competitiveness and industrialization of our country. We will continue working with the objective of integrating sustainability throughout our operations, generating value for our employees, shareholders and consumers, as well as the communities to which we belong.

I’m certain that we have a great team that is ready to face new challenges and responsibilities, and is on its way to consolidating IEnova’s position as one of the leading companies in the energy sector in our country.

Sincerely,

Carlos Ruiz Sacristán

Chairman and Chief Executive Officer
Infraestructura Energética Nova, S.A.B. de C.V.

“At IEnova we believe that sustainability is a process of continuous improvement and that it creates long-term benefits”.

*Assets belonging to a joint venture with Pemex Gas y Petroquímica Básica (PGPB), in which IEnova has a 50% share.



Energía Costa Azul (ECA)

About this Report

We present our first Sustainability Report as a communication and transparency tool through which IEnova outlines its economic, environmental and social performance during 2013.

The Report describes the sustainability management and performance of our gas and power segments, which include natural gas storage, natural gas and LPG transportation, natural gas distribution and electricity generation. For reporting purposes, the 2013 data covers the period from January 1 to December 31 of the same year. We prepared the Report based on version G3.1 of the Global Reporting Initiative (GRI) guidelines, as well as the indicators provided in the oil and gas sector supplement. Our Report was reviewed by the GRI, which granted an application level of "B GRI Checked".

In terms of the gas segment, unless otherwise indicated, the Report does not include data of the assets belonging to Gasoductos de Chihuahua, which is a joint venture with Pemex Gas y Petroquímica Básica (PGPB) and in which IEnova has a 50% stake. Gasoductos de Chihuahua owns the San Fernando and Samalayuca natural gas pipelines, the TDF LPG pipeline, the Guadalajara LPG storage terminal and the development of the ethane pipeline and the Los Ramones I gas pipeline.

The different chapters of the Report describe the formulas used for the calculation of indicators, methodologies and specify the subsidiaries for which information is reported. As this is the first year we have prepared the Sustainability Report, we do not include data from previous years. Comparative information will be included in subsequent reports to assist the reader in making performance comparisons.

Materiality is defined as those topics that are most relevant to the business and the sustainability of the company, which could generate or diminish value to our stakeholders. To learn about the methodology used in our materiality analysis, please consult the Materiality section of this Report.

The Report is a translation from the original version in Spanish. In case of discrepancy, the Spanish version prevails.

For more information please review our Sustainability Report 2013 and visit our website: www.ienova.com.mx.

IEnova, Energy for Mexico



We are IEnova

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Mission

To develop, build and operate energy infrastructure, thereby contributing to Mexico's development and creating value for our shareholders, within a framework of ethics, safety, respect and commitment to our employees, the environment and the communities to which we belong.

Vision

To be a leading energy infrastructure company in Mexico that contributes to promoting the country's sustainable growth, competitiveness and development.

Values

Create positive relationships

- Engage others, seek feedback, collaborate
 - Support our communities
- Be a responsible environmental steward
 - Do what we say we'll do

Responsible partner

Shape the future

- Think strategically and critically
 - Anticipate market needs
- Actively pursue and create opportunities
- Implement with discipline, manage risks

Forward-looking

High-performing

Deliver outstanding results

- Set tough goals and achieve them, act with urgency
- Reward superior performance, acknowledge success
- Learn and improve
- Be accountable

Respectful

People matter

- Listen, communicate clearly, be candid
- Embrace diversity of people and perspective
- Contribute individually, succeed as a team
- Treat safety as a way of life

Ethical

Do the right thing

- Act with honesty and integrity
- Be open and fair
- Keep our commitments
- Earn people's trust

IEnova, a pioneering company in the development of energy infrastructure in Mexico.

2013 was a transcendent year for IEnova:

- We were incorporated as Infraestructura Energética Nova, S.A.B. de C.V. (IEnova).
- We completed our first and successful placement of shares on the Mexican Stock Exchange.
- IEnova's shares are part of the IPC Mexican Stock Index.
- We created a new organizational structure and strengthened our work team, which will contribute to strengthening our operations.
- We started the construction of three major projects for our company: Gasoducto Sonora, Energía Sierra Juárez and Ramones I (joint venture).
- We created the Sustainability Department.
- We defined our sustainability strategy and decided to publish our first sustainability report.

History

*For the purposes of the public offerings of CEBURES and shares in 2013, our main natural gas transportation assets were assigned an alternative identification in presentations to investors. From now on, we use any of these names interchangeably to refer to the same asset.

Identification in Public Offering	Company Name	Short Name
Gasoducto Baja Oriente	Gasoducto Rosarito, S. de R.L. de C.V.	GR
Gasoducto Baja Occidente	Transportadora de Gas Natural de Baja California, S. de R.L. de C.V.	TGN

Business Segments

At IEnova, we develop, build and operate energy infrastructure in Mexico. For that purpose, we have incorporated two business segments: Gas and Power.

Assets in Operation

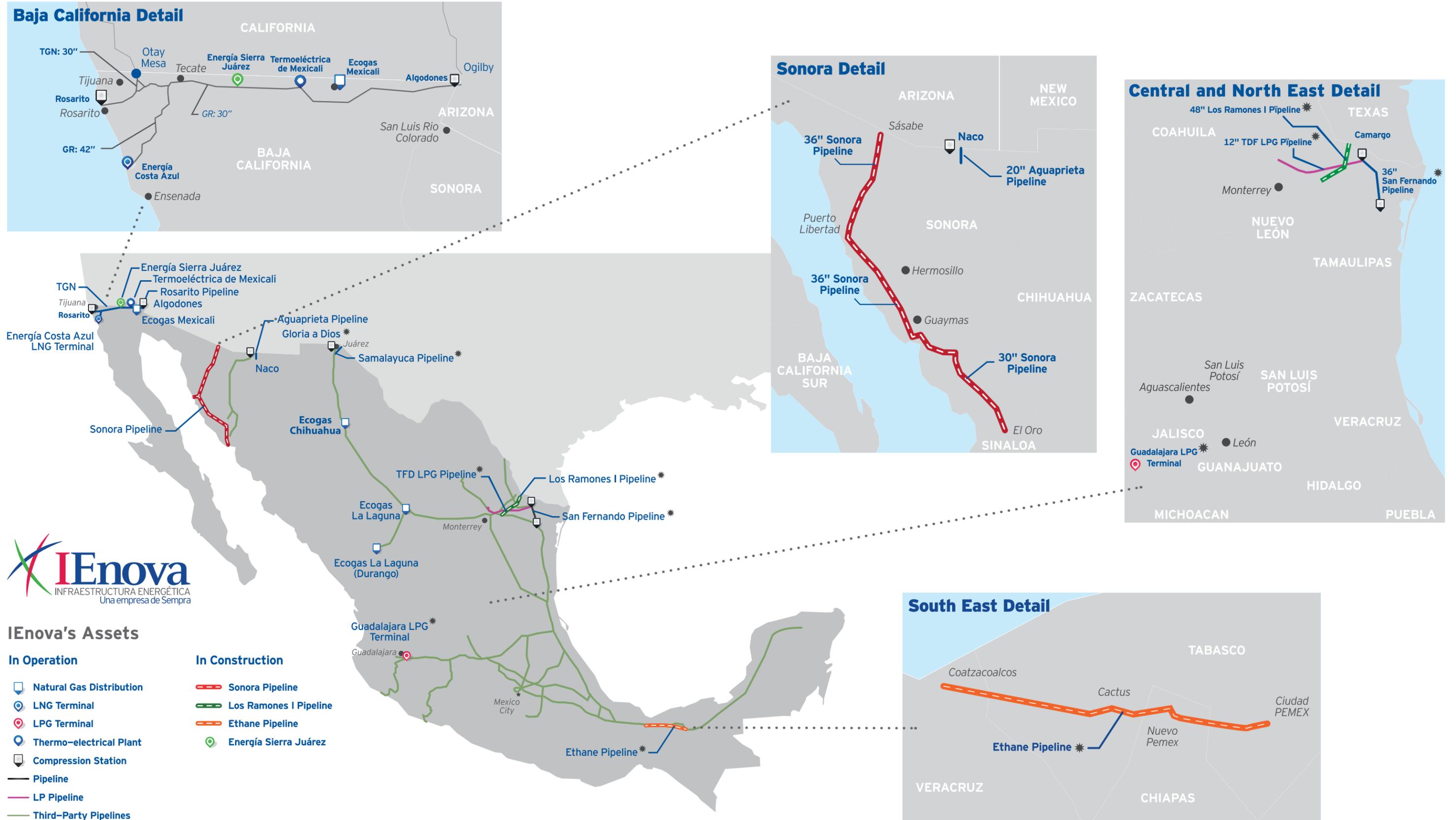
		Name	Characteristics	
Gas	Pipelines	 Gasoducto Rosarito (GR)	302 km	
		 Transportadora de Gas Natural de Baja California (TGN)	45 km	
		 Gasoducto Aguaprieta (GAP)	13 km	
			Naco Compression Station	14,340 hp
		 San Fernando Gas Pipeline*	114 km	
		 Samalayuca Gas Pipeline*	37.7 km	
		 Gloria a Dios compression station*	14,300 hp	
	 TDF LPG pipeline*	190 km		
		Storage in the Terminal de Gas L.P. de Guadalajara*	80,000 bl	
		Storage	 Natural gas storage and regasification terminal, Energía Costa Azul (ECA)	320,000 m ³
Distribution	 ECOGAS		3,468 km natural gas distribution pipeline	
	 ECOGAS		98,665 consumers	
Power	Thermoelectrical	 Termoeléctrica de Mexicali (TDM)	625 MW	

Projects in Construction

		Name	Characteristics	Description
Pipelines	Gasoducto Sonora	 Gasoducto Aguaprieta	835 km 36" and 30" diameter. Total combined capacity of 1.28 bpcd	Natural gas transportation pipeline composed to two interconnected segments located in the states of Sonora and Sinaloa. The commercial operation date of the first delivery point is scheduled for the fourth-quarter 2014.
		 Gasoducto Ramones I*	114 km 48" diameter 2.1 bpcd capacity	Natural gas transportation pipeline running from the Mexico-US border in Tamaulipas to Ramones, Nuevo León. The commercial operation date of is scheduled for the fourth-quarter 2014.
	Ethane Pipeline*	 Ethane Pipeline*	224 km 151.9 mpcd capacity	First private ethane transportation system in Mexico. It will transport ethane from PEMEX's processing installations in Tabasco, Chiapas and Veracruz to the ethylene and polyethylene polymerization plant Etileno XXI located in Veracruz. The commercial operation date is scheduled for the first-quarter 2015.
		Power	 Energía Sierra Juárez	155 MW

* Assets belonging to a joint venture with Pemex Gas y Petroquímica Básica (PGPB), in which IEnova has a 50% share.

