# Infraestructura Energetica Nova S.A.B. de C.V. - Climate Change 2020

## C0. Introduction

### C0.1

**(C0.1) Give a general description and introduction to your organization.**

**Infraestructura Energética Nova (IEnova)** is one of the largest private energy companies in the Mexico and the first energy infrastructure company listed on the Mexican Stock Exchange. We are characterized by developing, building and operating energy infrastructure, contributing to the development of Mexico and creating value for our shareholders. Our vision is to be the leading energy infrastructure company in Mexico that contributes to the country's sustainable development. Our mission is to develop, build, and operate energy infrastructure which foster´s Mexico growth in a framework of ethics, safety, respect, and commitment to our employees, the environment, the communities to which we belong, our customers, and shareholders.

Our presence covers several lines of business within the value chain of the energy sector; these lines are Gas and Power. The business seeks to invest in the most profitable power generation technologies and stay at the forefront in this sector. At year-end 2018, IEova's total assets were valued at USD$8.769 billion including projects in operation and under construction, acquisitions, and joint ventures.

In our **Gas Segment** we transport Natural Gas, LPG and Ethane; we store LNG, LPG and refined products; and we sell and distribute Natural Gas. In this segment, we have 2,900 km of pipelines for Natural Gas transportation and 4,138 km for its distribution, we have also 190 km of pipelines to transport LP Gas; and a storage capacity of 80,000 barrels of LPG, 320,000 m3 for LNG and 7.6 million barrels of refined products under construction. In 2019, our assets under operation were the following:

- **Pipelines for transportation:** Rosarito Pipeline (GR), Transportadora de Gas Natural de Baja California (TGN), Sonora Pipeline (Sásabe-Guaymas Segment), Sonora Pipeline (Guaymas-El Oro Segment), Ramal Empalme, Aguaprieta Pipeline (GAP), Naco Compression Station, Los Ramones Pipeline, Los Ramones Norte Pipeline, TDF LPG Transportation System, Samalayuca Pipeline, Ojinaga - El Encino Pipeline, San Isidro- Samalayuca Pipeline, San Fernando Pipeline, Ethane Pipeline, SouthTexas – Tuxpan Pipeline.
- **Storage facilities:** LPG Storage Terminal in Guadalajara, Liquefied Natural Gas Storage and Regasification Terminal, Energía Costa Azul (ECA).
- **Distribution facility:** ECOGAS (Natural Gas Distribution Pipelines).

In our **Power Segment** we generate power through wind and solar power generation facilities, and through a Natural Gas Fired, Combined Cycle Power Generation Facility. We have capacity for 658 MW of renewable energy generation and 625 MW of energy generation with Natural Gas. For the first time, in 2019 we had more assets with power generation capacity from renewable sources (658 MW) than from conventional sources (625). In 2019, our assets under operation were the following:

- **Conventional Power Generation:** Termmoeléctrica de Mexicali (TDM) with a capacity of 625 MW
- **Renewable Power Generation:** Energía Sierra Juárez (ESJ) with 47 wind turbines, Ventika with 84 wind turbines, Pima Solar, Rumorosa Solar and Tepezalá Solar.

At IEnova we firmly believe in operating within a sustainable framework in order to guarantee our long term success. Our vision of sustainability is directly related to our business model. **IEnova's sustainability model** is embedded in both our business and risk management strategies. It focuses on three pillars – social, environmental and economic; and, it is based on a culture of ethics and corporate governance. Every year, our Sustainability Committee defines steps to advance our practices in this regard. In 2019, the Sustainability Committee determined that we needed to reevaluate the maturity level of our sustainability model and strategy in order to strengthen it. Therefore, we carried out a materiality assessment that allowed us to redefine our strategy in line with its results where we identified **Climate Change** as one of the most important topics we have to address for the continuity of our business in the next years.