Our Assets



IEnova's Assets

In Operation

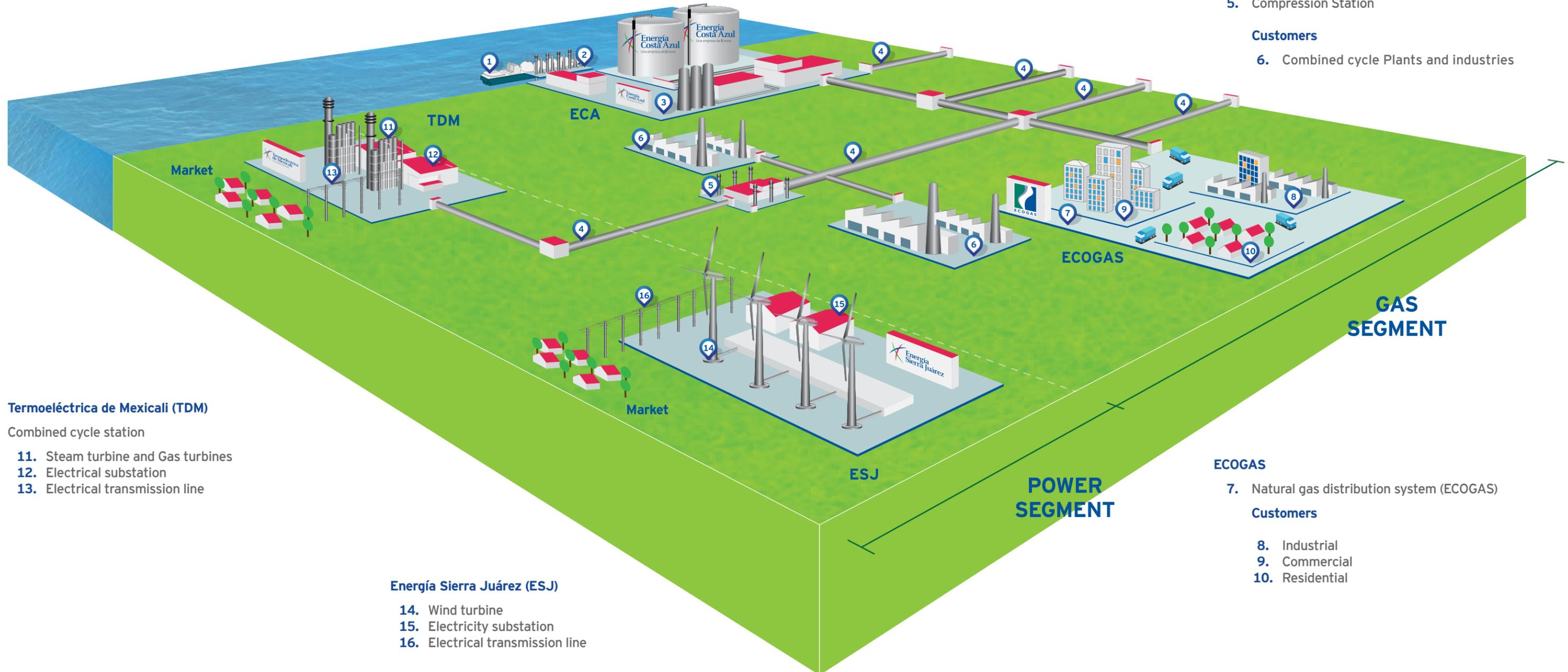
- Natural Gas Distribution
- LNG Terminal
- LPG Terminal
- Thermo-electrical Plant
- Compression Station
- Pipeline
- LP Pipeline
- Third-Party Pipelines
- * Joint Venture Assets

In Construction

- - - Sonora Pipeline
- - - Los Ramones I Pipeline
- - - Ethane Pipeline
- Energía Sierra Juárez

Our Activities

By integrating sustainability into IEnova's business model, we want to be a leading company in the energy sector in Mexico with sustained growth, all while respecting the environment and developing and maintaining long-term and mutually beneficial relationships with our stakeholders.



LNG Storage Terminal, Energía Costa Azul (ECA)

1. LNG transportation vessel
2. Wharf with the infrastructure to receive gas
3. ECA Plant

PIPELINES

4. Pipelines
5. Compression Station

Customers

6. Combined cycle Plants and industries

Termoeléctrica de Mexicali (TDM)

Combined cycle station

11. Steam turbine and Gas turbines
12. Electrical substation
13. Electrical transmission line

Energía Sierra Juárez (ESJ)

14. Wind turbine
15. Electricity substation
16. Electrical transmission line

ECOGAS

7. Natural gas distribution system (ECOGAS)

Customers

8. Industrial
9. Commercial
10. Residential

Sustainability Strategy

At IEnova, we see sustainability as a path of continuous improvement for the generation of value for our shareholders, employees, clients and the communities to which we belong, based on three fundamental pillars: environmental, social and economic, with a strong foundation of ethics and corporate governance.

In 2013, we conducted a thorough analysis to define IEnova's sustainability strategy and develop action plans aimed at prioritizing, strengthening and focusing our efforts.

IEnova's sustainability strategy is a key component of the company's overall business strategy, as well as in its integrated risk management process (economic, environmental and social). Sustainability is implemented through specific actions focused on the key issues that are material to IEnova and its stakeholders.

"Through ethical and visionary conduct, we are ready to continue growing and creating value with our stakeholders through three fundamental pillars: environmental, social and economic, with a strong foundation of ethics and corporate governance."

Lucila García Velandia
Sustainability Manager.



Lines of action

Environmental
Clean and efficient energy sources
Environmental culture
Comprehensive waste and emissions management
Biodiversity
Social
Comprehensive employee development (professional and personal)
Diversity and inclusion
Economic and community development
Health and safety
Economic
Maximizing value for shareholders
Efficient use of resources
Comprehensive risk management
Operative integrity and reliability
Customer satisfaction
Ethical culture and corporate governance



Sustainability Management

The structure we use to implement and bring sustainability to each of our employees in their daily activities and business vision is the **Sustainability Committee and the Sustainability Commissions**.

The Sustainability Committee reports to top management. The Committee informs the Board of Directors of IEnova's sustainability results at least once a year. The Committee meets at least twice a year and is chaired by the Vice President of External Affairs. The Committee's purpose is to approve IEnova's sustainability strategy and define related policies and guidelines.

We have established three Commissions for the implementation of IEnova's sustainability strategy:

- Human Capital
- Engineering and Operation, Environment and Occupational Safety
- Community Relations

Each Commission is chaired by a Vice-president and has a member of each subsidiary, who is responsible for the item to be discussed. These Commissions meet at least three times a year and report their results to the Sustainability Committee and the Sustainability Department semi-annually.

IEnova's Sustainability Policy was developed at the end of 2013 and applies to all IEnova employees and subsidiaries in Mexico.



Sustainability Model

We aim to be a leading company in the energy sector in Mexico and achieve sustained growth, while respecting the environment and developing and maintaining long-term and mutually beneficial relationships with our stakeholders.



Sustainability Management Structure



In this context, it is essential to know our stakeholders and establish long-term and mutually beneficial relationships with them. This is why we maintain on-going communication with our stakeholders that allows us to establish, prioritize and address the issues that are relevant to them.

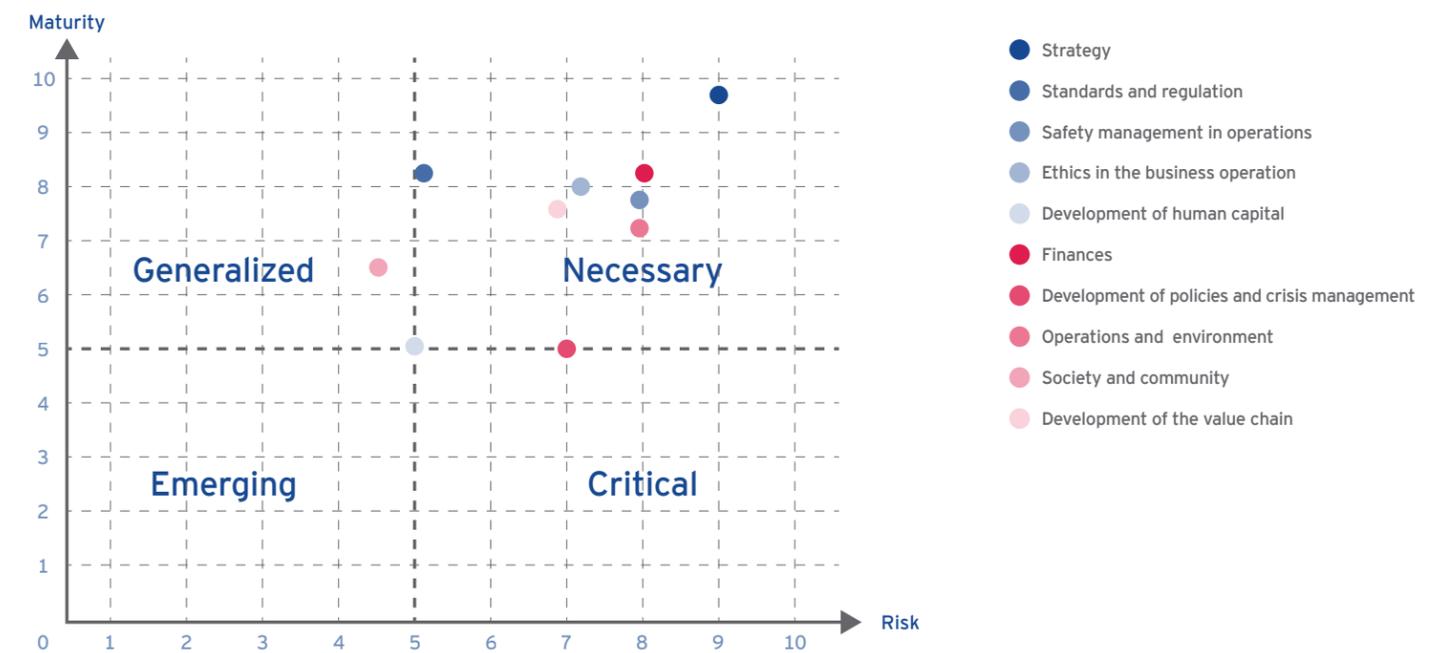




Materiality

To determine the elements of our Sustainability Strategy, we conducted a Materiality Study to determine and prioritize the most relevant issues to IEnova.

Our materiality analysis involved interviews with executives from key departments, media analysis and public opinion, a study of best international practices and strategy analysis; all these aspects were weighted in terms of their relevance to the company and our stakeholders.



The Materiality Study was used to determine the most relevant topics to include in this Report.

Ethics and Transparency

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Corporate Ethics

At IEnova, we are governed by the institutional values embodied in our Code of Ethics, which define how we interact with our consumers, governmental and regulatory entities, suppliers, employees and communities we serve.

Our values are summarized as:

- Ethics.
- Respect.
- Excellent performance.
- Forward-looking vision.
- Being a responsible partner.

Our Code of Ethics details the ethical and legal procedures applicable to all company activities. All IEnova's employees sign the Code of Ethics and Top Management encourages all employees to use it as a decision-making tool. All IEnova employees, without exception, are required to read and familiarize themselves with the Code of Ethics and comply with the guidelines described. In addition, all employees are required to complete the ethics and compliance standards training courses annually, as well as certify, by signing certifications, their compliance with these policies.

IEnova's Ethics Committee analyzes all possible breaches of the Code of Ethics and provides reports to Management and the Internal Auditing Department on these cases.

We adhere to the Foreign Corrupt Practices Act "FCPA", the Federal Public Procurement Anti-Corruption Law and the Organization for Economic Cooperation and Development ("OECD") Convention, which seeks to criminalize the bribery of government or governmental officials, political parties, party officials or candidates by companies, their executives, directors, employees and agents in the form of gifts or promises in order to win or retain business or obtain any undue advantage. A record of all transactions and the dispositions of the company's assets is kept to ensure due compliance with these provisions.

All IEnova's employees are required to comply with all related national and international anti-corruption and bribery laws, such as the Federal Anti-Corruption Law in Procurement and the Foreign Corrupt Practices Act (FCPA), wherever we do business.

There was one dismissal in 2013 for unethical conduct.

In 2013, we prepared an anti-corruption policy that covers the above aspects. We will be working on its implementation beginning 2014.

The Code of Ethics, the Foreign Corrupt Practices Act and the OECD regulations are applicable to all IEnova's employees.

"As leaders, we are responsible for guiding the business strategy within a framework of ethics, integrity, honesty and respect. This reinforces the commitment and participation of all our staff."

Alex Ríos
Corporate Ethics Director.





“At IEnova, transparency is the keystone in the performance of our activities, with which we foster a working environment based on ethics.”

Renate Rodríguez



As part of the extension of the sustainability to our value chain, all our suppliers, contractors and service providers are required to sign IEnova’s Code of Ethics.

At the end of October the “IEnova Contigo” complaint line began operations. It is managed by a third party, it is a resource available 24 hours a day, seven days a week, that allows employees to anonymously report any inappropriate conduct that go against of our philosophy or our Code of Conduct. Six complaints were received in 2013, all of which were dealt with promptly.

Reporting alternatives 24 hours a day, 7 days a week:

- IEnova’s complaint line: 01800-062-2107.
- Confidential email: ienova@lineadedenuncia.com.
- Web page: lineadedenuncia.com/IEnova.
- SEMPRA’s Ethics and Compliance Helpline: 01800-241-5689.
- Web page: <https://iwf.tnwgrc.com>.

Standards of Integrity

At IEnova, we maintain high standards of integrity as a fundamental element of our operation. These standards are focused on strengthening our sustainability and are closely related with the elements that make IEnova a responsible company.

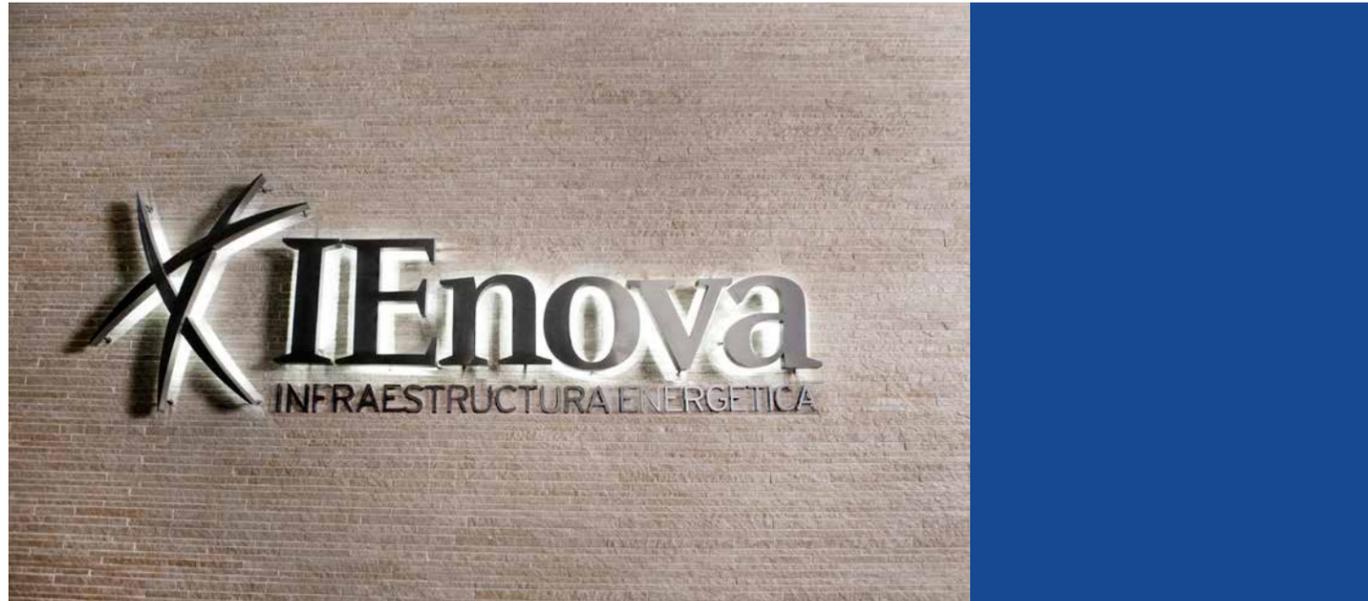
Standards of Integrity

1. Safety.
2. Customer relations - public safety.
3. A workplace free from discrimination and harassment.
4. Violence in the workplace.
5. Intimidation in the workplace.
6. Substance abuse.
7. Confidentiality and privacy.
8. Environmental protection.
9. Community activities.
10. Anti-corruption and bribery.
11. Political engagement.
12. Fair competition.
13. Government relations.
14. Acquisition of goods and services.
15. Regulatory compliance.
16. Business gifts and courtesies.
17. Securities trading.
18. Conflicts of interest.
19. Intellectual property.
20. Internal business controls.
21. Financial records.
22. Payments and undue collections.
23. Company assets.
24. Foreign Corrupt Practices Act (FCPA).

IEnova also complies with the anti-trust principles. We initiated an anti trust policy at the end of 2013. We expect to finalize and implement the policy in 2014.

In addition, in order to be consistent with the commitment to provide and maintain a safe and respectful working environment, as well as comply with the Code of Ethics, all corporate security companies that provide their services to the IEnova companies are trained in human rights issues.





Risk Management

At IEnova, we place a strong emphasis on risk management and consider it a primary component of our sustainability. Pursuant to a Board of Directors' initiative, we began the development of an integrated risk management system. The system considers the procedures and monitoring necessary to anticipate and reduce the potential events that could affect the company. The integrated risk management system (economic, environmental and social) will be completed and will become operational in 2014.

Corporate Governance

IEnova's Corporate Governance consists of a Board of Directors and two Committees that assist it in its work: the Audit Committee and the Corporate Practices Committee. Our Corporate Governance practices comply with the regulations applicable to listed companies in Mexico, the provisions of both the National Banking and Securities Commission and the Mexican Stock Exchange, as well as follow the recommendations of the Code of Best Corporate Governance Practices of the Consejo Coordinador Empresarial de México (Business Coordinating Board of Mexico).

Board of Directors

The Board of Directors is composed of nine owner-members, three of whom are independent, and has the management of the company as its main responsibility. Our Board members have proven experience and reputation in areas such as energy, finance, international relations, public policy, transportation, as well as an overall view of business and industry.

Carlos Ruiz Sacristán*	Chairman of the Board of Directors
Andrés Conesa Labastida	Member of the Board of Directors**
Jeffrey S. Davidow	Member of the Board of Directors**
Aarón Dychter Poltolarek	Member of the Board of Directors**
Joseph A. Householder	Member of the Board of Directors
Arturo Infanzón Favela	Member of the Board of Directors
George Sam Liparidis	Member of the Board of Directors
Luis Eduardo Pawluszek	Member of the Board of Directors
Mark Alan Snell	Member of the Board of Directors
James H. Lambright	Substitute Member of the Board of Directors
Randall Lee Clark	Non-Member Secretary of the Board of Directors
René Buentello Carbonell	Non-Member Assistant Secretary of the Board of Directors
Rodrigo Cortina Cortina	Non-Member Assistant Secretary of the Board of Directors

* Also General Director.

Audit Committee

All the members of the Audit Committee are independent:

Aarón Dychter Poltolarek	Chairman**
Andrés Conesa Labastida	Audit Committee Member**
Jeffrey S. Davidow	Audit Committee Member**

Corporate Practices Committee

The Corporate Practices Committee consists of 75% independent members:

Andrés Conesa Labastida	Chairman**
Aarón Dychter Poltolarek	Corporate Practices Committee Member**
Jeffrey S. Davidow	Corporate Practices Committee Member**
Arturo Infanzón Favela	Corporate Practices Committee Member

**Independent Member, pursuant to the terms of the Securities Market Law.

Main functions of the Audit Committee and Corporate Practices Committee

Audit Committee

- Submit recommendations to the Board of Directors on matters within its scope of responsibility.
- Supervise the work of external auditors and analyze their reports.
- Analyze and oversee the company's financial statements.
- Submit a report on the internal control and auditing system to the Board of Directors.
- Assist the Board of Directors in the review of the report of operations and other applicable reports, as well as the Chief Executive's activities.
- Report all irregularities detected to the Board of Directors.
- Receive and analyze the proposals and comments made by the shareholders, directors, key executives, external auditors or third parties.
- Call shareholders' meetings.
- Supervise related-party transactions to ensure due compliance with the law.

Corporate Practices Committee

- Submit recommendations to the Board of Directors on matters within its scope of responsibility.
- Assist the Board of Directors in the preparation of a financial and accounting guidelines report.
- Advise the Board of Directors on the appointment of the Chief Executive Officer and the other members of the senior management, as well as their responsibilities and remunerations.
- Advise the Board of Directors in the preparation of reports for the annual shareholders' meeting.
- Request and obtain the opinion and recommendations of independent experts to assess the fairness of prices and market conditions for certain related-party transactions.
- Review and approve related-party transactions.
- Call shareholders' meetings.

IEnova also has an Ethics Committee, which reports to the Audit Committee, along with company executives. The Ethics Committee must report on any alleged breaches of the Code of Ethics to the General Director and the Internal Auditing Department within three working days. The Committee has a period of five days to rule on these allegations; however, in some cases, this may be extended for up to 30 days.

Institutional Relations

IEnova's business, including, transportation, distribution, and storage of natural gas, and generation of electricity, is regulated by specific provisions whose review, regulation, and supervision is exercised by the State through different government agencies (the Ministry of Energy, the Energy Regulation Commission and the Ministry of the Environment and Natural Resources, among others), all of which are responsible for ensuring compliance with relevant laws. It is IEnova policy to strictly comply with all applicable laws and regulations, maintain good relations and communications with the authorities and work closely with them.

We maintain institutional communication with the governmental authorities, energy companies, associations and other institutions related to our activities within the industry. We share our views and together work to foster sound industry practices. The associations and chambers in which we participate include:

- American Chamber of Commerce of Mexico.
- Asociación Chihuahuense de Administración de Personal.
- Asociación Mexicana de Gas Natural.
- Barra Mexicana Colegio de Abogados.
- Cámara Nacional de la Industria de la Transformación – Canacintra Chihuahua, Ensenada, Gómez Palacio, Mexicali, Torreón.
- Confederación Patronal de la República Mexicana, Ensenada, Hermosillo, Mexicali, Tijuana.
- Colegio de Ingenieros Civiles de Chihuahua.
- Comisión de Promoción Económica de Tecate.
- Comisión de Promoción Económica de Ensenada.
- Consejo Mundial de Energía Capítulo México A.C.
- Instituto Mexicano de Ejecutivos de Finanzas.

Economic Pillar

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Termoeléctrica de Mexicali (TDM)

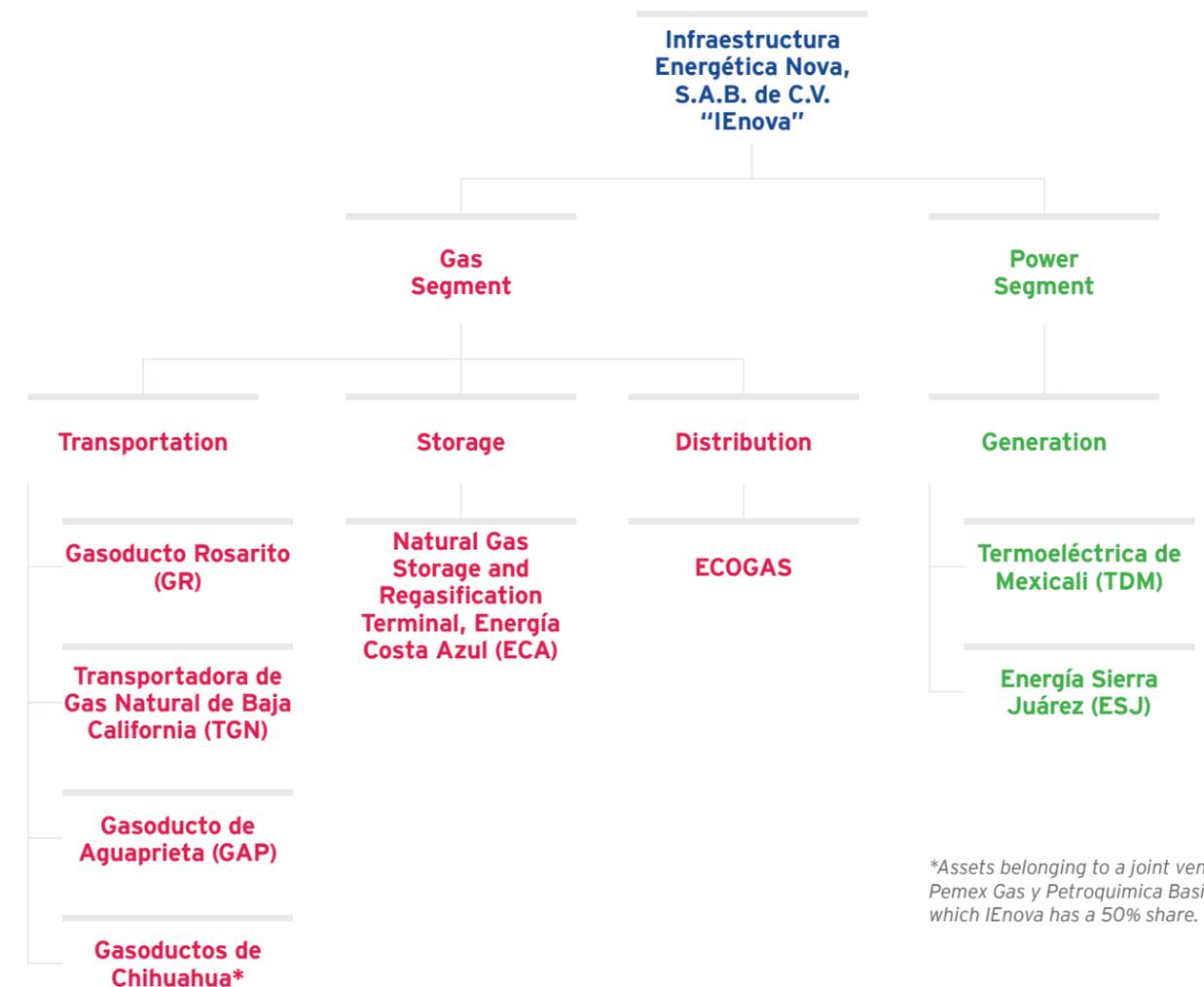
Our operations and consistent growth translate into a significant economic impact that benefits various sectors of society.

At IEnova, we develop, build and operate energy infrastructure in Mexico, demonstrating strong growth.

At IEnova, we have the firm conviction that infrastructure fosters progress, creates opportunities for growth and investment, promotes regional development and represents an important source of employment. This is particularly true in terms of energy. Having sources of clean, sufficient and competitively priced energy increases the opportunities for investment and therefore, employment, which will increase our country's levels of competitiveness and industrialization

IEnova operates in two business segments: Gas, which includes natural gas and LPG transportation and storage, LNG storage and natural gas distribution, and power, which includes a natural-gas-fired, combined-cycle power generation facility and a wind power generation project currently in development.