### C0.2

**(C0.2) State the start and end date of the year for which you are reporting data.**

| | Start date | End date | Indicate if you are providing emissions data for past reporting years | Select the number of past reporting years you will be providing emissions data for |
|---|---|---|---|---|
| Reporting year | January 1 2019 | December 31 2019 | No | <Not Applicable> |

### C0.3

**(C0.3) Select the countries/areas for which you will be supplying data.**

Mexico

### C0.4

**(C0.4) Select the currency used for all financial information disclosed throughout your response.**

USD

## C0.5

**(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.**

Operational control

## C-EU0.7

**(C-EU0.7) Which part of the electric utilities value chain does your organization operate in? Select all that apply.**

**Row 1**

**Electric utilities value chain**

Electricity generation

**Other divisions**

Gas storage, transmission and distribution

# C1. Governance

## C1.1

**(C1.1) Is there board-level oversight of climate-related issues within your organization?**

Yes

## C1.1a

**(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.**

| Position of individual(s) | Please explain |
|---|---|
| Board Chair | Board of Directors At IEnova, sustainability is a priority objective of the Board of Directors and the Chief Executive Officer that permeates the entire company in order to ensure that it is truly integrated into the business strategy and forms part of the daily operation of the company. Our Board of Directors are responsible for monitoring and verifying the compliance of the IEnova´s Climate Change and Sustainability strategies presented by Corporate Practices Committee, as it is stated in our Climate Change Strategy. https://www.ienova.com.mx/pdf/english/Climate_Change_Strategy.pdf |
| Board-level committee | Corporate Practices Committee The Corporate Practices Committee, receives the Sustainability Committee reports on a half-yearly basis with the results of actions related to the Climate Change, as it is stated in our Climate Change Strategy and Sustainability strategy implementation; and presents these results with our Board of Directors. https://www.ienova.com.mx/pdf/english/Climate_Change_Strategy.pdf The Corporate Practices Committee monitors and follows-up on the duties of the Sustainability Committee, which consists mostly of Senior Officers and top managers of the Company. The functions of this committee are fundamental for strengthening IEnova's sustainability strategy. |
| Board-level committee | Sustainability Committee We mainly rely on our Sustainability Committee to implement the Sustainability´s and Climate Change´s strategies, and to monitor, identify, and manage economic, environmental, and social risks. The Sustainability Committee reports the results and performance of the strategies to the Corporate Practices Committee who periodically reports its results.to the Board of Directors. Regarding climate change responsibilities, the Sustainability Committee must approve the Strategy and its updates. It is also responsibility of the Sustainability Committee to monitor and review its compliance as well as approving the activities, initiatives and plans applicable to the Business Units, as it is stated in our Climate Change Strategy https://www.ienova.com.mx/pdf/english/Climate_Change_Strategy.pdf The functions of the Committee include approving the sustainability strategy and its updates, approve the activities applicable to our assets and business units, approve any budget for the implementation of activities, initiatives and plans subject to approval. In 2019 the Sustainability Committee through the environmental team worked for the mitigation of the adverse effects of climate change updating and implementing the Climate Change Strategy, promoting the development of low carbon projects and obtaining our first Green Loan. |
| Board-level committee | Risks Committee For its part, the risk committee is responsible for supervising the implementation of policies, procedures and strategies of sustainability and climate change related issues to identify and manage the risks derived from these topics for IEnova, as it is stated in our Climate Change Strategy https://www.ienova.com.mx/pdf/english/Climate_Change_Strategy.pdf |

## C1.1b

**(C1.1b) Provide further details on the board's oversight of climate-related issues.**

| Frequency with which climate-related issues are a scheduled agenda item | Governance mechanisms into which climate-related issues are integrated | Scope of board-level oversight | Please explain |
|---|---|---|---|
| Scheduled – all meetings | Reviewing and guiding strategy<br>Reviewing and guiding major plans of action<br>Reviewing and guiding risk management policies<br>Reviewing and guiding annual budgets<br>Reviewing and guiding business plans<br>Setting performance objectives<br>Monitoring implementation and performance of objectives<br>Overseeing major capital expenditures, acquisitions and divestitures<br>Monitoring and overseeing progress against goals and targets for addressing climate-related issues | <Not Applicable> | Our Board of Directors constantly reviews our performance on sustainability and climate change-related issues, as it is stated in our Climate Change Strategy https://www.ienova.com.mx/pdf/english/Climate_Change_Strategy.pdf The functions of the Sustainability Committee include approving the sustainability strategy; making sure that the Sustainability Commissions carry out their duties; monitoring IEnova's inclusion in the Sustainability Index of the Mexican Stock Exchange; reviewing and approving the content of the Sustainability Report; and ensuring that all IEnova employees have knowledge of and comply with the sustainability policy. All these activities are strongly related to the monitoring of our KPIs, so our Board of Directors review the sustainability issues constantly in each of its meetings and encourages the compliance of the Sustainability and Climate Change strategies through the Corporate Practices Committee, which relies on the Sustainability Committee for its implementation. One of this KPIs is related with the corporate target of reducing IENOVA´s fugitive emissions of methane to 50% by 2030. Furthermore, the Corporate Practices Committee, receives the Sustainability Committee reports on a half-yearly basis with the results of actions related to the Climate Change and Sustainability strategy implementation; and presents these results with our Board of Directors. This committee is chaired by our Chief Corporate Affairs Officer, and includes the following IEnova executives: • Chief Financial Officer • General Counsel and Chief Compliance Officer • Chief Corporate Affairs Officer • Chief Engineering & Construction Officer • Chief Power & Storage Operating Officer • Chief Natural Gas Operating Officer • Chief Development Officer • Vice President Controller • Director of Human Capital • Director of External Affairs and Sustainability • Manager of Auditing • Manager of Sustainability |