A summary of our corporate structure is shown below:



*Assets belonging to a joint venture with Pemex Gas y Petroquímica Básica (PGPB), in which IEnova has a 50% share.



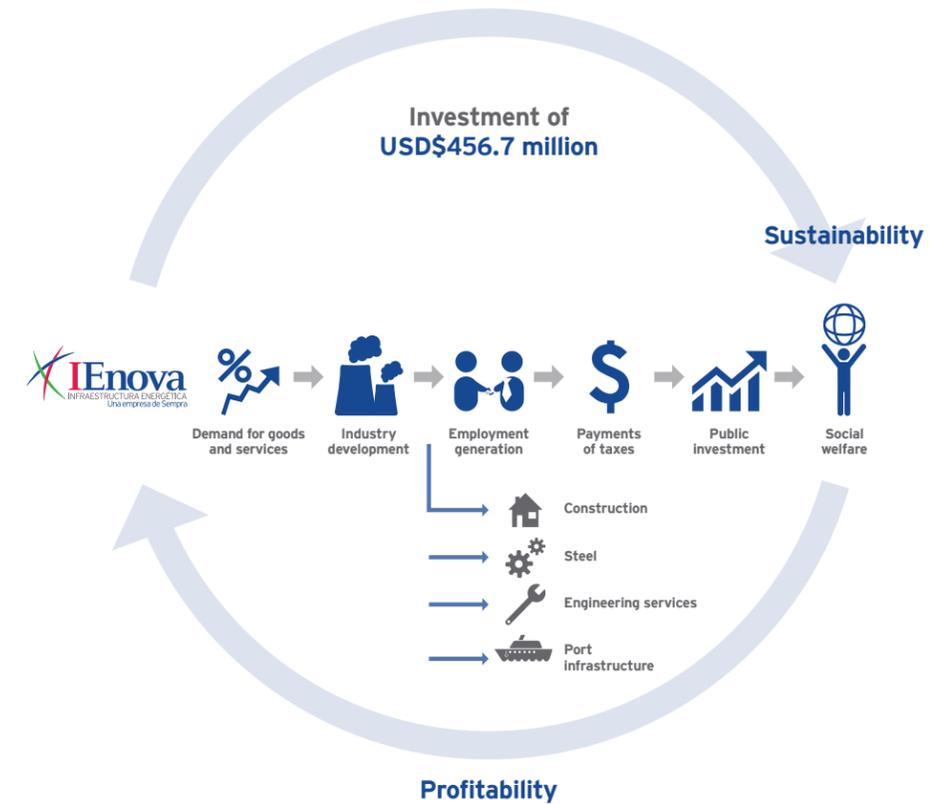
Economic Benefit

Consistent growth underpins IEnova's economic sustainability.

In 2013, we invested USD\$456.7* million, primarily in property, plant and equipment, in order to secure our infrastructure, be more competitive and execute our business strategy.

Our activities and investments have a positive impact on various sectors in terms of the demand for goods and services, which in turn translates into economic benefits, employment, the payment of taxes and investment. Also, given the characteristics of the projects we undertake at IEnova, they produce economic benefits in the different communities where they are developed.

*Includes US\$369.7 million own + 50% of the USD\$174 million of the investment in projects of IEnova's joint.



At IEnova, our activity generates economic benefits that have a positive impact on various sectors.

"Maintaining our consumers' trust is essential. Discipline, honesty and vision are the basis of our commercial relations."

*Areli Covarrubias
Commercial Manager.*



Among the economic sectors that benefit most from our activities, we can highlight:

- Construction
- Steel
- Engineering services

Customers

- PEMEX, CFE
- Private-sector thermoelectrical plants
- Industrial
- Commercial
- Residential

In 2013, we generated almost 1,600 indirect jobs in our projects under construction.

Consumer Orientation

IEnova is dedicated to a consumer-oriented culture and we maintain strict standards of quality and service, as well as competitive pricing.

At IEnova, we understand that the service we provide our consumers must be of the highest quality in order to ensure their complete satisfaction and, thus, strengthen the growth of the company, which is a fundamental aspect of our economic pillar.

Our consumers are divided into different groups, according to the line of business.

P I P E L I N E S		C U S		PEMEX Federal Electricity Commission
				Private-sector thermo-electrical plants and Industries
				Gas distributors Exports to the State of California, USA
G A S S T O R A G E		T O		Thermo-electrical industries and plants in Baja California
	D I S T R I B U T I O N			M
E		 Total small businesses 2,014		
R		 Total large and industrial businesses 404		
POWER		S		Exports to the State of California, USA

Distribution

ECOGAS operates in seven cities in three geographical distribution areas: Mexicali, Chihuahua and La Laguna-Durango where, as part of its growth strategy, it maintains constant communication with customers through a dedicated Customer Service team.

Quality Management System

At IEnova, we are committed to developing business in a responsible and sustainable way and to the quality of our services and products; therefore, the Quality Management Systems are an essential part of our operations.

In 2013, we completed five years of operating in accordance with Quality Standard ISO 9001-2008. Our commitment is to offer a quality service to our consumers. As a result of this effort, we conduct yearly consumer satisfaction surveys, which obtain a rating of 90 in terms of the satisfaction and perception levels of our services.

Fifth consecutive year under the Quality Standard ISO 9001-2008.





Call Center

Our Call Center, located in the City of Chihuahua serves all ECOGAS consumers. It receives 7,222 calls per month on average, including appointment confirmations, re-connections, payment notices and payment extensions.

2013:

- 86,658 calls received.
- 85,379 calls handled.
- 1.48% missed calls.
- 3.07 minutes on average waiting time to attend calls.

Our Customer Service Department provides timely follow-up on requests made by telephone; we are committed to addressing all issues within a maximum of ten days, with the exception of emergency calls that must be dealt with immediately. As a follow-up to the emergency calls, line tests are performed to check the integrity of the pipeline based on a Quality Management System, in order to ensure the safety of the community.

Consumer Service Control System

In 2013, we served 53,729 customers at the counter of our offices in Mexicali, La Laguna – Durango and Chihuahua.

In order to improve our service to consumers and attend to them promptly, in 2013, we implemented a system that allows users to print a consecutive turn number upon arriving at our offices.

This system provides reports and statistics on waiting times, attention times by service type and services per day. This information is useful to us to measure and improve our consumer care.

Consumer Satisfaction

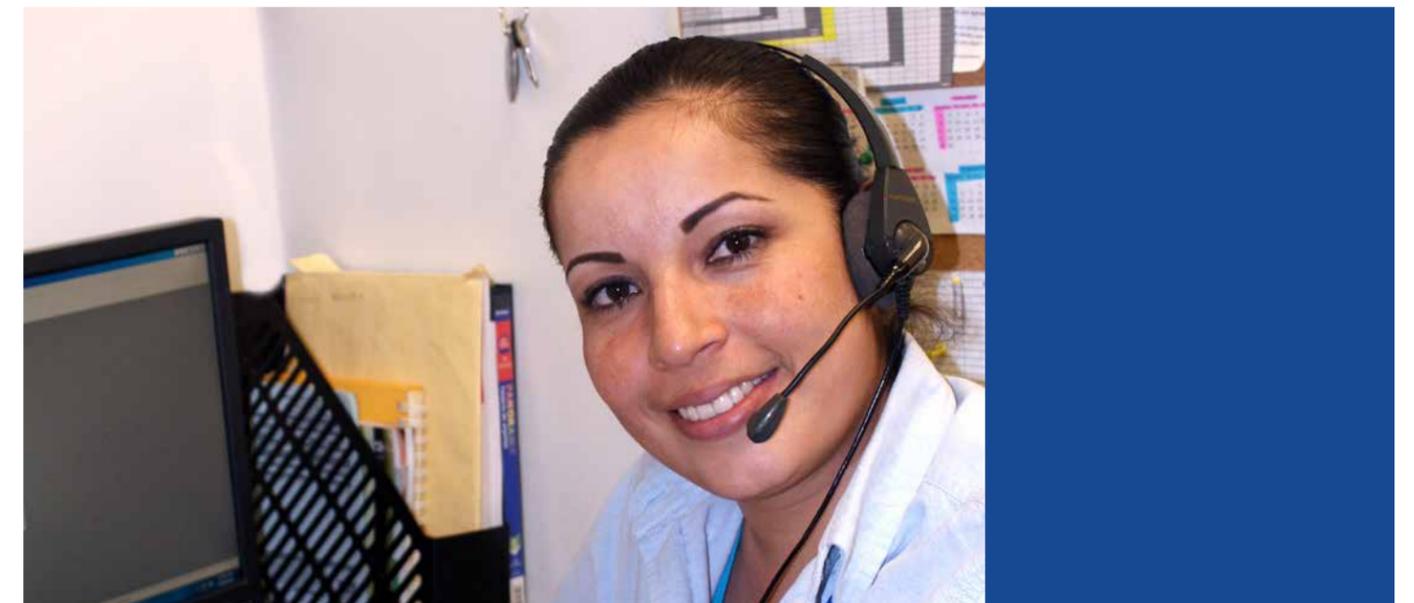
IEnova engaged a market research company to conduct a study of consumer satisfaction with the service they receive. The universe of the study consisted of ECOGAS residential consumers in Chihuahua, La Laguna – Durango and Mexicali. The overall levels of satisfaction, recommendation and re-connection were greater than nine on a scale of ten possible points. This positive evaluation demonstrates the effectiveness of the actions undertaken for the benefit of our consumers.

Promotion and Loyalty Programs

IEnova offers various loyalty and promotion programs aimed at increasing consumer satisfaction and incentivizing user retention.

The “Pay on Time and Win!” (*iPaga a tiempo y gana!*) loyalty program rewards prompt payments. In addition, we are launching seasonal campaigns, such as the “Cool Summer” and the Winter Program at the end of the year aimed at providing consumers within incentives and rewards.

In addition and as part of our consumer services efforts, we offer support to users who request lines of credit to pay their outstanding balances in two installments.





We maintain stringent quality and oversight processes in order to safely provide services to our consumers.

Operational Integrity and Reliability

IEnova has implemented various safety procedures, which are initiated from the conceptualization stage of projects, through maintenance, operations and delivery to the end user.

IEnova has an Integrity Management Program that includes the inspection of the natural gas transportation systems, the evaluation of the indications collected from the inspections, the characterization of the indications, the evaluation of the results of this characterization, the classification of defects and severity and the determination of the integrity of the pipeline through the application of analysis techniques.

The Integrity Management Program provides us with information on the status of the pipelines, since the program considers their integrity, safety and operation by monitoring indicators that facilitate the implementation of a continuous improvement cycle.

The Integrity Management Program complies with current standards and regulations applicable in Mexico and the United States and specifies the regulations to assess, evaluate, repair and validate the integrity of pipeline segments through a clear analysis that helps to identify any leak or failure that may affect inhabited areas or regions particularly sensitive to environmental damage.

Elements of IEnova's Integrity Management Program:



We use mechanical and electronic technology to quantify, acquire, record and monitor the operating parameters of the transportation and distribution system.

We use the Supervisory Control and Data Acquisition, or **SCADA system** to control and monitor the process remotely and facilitate real-time feedback from field devices.

Transportation: The SCADA system is fitted with various equipment items and devices to ensure the appropriate conditions for the transportation of natural gas and facilitate remote sectioning and emergency valves, as well as to assist in operational decision-making.

Our control center operates 24 hours a day, 365 days a year and we provide emergency lines through various means of communication such as the telephone, cellular telephones, radio and satellite, the operation of which is tested regularly, always in accordance with our emergency procedure.

Using this system, we currently monitor and control metering stations, compression stations, custody transfer points and sectioning valves.

ECA: We have one gas metering system that is injected into the gas pipeline and one system to measure the gas received from the pipeline.

Distribution: We have 41 devices that provide with real-time information for the timely management of and intervention in the processes.

We have a Consumer Service Department that provides timely follow-up on emergency calls that must be dealt with immediately. As part of the follow-up on the emergency calls, line tests are performed to check the integrity of the pipeline based on a Quality Management System, in order to prevent failures.

TDM: We have ten devices that allow us to control and monitor electricity generation in real time.



Economic Value¹

The value generated and distributed by IEnova is shown below:

Figures expressed in thousands of USD\$	2013 USD\$
Economic value generated	
a) Revenues	677,836
b) Interest income	1,372
c) Income from sale of assets and investments	0
d) Direct economic value generated (a+b+c)	679,208
Economic value distributed	
e) Operating costs ²	427,278
f) Shareholders	161,035
g) Payments of taxes and duties	80,935
h) Investment in the community, environment, safety, occupational health and compliance	1,399
i) Economic value distributed (e+f+g+h)	670,647
Economic value retained (d-i)	8,561

At IEnova we constantly generate economic value.

¹ This chart was determined according to the guidelines provided by the Global Reporting Initiative.

² Operating Costs exclude depreciation, but include employees' salaries and benefits.

We Create Value

Modern and sufficient energy infrastructure is an essential factor for progress and growth and has a positive impact on a region's competitiveness and productivity.

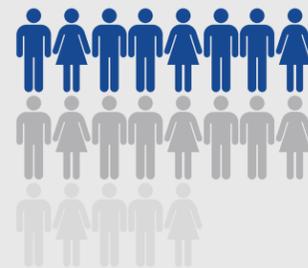
In 2013...

Our Employees

Our employees are the base of our success.

8,511 hours of training.

Each employee is provided with an average of **17 training hours.**



100% of our staff receive an annual performance evaluation, which serves as a basis for promotions, bonuses and remuneration.

Safety

At IEnova, safety is a way of life.

Downtime caused by accidents reduced by **44%** from 2012 to 2013.



Transportadora de Gas Natural de BC, Gasoducto Rosarito, Energía Costa Azul and ECOGAS were awarded by the **"Safe Company"** Occupational Health and Safety Self-Management Program promoted by the Ministry of Labor and Social Welfare.

In 2013, we invested USD\$ 1.4 million in the community,

Gasoducto Aguaprieta and Termoeléctrica de Mexicali entered the **"Safe Company"** Occupational Health and Safety Self-Management Program promoted by the Ministry of Labor and Social Welfare.



We have **Safety and Environment Systems** designed in accordance with the **ISO 14001 and OHSAS 18001** international standards.



Termoeléctrica de Mexicali, Gasoducto Aguaprieta, Gasoducto Rosarito and Transportadora de Gas Natural de BC: **"Clean Industry"** Certificate granted by the Federal Environmental Protection Agency (PROFEPA).

ECOGAS: **"Environmental Quality"** Certificate granted by the Federal Environmental Protection Agency (PROFEPA) and **Energía Costa Azul** in the final stage for authorization.



Termoeléctrica de Mexicali: Fifth consecutive year included in the greenhouse gases reporting program, certified by The Climate Registry.

We supported **22** initiatives or projects.



\$ Since our arrival in Mexico, IEnova has donated more than **USD\$14 million** to a wide variety of causes throughout the country.

Environment

The development of energy infrastructure can be compatible with environment protection and conservation.

Community

We invest time, talent and financial resources to contribute to managing the quality of life of our consumers, neighbors and employees.

the environment, compliance and occupational health and safety.

Social Pillar

Human capital	47
Health and safety	51
Social commitment	54



Human capital

At IEnova, we have consolidated a flexible and proactive organizational structure focused on the continuous improvement of people and processes to provide the tools to enable the personal and professional growth of all our employees.

Management System

IEnova values all its employees. In each of the company's departments and activities, health and safety considerations set the strategy and determine the first steps to be followed for each task.

Our operations are in compliance with the Official Mexican Standards that are derived from the Federal Labor Law. We place particular emphasis on compliance with issues of safety, training, hygiene and occupational hazards, among others. At the same time, we seek to guide our programs in accordance with international practices, which include paying particular attention to the recommendations of worldwide professional organizations and the United States Department of Labor's Occupational Safety and Health Administration (OSHA). This enables us to ensure safe and healthy conditions, as well as to provide training, education and assistance in these areas. Best practices are applied and shared with both our employees and our partner-contractors in order to be consistent and maintain the highest occupational safety and quality standards.

- We support a diverse workplace: 30% of our employees are female.

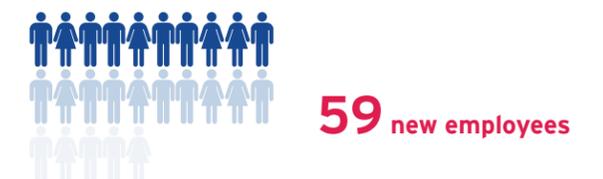


Female 150	Male 346
Non-unionized 148	Non-unionized 317

IEnova's Employees

In 2013, we created a new organizational structure, capitalizing on our experience of 15 years of operation in Mexico, as well as the best practices we inherited from our parent company in order to develop strategies to enable the company to attract and retain the best human capital for its growth and development.

- We create employment: we hired 59 people in 2013.





"The most important thing for organizations is their Human Capital; teamwork is the main driving force to generate success."

Antonio Hernández
Human Resources Operations Manager.



IEnova's Executives Employees

Category		
Managers	46	12
Directors	9	4
VPs	5	2
Total	60	18

- 100% of our staff receive an annual performance evaluation, which serves as a basis for promotions, bonuses and remuneration.
- A remuneration study conducted in 2013 compared our remuneration system with that of the Mexican labor market to ensure we remain competitive and are able to attract and retain talent.
- In 2013, voluntary turnover was 5.65%* and the involuntary turnover was 4.84%** . The IEnova total turnover was 10.48%***.

Formula used to calculate the turnover index.

**Voluntary turnover: number of new hirings in one year- number of voluntary severances in one year / # total number of employees.*

*** Involuntary turnover: number of new hirings in one year- number of involuntary severances in one year / # total number of employees.*

**** Total turnover: number of new hirings in one year- number of voluntary and involuntary severances in one year / # total number of employees.*

Comprehensive Development

At IEnova, we foster comprehensive personnel development by combining career plans, on-the-job and personal development training and initiatives focused on improving the quality of life of our employees.

Training

IEnova offers training programs that provide each employee with the tools necessary to excel in their work. This training is focused on three areas:

- **Institutional:** standard and mandatory for all employees and covers, among other topics, our Code of Ethics, values and safety culture at IEnova.
- **Transversal:** training focused on the development of specific skills in management teams.
- **Technical:** specialized training to enable staff to develop the technical skills required by their positions.

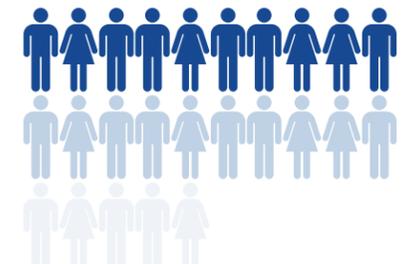
On average in 2013, each of our employees received 17 hours of training, both on-site and via virtual tools such as e-learning and Clarity Net.

Hours of training

Category		
Executives and Managers	490	135
Specialists	5,326	1,477
Other employees	719	362
Total	6,536	1,974

At IEnova, we provide support and follow-up on the professional and personal development of each employee through an internal evaluation system, which is governed by the goals set between the employees and their immediate superiors, which are aligned to the company's strategy and individual objectives consistent with each position. Recognitions and bonuses may be awarded based on the successful completion of this annual plan.

Training



496 employees benefited



USD\$362,019 of investment



8,511 hours of training



Benefits

At IEnova, we offer a number of benefits aimed at improving the well-being of our employees. In several areas the benefits are over and above the legal minimum.

- Legal Benefits.
- Major Medical Expense Insurance.
- Minor Medical Expense Insurance.
- Life Insurance.
- Additional Life Insurance.
- Retirement Savings Plan.
- Dental Coverage.
- Savings Fund.
- Performance Bonus.



Diversity and Inclusion

Through our Code of Ethics, IEnova promotes equal opportunities in all its operations regardless of gender, race, age, creed, political beliefs, social status, physical condition or sexual orientation.

This Code establishes the guidelines and directives to provide equal employment opportunities that respect the diversity and human rights of our employees, thus ensuring a professional and secure working environment.

The Code applies to all staff of IEnova and its subsidiaries in Mexico (either with a permanent or temporary contract and/or subcontracting). In addition, all service providers that have relationships with the company must adhere to this Code.

IEnova condemns any type of forced labor. Employees can use the complaint line to report, anonymously, any situation related to these topics.

IEnova is committed to complying with the current human rights regulations in Mexico.

Employees should report any conduct and/or comment that may be regarded as unethical, harassment and/or discriminatory and/or verbally or physically abusive to their immediate supervisor, a member of the Human Resources Department and/or through the IEnova Contigo complaint line.



Health and Safety

During 2013, we worked on the consolidation of a new corporate Health and Safety structure that concentrates and guides our efforts in this area in IEnova's subsidiaries.

All the subsidiaries were also enrolled in the Ministry of Labor and Social Welfare's Occupational Health and Safety Self-Management Program (PASST, Spanish acronym), which underlines our commitment to the physical safety of our employees.

We seek to create a culture of prevention among our employees and their families through integration, re-training and awareness events, such as the Safety Week and the Ecogas Family Fair, held in Chihuahua, La Laguna – Durango and Mexicali.

The Family Fair is attended by:

- Employees and their families.
- Local authorities.
- Suppliers.
- Community emergency services.
- Civil protection.
- Fire service.
- The Red Cross.

In 2013, we had more than 1,000 participants.

At IEnova, we maintain the most stringent standards and control processes in our operations in order to conserve our most important asset: our people. Therefore, the risks and the activities of each of our companies determine the programs and activities designed to prevent any incident that may affect the health and safety of our employees. In addition to regulatory compliance, we have a Health and Safety Committee, which is representative of the labor force.

“Our people are the most important”

“For IEnova, Occupational and Process Safety efforts are totally immersed in our operations. Working safely and in accordance with our health initiatives is part of doing things right from the beginning. Employees and partner-contractors form a team in which every employee is valued to the maximum. Our people are the most important. Our goal is Zero Accidents.”

*Remigio Agraz
Health and Safety Manager.*





17 drills

Safety Performance

The accident rate is shown as follows:

	2012	2013
Work-related fatalities	0	0
Lost time accident rate ⁽¹⁾	0.9	0.5

Note: the accident rates do not consider first aid or events without injuries and include both IEnova's and contractors' staff.

Accident Rate= (Number of accidents X 200,000)/ hours worked

(1) LTAR (Lost Time Accident Rate) The number of recordable accidents with injuries is used as a criterion.

At IEnova, we work in accordance with the General Civil Protection Law in order to protect our employees, communities and the environment against risks and dangers. We also work to protect against the short-, medium- or long-term vulnerabilities caused by natural phenomena or by human impact through comprehensive risk management and the building of adaptation, relief and restoration capacities among the population. To achieve this, we held a total of 17 drills throughout the year in our various operation centers as part of our efforts to promote the civil protection culture among our employees.

Health and Safety initiatives by subsidiary

Company	Initiatives
	<p>Occupational Health and Safety Self-Management Program-Safe Company, Federal Level-Ministry of Labor and Social Welfare (STPS) Transportadora de Gas Natural de BC and Gasoducto Rosarito hold Safe Company certificates. Gasoducto Aguaprieta entered the Self-Management Program in 2013.</p>
	<p>Occupational Health and Safety Self-Management Program.-Safe Company, Federal Level- Energía Costa Azul holds the Safe Company certificate Level 1 (Federal Level).</p>
	<p>Occupational Health and Safety Self-Management Program.-Safe Company, State Level- Energía Costa Azul has held the Safe Company certificate Level 1, State Level, since 2011, granted by the Ministry of Labor and Social Welfare, which was renewed in 2012 and 2013.</p> <p>Annual Employee Health Program In order to improve our employees' health levels and to comply with the applicable legislation, regular medical examinations and consultations are provided for the personnel.</p>
	<p>The natural gas transportation and distribution business units have a Safety and Environment System, designed in accordance with the ISO 14001 and OHSAS 18001 standards. The basic elements of this system are: policy, the identification of impacts and risks, objectives and goals, programs, training, communication, audits, preventive and corrective actions, control, among others.</p>
	<p>Occupational Health and Safety Self-Management Program.-Safe Company, Federal Level- TDM entered the Self-Management Program, promoted by the Ministry of Labor and Social Welfare. This program establishes an action plan for the occupational safety and health rules applicable to TDM.</p> <p>Going for Gold Program This initiative seeks to evaluate the safety improvements proposed by employees, which are reviewed and approved by the Health and Safety Commission.</p> <p>In 2013, in order to achieve greater staff involvement in these initiatives, we ran internal communication campaigns to motivate and raise employees' awareness of the importance of their participation. This measure increased the staff participation and a greater amount of safety improvements were approved and implemented in the plant.</p>
	<p>The best practices that we apply in each of our projects include the criteria for the selection of partner-contractors and the establishment of the health and safety requirements on a contractual basis such as the induction safety courses for new personnel, safety talks, work procedures and permits for high-risk or non-routine tasks, the preparation and review of the work safety analysis (WSA), periodic field inspections, warm-up exercises, random breathalyzer and anti-doping tests, the contracting of specialist consultants advisers we have our own team of safety leaders, to mention a few.</p>

IEnova does not only focus its attention on the health and safety issues on our employees. Our consumers, the communities to which we belong and the environment are also our priority. That is why we oversee the strict compliance with all the health and safety laws and regulations applicable to our activities in each location where we operate in order to minimize possible impact.



"In line with our values, we work hand in hand with the communities to which we belong in order to contribute to their well-being."

Ana Franco
Public Relations Supervisor.



Social Commitment

Economic and Community Development

At IEnova, we believe that companies can only be profitable and sustainable in prosperous societies; therefore, we focus on responding to the environmental and social requirements of the communities in which we operate and are a part of. We achieve this by supporting economic and community development programs.

All the donations we grant to social projects and non-profit social welfare institutions must be recorded and documented in accordance with a formal procedure.

All donations are also subject to review in accordance with the Foreign Corrupt Practices Act (FCPA).

In 2013, we gave our support to programs focused on the following areas:

- **Education:** We believe that children's and young people's education to be the best investments one can make to ensure a more prosperous future in our community.
- **Environment:** We work in conjunction with local groups to support educational programs that promote environmental conservation.
- **Health and Safety:** We support programs that improve public safety and help people to prepare more effectively to respond to potential emergencies.
- **Community Projects:** As part of our commitment, we sponsor programs and events to promote the vitality of the communities in which we operate.

In 2013, we donated a total of USD\$175,711, which benefited vulnerable populations in Mexico to a great extent.

The main associations supported during 2013 were:

- The Red Cross.
- Adopción de Áreas Públicas Mexicali.
- Limpiemos Torreón.
- Fundación UABC "Álas Oportunidades para Volar".
- Centro de Enseñanza Técnica y Superior (CETYS). Scholarship Program.
- Fundación para Protección de la Niñez.
- Casa Hogar del Anciano.
- Fire Department.

Since beginning of operations, IEnova has donated more than **USD\$14 million** to various social causes in Mexico.





Seeking to contribute to the well-being of the communities which we are part of, we have formed alliances with important support groups, including the Childhood Protection Foundation (*Fundación para la Protección de la Niñez*), which is an organization engaged in supporting groups with limited resources throughout Mexico.

Some joint programs with the Childhood Protection Foundation include:

Kids with Energy (“Niños con energía”)

Since 2009, Energía Costa Azul has held the “Kids with Energy” event with the participation of more than 400 children who are looked after by civil organizations in Ensenada, Baja California.

School Materials

In 2013, we provided school materials to 156 children from six organizations in Ensenada, Baja California.

IEnovación

As part of the “Tree of Smiles” (“Árbol de Sonrisas”) campaign, in 2013 more than 300 children from six homes in the cities of Tijuana, Ensenada, Mexicali, Torreón, Chihuahua, Hermosillo and Mexico City benefited.

Hands that Transform (“Manos que transforman”)

In 2013, Ecogas Mexicali’s employees visited the *Casa Cuna Oasis del Niño Mexicali, A.C.* to paint the dormitories and improve the facilities that serve more than 60 children.

More than 800 children helped.



Institutional Reinforcement

In 2013, Energía Costa Azul gave its support to the *Casa Hogar Pequeños Hermanos de Ensenada* with funds aimed at improving the living conditions and well-being of more than 40 children helped by the institution.

Fire Department

Since 2010, Termoeléctrica de Mexicali has supported Mexicali’s Fire Department with the donation of fire engines for rescue operations.

Ensenada Trust

The Ensenada Trust was formally constituted in 2004 through Energía Costa Azul. The Ensenada Trust is composed of a Technical Committee and an Advisory Board with 11 members, among them, the Municipal President and eight distinguished members from the health, private, academic, economic development and conservation sectors of Ensenada, as well as two representatives of IEnova.

IEnova contributed a total USD\$7 million for the creation of the Trust. This amount is allocated to academic and infrastructure programs for the City of Ensenada, as well as public security and environmental programs.

The most important programs that the Trust has supported are:

- Construction and outfitting of a Public Library in the Technical and Higher Education Center (*Centro de Enseñanza Técnica y Superior (CETYS)*) Ensenada Campus.
- Outfitting of the Enology and Gastronomy Kitchen of the Faculty of Gastronomy of the *Universidad Autónoma de Baja California (UABC)* Ensenada Campus.



Environmental Pillar

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Energía Costa Azul nursery (ECA)

At IEnova, we know that operating in strict compliance with environmental regulations gives us a competitive advantage that provides benefits to the environment and, therefore, to society.

We are committed to the respect, protection and conservation of the environment and to the satisfaction of our consumers' needs in a sustainable manner.

Through responsible operations, we demonstrate that the development of energy infrastructure can be compatible with the protection and preservation of the environment when it is done in a responsible manner.

The activities of all company's business units adhere to the following guidelines contained in our environmental policy:

- Meet all applicable environmental laws, regulations and permit requirements.
- Join customers, civic leaders and other community leaders in providing sound and responsible stewardship of our environment.
- Advocate public policies that protect the environment, using sound science, cost-effective technology, rational thinking and common sense as the basis for these policies.
- Encourage the development and use of efficient, clean and cost-effective technologies, while helping our customers meet their energy needs in an environmentally responsible way.
- Lessen our impact on the environment through activities such as recycling and waste minimization.
- Incorporate appropriate environmental management and compliance in strategic planning and operational decisions.
- Encourage innovation and enhanced cost-effectiveness in methods of compliance and use practical means to gauge our performance.

- Implement appropriate environmental education and training programs for employees and stakeholders.
- Review results, existing operations and management practices to allow for continuous improvement.
- Perform jobs in a manner consistent with this environmental policy.

At the end of 2013 and as part of our sustainability strategy, we defined our environmental lines of action, which are:

- Clean and efficient energy sources.
- Environmental culture.
- Comprehensive waste and emissions management.
- Biodiversity.

In 2014, we will work to focus our efforts and resources on these issues. At IEnova, we know that protecting the environment is a natural part of our business.



Gas Segment

Natural gas, a primary energy source for development, is the main product that we store, transport and distribute. Natural gas is the cleanest of all fossil fuels; it is non-toxic and non-corrosive, and, in addition, its combustion generates very low emissions of gases, such as NOx, SOx and CO.

IEnova's environmental advantage

↓
 Enables almost
100,000 consumers
 ↓
 to reduce their carbon dioxide (CO₂)
emissions by up to 20%,
 in comparison with the use of other
types of fuel



Power Segment

Termoeléctrica de Mexicali (TDM) is a modern and efficient natural gas-powered combined-cycle plant that uses advanced environmental technologies, which meet or exceed the standards applicable in both Mexico and the US state of California, which is recognized for its environmental care performance.

At IEnova, we are currently developing a wind facility, Energía Sierra Juarez, in the state of Baja California. The first phase includes the installation of approximately 47 wind turbines. Projects of this nature contribute to the production of clean energy to improve the environment. With the implementation of these projects, we are working to ensure that a greater number of people can gain access to cleaner energy, thereby reducing their carbon footprint.

Sustainable Resource and Environmental Impact Management

Our business segments differ from each other; therefore, the way in which resources are managed and the actions taken to improve the environment is also different. However, we have a common denominator: a view of continuous improvement focused on environmental processes and Quality Management Systems.

At IEnova, we have tools that enable us to identify and control the environmental impact, which in turn, allow us to continuously improve our environmental impacts.

We have our own Environmental Management Systems based on the requirements defined in the international environmental standards (ISO 14001), and the requirements of the Ministry of the Environment and Natural Resources (SEMARNAT). Management manuals cover the following topics:

- Water.
- Atmospheric pollution.
- Environmental emergencies.
- Hazardous waste.
- Special waste management.
- Perimeter noise.

"We are committed to protecting and conserving the environment, health and safety of our employees, our consumers and the communities to which we belong and serve."

*Elizabeth Nuñez
 Environmental Coordinator.*



Storage

- “Environmental Quality” Certificate granted by the Federal Environmental Protection Agency (PROFEPA).
- Environmental Management System.
- Environmental programs: monitoring of marine mammals, compensation, conservation and reforestation program, monitoring of benthic fauna and atmospheric emissions, monitoring of water quality and management of non-hazardous waste.

Power

- “Clean Industry” Certificate granted by the Federal Environmental Protection Agency (PROFEPA).
- Environmental Management System.
- Reforestation and water use programs.
- For the fifth consecutive year, TDM is included in the greenhouse gases reporting program, certified by The Climate Registry. TDM is founding member of the program.

Pipelines and Distribution

- “Clean Industry” or “Environmental Quality” Certificate granted by the Federal Environmental Protection Agency (PROFEPA).
- Environmental Management System.
- Pipelines: Active reforestation and environmental compensation programs developed by specialists.

Sonora Pipeline construction

Emissions

IEnova is committed to the control and reduction of emissions; therefore, our operations implement continuous monitoring. Due to the nature of the operations, the ECA and TDM plants are subject to strict measurement, as described below.



In ECA, emissions are measured on a permanent basis using a scanning electron microscope (SEM). This is the most effective system for taking environmental measurements using highly-reliable equipment inserted into gas turbines and gas heaters.

We currently have the best technology to ensure the maximum-possible efficiency of gas turbines and fuel gas heaters, which has enabled us to reduce our emissions. Gas emissions are caused by the combustion of natural gas and are of 30 ppm (parts per million), an amount that is far below the level indicated by Mexican Official Standard NOM-085-SEMARNAT-2011 for natural gas heaters.



At Termoeléctrica de Mexicali, we maintain strict control and we monitor atmospheric emissions 24 hours a day. Our technology includes an emission control and monitoring system, a catalytic reducing module to reduce carbon monoxide (CO) discharges and a Selective Catalytic Reduction (SCR) system to control nitrogen oxides (NOx).

IEnova’s total atmospheric emissions report*

Type of emissions	Gas emissions	Quantity in metric tons
Direct emissions	CH ₄	55
	CO ₂	1,410,154
	N ₂ O	130
Indirect emissions	CO ₂ e	2,549

*Most emissions are generated by ECA and TDM. 2013 emissions have not been audited and are therefore subject to change.

Distribution consumers’ emissions from the use of our product.

Type of emissions	Gas emissions	Quantity in CO ₂ e metric tons
Other	Natural gas sold to consumers	505,323.47

IEnova has state-of-the-art technology that enables us to measure the emissions we produce accurately.

For the fifth consecutive year, TDM is included in the greenhouse gases reporting program, certified by The Climate Registry.



At IEnova, we conduct rigorous maintenance processes to reduce the generation of waste materials.

Waste Generation and Management

At IEnova, we are focused on reducing waste by improving the use of resources and managing their disposal. ECA and TDM, due to the nature of their processes, have the most relevant waste generation and management programs.



ECA has a scheduled maintenance plan to provide safe and reliable operation at its facilities. We have preventive and corrective maintenance procedures that enable us to minimize the risks of explosion, fire and other damage. Thanks to these programs, in 2013, no accidental spills or related waste generation were reported.

ECA was registered at the state level as a generator of special-management waste, which implies a greater commitment to improving our environmental processes. We are currently developing metrics to measure progress on the adequate disposal and the reduction of this type of waste. 2013 is the third year of Energía Costa Azul's hazardous waste reduction plan, which has reduced the amount of waste generated by 30%. Best waste disposal practices were implemented, which include the recovery of energy and the recycling of the hazardous wastes generated by ECA.



TDM also has rigorous preventive and corrective maintenance procedures focused on the prevention of operating failures and spillages. In 2013, four spills were reported of an estimated 200 liters of sulfuric acid and 59 liters of oil. However, they were contained by the respective containment pits and no member of the operating personnel or the soil was affected; therefore, no remedial action was needed.

At TDM, the main source of solid waste is from residues that contain oils, which are managed and disposed of by a specialized company.

IEnova's total waste report*

Type of Waste	Disposal	Quantity (Tons)
Hazardous waste	Waste confined in controlled containers	11
	Incinerated waste	3
	Waste recovered (including recovered energy)	2
	Waste recycled by other institution	4
Non-hazardous waste	Non-hazardous waste and bi-products	10,416
	Waste confined in controlled containers	10,353
	Waste recycled by other institution	3

**Most residues are generated by ECA and TDM. 2013 data has not been audited and is therefore subject to change.*



At IEnova, we pursue the best practices for the collection and treatment of this valuable resource in our operations.

Water

We have processes and actions in place focused on the care of water, which include intensive use, saving and recycling processes. ECA and TDM are the plants that have the most intensive water-related processes. The water-related processes in place at these assets are described below.



We have a program to collect information on the quality of the water of the marine zone in the vicinity of the ECA Terminal and to keep control of the physical-chemical properties of the water that is discharged into the sea. In order to achieve this goal, we engaged the services of a laboratory accredited for sample collection and analysis.

For the monitoring of the quality of the sea water, samples are collected at three different depths at three points in front of the Terminal. This monitoring is carried out quarterly and the parameters to be monitored were established according to the type of water discharges (the wastewater treatment plant, the regasification system and the reverse osmosis plant) and are considered as part of the environmental quality indicators.

At ECA, the water used in the process is not contaminated because it is only used for heating and does not come into contact with other materials.

98% of the water we use is process and only 2% is residual, which is why we have a treatment plant.



At TDM, as part of its commitment to the environment and natural resources, the only source of water used in the power generation process is the waste water from the Zaragoza lagoon, in the city of Mexicali. This water is processed by biological physical-chemical treatment and through the use of technologies such as reverse osmosis and demineralization. We are able to obtain ultra-pure water quality through these processes.

Approximately 30% of the water that is treated and used in the power generation process is returned, clean, to a branch of the Nuevo river, the quality of which meets the standards of Official Mexican Standard NOM-001-SEMARNAT-1996.

Water Savings in the TDM Cooling Tower

In order to increase the reuse of water at TDM, in 2012, we installed an on-line plotter and monitoring computer, which achieves real-time chemical control of the water. This makes the process more efficient and enables the water to be reused up to 6.5 times before being finally discharged.

IEnova's total water discharge report*

Type of discharge	Quantity (M ³)
Water discharged into municipal treatment plants	7,068
Water discharged to other sources	1,431,954
Water discharged into the sea	2,080
Total water discharged	1,441,102
Water returned to its original extraction source in the same or better conditions	97,939,874**

*Most reused water is in ECA and TDM

** Total water discharged: 97,941,954 m³ and the water that is returned to the source from where it was extracted in the same or better conditions: 97,939,874 m³ (water discharged less the amount of water treated by the waste water treatment plant)

IEnova's total report of water by type of extraction source*

Water extraction by type of source	Quantity (M ³)
Ground water	3,198
Municipal waste water	5,339,170
Municipal water	7,093
Water obtained from other sources	91,852
Total water extracted	5,441,313

*Most reused water is in ECA and TDM

TDM only uses waste water in its processes. This sustainable practice favors the environment and the community.



Termoeléctrica de Mexicali (TDM)



At IEnova, we are aware that business development must be accompanied by the improvement of the environment and the preservation of biodiversity.

Conservation of Biodiversity

At IEnova, we implement biodiversity conservation projects, such as:

- Conservation and compensation of flora
- Wildlife protection and rescue
- Reforestation

The protection and conservation of flora and fauna are an integral part of our overall conservation, protection and rescue programs at the sites where we operate. The type of programs to be undertaken depends on the specific project, the type of ecosystem affected and the applicable regulations.

Conservation and compensation of flora

Gasoducto Rosarito, Energía Costa Azul and Termoeléctrica de Mexicali

The restoration, reforestation and compensation programs implemented in previous years, which remained active in 2013 are listed below.

Type of project	Start Year	Project	Description
	January 2008	Restoration of the ecosystems affected by the construction of Gasoducto Rosarito Expansion project.	6,392 specimens of different species of endemic plants were cultivated for the restoration of ecosystems, which were planted in the project's row.
			Seeds of different species were planted directly in the project's row.
			Reforestation along 73 km of the pipeline.
			Environmental monitoring is currently being carried out to follow-up on the restoration of the habitat.
Rescue and Restoration	September 2006	The Rescue, Replanting and Protection of Endemic and Endangered Plants adjacent to the Construction and Operation of Gasoducto Rosarito Expansion project.	Rescue of the Coast barrel cactus (<i>Ferocactus viridescens</i>) and associated species. 5,061 plants of nine endemic species of Baja California were rescued in the project's row.
			1,192 Coast barrel cactus specimens were rescued, which are species considered as endemic and endangered (Official Mexican Standard NOM-059-ECOL-2010).
			The species rescued were housed in a nursery to ensure their survival before being replanted in their natural habitat.
			A total of 1,192 Coast barrel cactus specimens were replanted.
			5,061 endemic plants were replanted along the first 19 Km of the pipeline.
			The replanted specimens are now being monitored to ensure their survival.
			This program complies with the requirements established by SEMARNAT for the project.
	2003	Protection of ironwood	TDM's reforestation program counted 35 ironwood specimens at the start of construction.
			As a result of the irrigation and care of the ironwood specimens counted, today there are approximately 180 trees of different heights.



Energía Costa Azul nursery (ECA)

	<p>Development and implementation of a reforestation program of Jeffrey's Pinus, or black pines (<i>Pinus jeffreyi</i>), in Sierra Juárez, Baja California.</p>	<p>Certified Jeffrey's or black pine seeds were collected and acquired.</p> <p>A nursery was built where pine seedlings were cultivated.</p> <p>60 hectares was reforested with pines and an interval drip irrigation system was built.</p> <p>The replanted pines are being monitored to ensure their survival.</p> <p>This program complies with the requirements established by the SEMARNAT for the project.</p>
	<p>A reforestation program of the Mesquite tree (<i>Prosopis juliflora</i>) was developed and implemented in the areas affected by the construction of Gasoducto Rosarito Compression Station.</p>	<p>236 mesquite trees were established with an automatic drip irrigation system in an area adjacent to the compression station site.</p> <p>The reforested areas are monitored and maintained to ensure the survival of the trees planted.</p> <p>The current survival rate is 100%.</p>
<p>Compensation and Conservation by Reforestation</p>	<p>Reforestation programs with <i>Prosopis juliflora</i> and <i>Prosopis chilensis</i> mesquite trees in areas affected by the construction of Gasoducto Rosarito.</p>	<p>50 <i>Prosopis juliflora</i> mesquite trees were established with an automatic drip irrigation system in an area adjacent to Gasoducto Rosarito.</p> <p>50 <i>Prosopis chilensis</i> mesquite trees were established with an automatic drip irrigation system at a local high school.</p> <p>The reforested areas are monitored and maintained to ensure the survival of the planted trees.</p> <p>The current survival rate is 100%.</p>
	<p>Energía Costa Azul's Flora Rescue and Conservation Plan.</p>	<p>We identified highly ecologically valuable specimens prior to construction. We rescued and replanted more than 4,500 Coast barrel cactus (<i>Ferocactus viridescens</i>) and coastal scrubland species in a greenhouse that simulated natural conditions. Once the construction was completed, the original plants were relocated to areas dedicated to environmental Conservation adjacent to ECA. We have continued to repopulate the area with newly germinated specimens recording and survival rate of 71% and reaching up to 89% in certain zones. By collecting germplasm, more than 28,000 coastal scrubland species, including <i>Ferocactus viridescens</i> have been germinated in our greenhouse. These survival rates and the seasonal processes observed lead to the conclusion that the goals of Energía Costa Azul's Flora Rescue and Conservation Plan have been met and surpassed.</p>



We rescued and replanted more than 4,500 Coast barrel cactus (*Ferocactus viridescens*) and coastal scrubland species.



Flora Rescue, Protection and Conservation Plan

The main objective of this plan is to develop a functional endemic flora community. From January to December 2012, we implemented a wide range of activities related to:

- Consolidation of the habitat
- Risks in newly-planted areas and in nurseries
- Weed control

Site visits to the planted sites were also conducted to assess the physiological status of the plants. These activities were carried out in three different areas: Conservation, Compensation and Process.

In the qualitative monitoring, the native plants, in particular the barrel cactus (*Ferocactus viridescens*) were observed as vigorous, since the vegetation associated with the planting of barrel cactus showed a well-marked seasonal behavior, with shoots and revival in the spring, as well as loss of leaves in the fall and a pale gray color in the winter.

The results of the quantitative evaluation of the survival rate of the barrel cactus showed an average of 71%, and in some areas up to 89%.

These survival rates and the seasonal processes observed, in terms of the consolidation of the habitat, lead us to conclude that the goal of the Costa Azul Flora Rescue, Protection and Conservation Plan has been met.

Wildlife Protection and Rescue

IEnova has wildlife protection processes. The procedures differ depending on the state and the type of habitat where we operate; however, in all cases, they ensure the strictest care of the species that inhabit the sites.



In pipeline projects, we implement wildlife rescue programs, which employ specialized staff to identify the fauna species present within the right-of-way of the project and use right-of-way and relocation techniques. Strict administrative controls are applied to ensure the utmost care for the wildlife on the sites.



Nine years of monitoring of marine mammals.

Rescue and relocation of

904,017

specimens of high commercial and ecological value.

More than five years following-up on flora reforestation and compensation programs, with the support of educational specialists and institutions.



The Energía Costa Azul LNG Terminal is being developed in two eco-systems: land and marine that were demarcated and characterized before the construction of the Project in order to monitor the potential effects on the abiotic and biotic components of each eco-system generated by the construction, operation and maintenance activities. The area of the project is adjacent to the migratory routes of the gray whale (*Eschrichtius robustus*) and with the presence on important commercial species such as the sea urchin and the sea cucumber.

Monitoring of marine mammals: At Energía Costa Azul, we built monitoring stations on the LNG Terminal construction site to study the migration patterns of marine mammals, in particular the gray whale, in order to ensure that their migration was not affected by the construction and operation of the Terminal.

We developed a successful marine mammal monitoring program with the help of the Ensenada Center for Scientific Research and Higher Education (CICESE) and the Universidad Autónoma de Baja California (UABC). During construction, if we detected the presence of whales and other marine animals in the area, the work teams were instructed cease immediately all activity that may affect or interrupt their migration routes. This program has been maintained during the berthing and casting-off maneuvers of tanker vessels during the whales' migration season. From 2003 to date, we have had sightings of 13 species of marine mammals.

Benthic Wildlife Rescue, Protection and Conservation Program: prior to the construction of Energía Costa Azul, we implemented a rescue, transfer, planting and monitoring plan of 904,017 highly commercially and ecologically valuable specimens, such as sea urchins, sea cucumbers and sea conches, among others. We implemented this program jointly with local fishermen and scientists from the Universidad Autónoma de Baja California (UABC).

The survival rate following transferal was greater than 99%. During this time, we also worked with fishermen to train them in the harvesting of sea urchins in a sustainable way to help protect and propagate the species. Yearly, we conduct two monitoring studies to follow-up on these species.

Flora and Fauna Rescue, Protection and Conservation Plan	Quantity
Marine mammal species monitored	13
Number of specimens of the different species used for propagation of flora	28,203
Inventory of plants in nursery production	34,901
Rescue and transfer of relevant marine organisms	904,017

Projects under construction



We have set high environmental standards and we employ specialized personnel for the implementation of the Flora and Fauna Rescue and Relocation Program, the Environmental Awareness Program, the Soil Conservation Program and the Revegetation Program.

At December 31, 2013, we have an advance of 257,375 meters of rescued flora and fauna, which implies a total of 12,444 plant specimens and 160 animal specimens saved.

In the event that the trunks or roots of any individual specimen rescued is damaged, specialized staff of Gasoducto Sonora takes care of the specimen in a temporary nursery by applying fungicides and preventive healing measures in order to avoid any problem that could put their health at risk.



Bird and Bat Monitoring Program

Construction of the Energía Sierra Juárez wind park began in 2013. During the development phase of the project, we worked with San Diego Zoo to prepare a study to be able to understand better the flight patterns and territories of the Californian condor and the Golden Eagle on the Mexico-US border, near the construction zone.

Additionally, the Jalapa Ecology Institute (INECOL, Spanish acronym) conducted sightings studies of birds and bats and evaluated their flight and migration patterns. Birds and bats will continue to be monitored during the construction and operation of the project to evaluate and, if necessary, mitigate any negative impact.

Rescue and Relocation of Fauna

From November 2013 until December 31, 2013, an effort of an average of 45 hours per week was made, registering 154 traces and sightings of wildlife in the Energía Sierra Juárez project area, which include seven different species.

Rescue and Relocation of Flora

We have a nursery as a collection center for a considerable amount of specimens rescued and a seed bank for the propagation of specimens by the germination of seeds. This entire inventory will be used in the rehabilitation of the areas affected by the temporary installations.



Sustainability Challenges

La Rumorosa, Baja California

Sustainability Challenges

Issue	Objectives for 2014
Risk Management	<ul style="list-style-type: none"> Implement an integrated risk management system (economic, environmental and social).
Consumer Satisfaction	<ul style="list-style-type: none"> In distribution and pipelines, apply the consumer satisfaction survey annually and obtain a minimum score of 90%.
Health and Safety	<ul style="list-style-type: none"> Implement the new Health and Safety Management System. Consolidate and communicate the health and safety culture. Have the Ministry of Labor and Social Welfare's "Safe Company" certificate in all of IEnova's subsidiaries within 12 months of their entry into operation.
Employees	<ul style="list-style-type: none"> Develop the Careers Committee in order to implement the succession and development program in the organization. Participate in the 2014 Great Place to Work program in order to focus the organization on the best practices in the Mexican market and provide continuity to the International Organizational Climate and Culture Program.
Diversity and Equal Opportunities	<ul style="list-style-type: none"> Implement the Diversity and Inclusion opinion survey, analyze proposals and define the actions to be implemented in each subsidiary.
Community Relations	<ul style="list-style-type: none"> Identify and diagnose the needs, concerns and priorities of the communities we serve. Develop social and volunteer work programs consistent with our sustainability lines of action. Implement the community service mechanism in all the company's subsidiaries.
Environment	<ul style="list-style-type: none"> Establish reduction targets in terms of water, energy and waste. Develop a corporate waste management program and strengthen the programs of each subsidiary. Have the Federal Environmental Protection Agency's (PROFEPA) "Clean Industry" or "Environmental Quality" certificate in all IEnova's subsidiaries within 12 months of their entry into operation.

GRI Index

Termoeléctrica de Mexicali (TDM)



Profile Disclosure	Description	Reported	Cross reference/ Direct answer
1. Strategy and Analysis			
1.1	Statement from the most senior decision-maker of the organization.	Fully	2-3
1.2	Description of key impacts, risks, and opportunities.	Fully	2, 3, 8
2. Organizational Profile			
2.1	Name of the organization.	Fully	8
2.2	Primary brands, products, and/or services.	Fully	8-15, 33
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	10-15, 33
2.4	Location of organization's headquarters.	Fully	Inside backcover
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	12
2.6	Nature of ownership and legal form.	Fully	8
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	10-15, 36
2.8	Scale of the reporting organization.	Fully	10-15
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	8-9
2.10	Awards received in the reporting period.	Fully	44-45
3. Report Parameters			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	4-5
3.2	Date of most recent previous report (if any).	Fully	4-5
3.3	Reporting cycle (annual, biennial, etc.)	Fully	4-5
3.4	Contact point for questions regarding the report or its contents.	Fully	4-5
Report scope and boundary			
3.5	Process for defining report content.	Fully	4-5, 23
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	Fully	4-5
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	4-5
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Fully	4-5
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	Fully	4-5, 23
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Fully	Content index: This is the first sustainability report
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	Content index: This is the first sustainability report

Contents			
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	78–86

Assurance			
3.13	Policy and current practice with regard to seeking external assurance for the report.	Fully	Content index: The 2013 sustainability report was not assured by an external organization

4. Governance, Commitments, and Engagement

Governance			
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Fully	25, 28–30
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	29
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Fully	28–29
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	17, 19, 30
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Fully	http://phx.corporate-ir.net/phoenix.zhtml?c=251830&p=irol-reportsAnnual
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	30
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Fully	29
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Fully	7, 16, 24–27
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Fully	30
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	30

Commitments to external initiatives			
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Fully	28, 30
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Fully	77
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Fully	13

Stakeholder engagement			
4.14	List of stakeholder groups engaged by the organization.	Fully	18–21
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	16, 18, 19
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	20–21
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns	Fully	20–21

Economic performance indicators

Economic performance			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Fully	43
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Partially	59
EC3	Coverage of the organization's defined benefit plan obligations.	Fully	54–57
EC4	Significant financial assistance received from government.	Fully	The company doesn't received any assistance by the government

Market presence			
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	Not	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Partially	44–45
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Not	

Indirect economic impacts			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Partially	33–35, 60
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Fully	33
OG1	Volume and type of estimated proved reserves and production.	Partially	60

Environmental indicators

Materials			
EN1	Materials used by weight or volume.	Partially	67
EN2	Percentage of materials used that are recycled input materials.	Partially	67

Energy			
EN3	Direct energy consumption by primary energy source.	Not	
EN4	Indirect energy consumption by primary source.	Not	
OG2	Total amount invested in renewable energy.	Partially	56
OG3	Total amount of renewable energy generated by source.	Not	
EN5	Energy saved due to conservation and efficiency improvements.	Partially	59

EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Partially	59-61
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Partially	59

Water

EN8	Total water withdrawal by source.	Fully	66
EN9	Water sources significantly affected by withdrawal of water.	Fully	66
EN10	Percentage and total volume of water recycled and reused.	Fully	66

Biodiversity

EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Fully	69-75
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Fully	69-75
EN13	Habitats protected or restored.	Fully	69-75
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Fully	69-75
OG4	Number and percentage of significant operating sites in which biodiversity risk has been assessed and monitored.	Fully	69-75
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Not	

Emissions, effluents and waste

EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	63
EN17	Other relevant indirect greenhouse gas emissions by weight.	Fully	63
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Fully	63
EN19	Emissions of ozone-depleting substances by weight.	Not	
EN20	NOx, SOx, and other significant air emissions by type and weight.	Partially	60
EN21	Total water discharge by quality and destination.	Fully	67
EN22	Total weight of waste by type and disposal method.	Fully	65
OG5	Volume of formation or produced water.	Fully	67
EN23	Total number and volume of significant spills.	Fully	65
OG6	Volume of flared and vented hydrocarbon.	Not	
OG7	Amount of drilling waste (drill mud and cuttings) and strategies for treatment and disposal.	Not	
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Not	
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Not	

Products and services

EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Fully	59-69
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Not	
OG8	Benzene, Lead and Sulfor content in fuels.	Not	

Compliance

EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	The company doesn't have monetary and non-monetary sanctions
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Transport

EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Partially	43
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Overall

EN30	Total environmental protection expenditures and investments by type.	Partially	57
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Social: Labor Practices and Decent Work

Employment

LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	Partially	47-48
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Partially	48
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Partially	49-50
LA15	Return to work and retention rates after parental leave, by gender.	Not	

Labor/management relations

LA4	Percentage of employees covered by collective bargaining agreements.	Fully	6.5% of our employees are covered by collective agreements.
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Not	

Occupational health and safety

LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Partially	51
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	Fully	44, 49, 51
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Fully	51-53
LA9	Health and safety topics covered in formal agreements with trade unions.	Not	

Training and education

LA10	Average hours of training per year per employee by gender, and by employee category.	Fully	44, 49
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LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Fully	49
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	Fully	44

Diversity and equal opportunity

LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Partially	http://phx.corporate-ir.net/phoenix.zhtml?c=251830&p=irol-reportsAnnual
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Not	

Social: Human Rights

Investment and procurement practices

HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	Not	
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	Not	
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Partially	49, 50

Non-discrimination

HR4	Total number of incidents of discrimination and corrective actions taken.	Fully	Discrimination incidents weren't found
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Freedom of association and collective bargaining

HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	Not	
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Child labor

HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	Fully	Company's operation doesn't have significant risk for incidents of child labor
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Prevention of forced and compulsory labor

HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	Fully	Company's operation doesn't have significant risk for incidents of forced labor
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Security practices

HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Fully	27
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Indigenous rights

HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Fully	Doesn't have discrimination incidents this year
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Assessment

HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Not	
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OG9	Operations where indigenous communities are present or affected by activities and where specific engagement strategies are in place.	Not	
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	Fully	Don't have human rights grievans

Social: Society

Local communities

SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Not	
SO9	Operations with significant potential or actual negative impacts on local communities.	Not	
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Not	
OG10	Number and description of significant disputes with local communities and indigenous peoples.	Not	
OG11	Number of sites that have been decommissioned and sites that are in the progress of being decommissioned.	Not	

Corruption

SO2	Percentage and total number of business units analyzed for risks related to corruption.	Partially	25
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Fully	25
SO4	Actions taken in response to incidents of corruption.	Fully	No corruption incidents were reported during 2013

Public policy

SO5	Public policy positions and participation in public policy development and lobbying.	Not	
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Fully	We haven't given contributions to any political parties

Anti-competitive behavior

SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Fully	The company has not received any legal action for anti-trust, and monopoly practices
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Compliance

SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully	The company doesn't have monetary and non-monetary sanctions
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Involuntary resettlement

OG12	Operations where involuntary resettlement took place, the number of households resettled in each and how their livelihoods were affected in the process.	Not	
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Asset integrity and process safety

OG13	Number of process safety events, by business activity.	Not	
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Social: Product Responsibility

Customer health and safety

PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Fully	37-40-41
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Fully	The company doesn't have monetary and non-monetary sanctions

Product and service labelling

PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Partially	40
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Fully	Company's operation doesn't have incidents of non-compliance with regulations and voluntary codes
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Partially	36-39

Marketing communications

PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Not	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Not	
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Not	

Compliance

PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Not	
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Biofuels

OG14	Volume of biofuels produced and purchased meeting sustainability criteria.	Not	
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GRI Statement



Statement GRI Application Level Check

GRI hereby states that **Infraestructura Energética Nova, S.A.B. de C.V. (IEnova)** has presented its report "2013 Sustainability Report" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 30 May 2014




Ásthildur Hjaltadóttir
Director Services
Global Reporting Initiative

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 21 May 2014. GRI explicitly excludes the statement being applied to any later changes to such material.

Glossary of Terms

Sonora Pipeline construction



Glossary of Terms

Term	Definition
Accident rate	(Number of accidents x 200,000)/ hours worked.
CFE	Comisión Federal de Electricidad (Federal Electricity Commission).
CH ₄	Methane.
CO	Carbon Monoxide.
CO ₂ e	Carbon Dioxide equivalent.
ECA	Energía Costa Azul S. de R.L. de C.V. The company's liquefied natural gas storage and regasification terminal.
Ecogas	Ecogas México, S. de R.L. de C.V. The company's natural gas distribution business.
EBITDA	Earnings before taxes, depreciation and amortization.
Energía Sierra Juárez or ESJ	The 155 MW wind park located at La Rumorosa, Baja California, currently in the process of development. "Energía Sierra Juárez U.S.", Energía Sierra Juárez U.S., LLC, an affiliate of Sempra Energy.
FCPA	Foreign Corrupt Practices Act.
GR	Gasoducto Rosarito, S. de R.L. de C.V. The company's natural gas transportation pipeline.
GRI	Global Reporting Initiative, the internationally adopted methodology used to prepare sustainability reports.
Greenhouse gas effect	Gases, the presence of which in the atmosphere contributes to the greenhouse effect: Water vapor (H ₂ O), carbon dioxide (CO ₂), methane (CH ₄), nitrous oxide (N ₂ O), ozone (O ₃) and chlorofluorocarbons (CFCs).
GW	Giga-watts.

GWh	Giga-watt hour.
HFCs	Hydrofluorocarbons.
HP	Horsepower.
IEnova	Infraestructura Energética Nova, S.A.B. de C.V.
Involuntary turnover rate	(Number of hirings in one year – Number of involuntary severances in one year/ Total number of employees.
ISO	International Standards Organization or International Organization for Standardization.
IT	Income Tax.
km	Kilometers.
kWh	Kilowatt hour.
LP Gas	Liquefied petroleum gas.
LTAR	Lost Time Accident Rate, using the criterion of recordable accidents with downtime.
MCF	Millions of cubic feet.
MCFD	Millions of cubic feet daily.
MTHD	Millions of thermals daily.
MW	Megawatts.
N₂O	Nitrogen oxide.
NOM	Official Mexican Standard.
NOx	Mono-nitrogen oxides.

OHSAS	Occupational Health and Safety Assessment Series.
PEMEX	Petróleos Mexicanos.
Pipelines	"Gasoductos", the company's natural gas transportation business.
PROFEPA	The Federal Environmental Protection Agency.
SEMARNAT	Ministry of the Environment and Natural Resources.
SEMPRA	IEnova's main stockholder. A US energy services company.
SOx	Sulfur oxides.
STPS	Ministry of Labor and Social Welfare.
TDM	Termoeléctrica de Mexicali, S de R.L. de C.V. The company's electricity generation plant.
TGN	Transportadora de Gas Natural de Baja California, S. de R.L. The company's natural gas transportation pipeline.
Total turnover rate	(Number of hirings in one year – Number of voluntary and involuntary severances in one year/ Total number of employees.
UABC	Autonomous University of Baja California.
USD\$	Dollars.
VAT	Value Added Tax.
Voluntary turnover rate	(Number of hirings in one year – Number of voluntary severances in one year/ Total number of employees.

At IEnova, we are focused on creating value from a long-term sustainable perspective; therefore, we will continue to invest human and material resources to be a better company to invest in, work with, supply and interact with.

IEnova, Energy for Mexico



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