## C1.2

**(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.**

| Name of the position(s) and/or committee(s) | Reporting line | Responsibility | Coverage of responsibility | Frequency of reporting to the board on climate-related issues |
|---|---|---|---|---|
| Chief Sustainability Officer (CSO) | <Not Applicable> | Both assessing and managing climate-related risks and opportunities<br>*Our Board of Directors are responsible for monitoring and verifying the compliance of the IEnova´s Climate Change and Sustainability strategies presented by Corporate Practices Committee and the Sustainability Committee.* | <Not Applicable> | Quarterly |
| Chief Financial Officer (CFO) | <Not Applicable> | Both assessing and managing climate-related risks and opportunities<br>*The Corporate Practices Committee, receives the Sustainability Committee reports on a half-yearly basis with the results of actions related to the Climate Change and Sustainability strategy implementation; and presents these results with our Board of Directors. This committee seeks the welfare of the interests of our shareholders.* | <Not Applicable> | Half-yearly |
| Chief Executive Officer (CEO) | <Not Applicable> | Both assessing and managing climate-related risks and opportunities<br>*The functions of the Committee include approving the sustainability strategy and its updates, approve the activities applicable to our assets and business units, approve any budget for the implementation of activities, initiatives and plans subject to approval.* | <Not Applicable> | Half-yearly |
| Chief Risks Officer (CRO) | <Not Applicable> | Both assessing and managing climate-related risks and opportunities<br>*the Risks Committee is responsible for supervising the implementation of policies, procedures and strategies of sustainability and climate change related issues to identify and manage the risks derived from these topics for IEnova.* | <Not Applicable> | Quarterly |
| Environment/ Sustainability manager *Compliance / Environmental Manager* | <Not Applicable> | Both assessing and managing climate-related risks and opportunities<br>*The Environmental Manager is responsible for proposing updates and ensure the compliance of the Strategy, encouraging and proposing climate-related measures, keep up-to-date on the sector's regulatory requirements and innovative practices on climate change and report to the senior management the level of compliance of the Strategy.* | <Not Applicable> | More frequently than quarterly |
| Other, please specify (Environment Supervisor) | <Not Applicable> | Both assessing and managing climate-related risks and opportunities<br>*This position is responsible for proposing mitigation and adaptation measures to climate change, supporting and coordinating with the operations area their implementation, keeping updated on the regulatory requirements and innovative practices of the sector regarding climate change and reporting environmental performance to the Compliance and Environmental Management.* | <Not Applicable> | More frequently than quarterly |

## C1.2a

**(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).**

IEnova's sustainability model is embedded in both our business and risk management strategies. It focuses on three pillars – social, environmental and economic; and, it is based on a culture of ethics and corporate governance. Every year, our Sustainability Committee defines steps to advance our practices in this regard. To allow our sustainability model to reach all our employees, we have a **Sustainability Committee** that is chaired by the **Chief Sustainability, Corporate and Public Affairs Officer** and consists of the following IEnova executives:

- Chief Financial Officer
- General Counsel and Chief Compliance Officer
- Chief Engineering & Construction Officer Chief Power & Storage Operating Officer
- Chief Natural Gas Operating Officer
- Chief Development Officer
- Vice President Controller
- Senior Director of Talent and Culture Management
- Director of Sustainability and Corporate Communication
- Director of Community Relations
- Auditing Manager
- Sustainability Manager

The role of our Sustainability Committee includes approving the sustainability strategy; ensuring that the Sustainability Commissions carry out their duties; following up on the inclusion of IEnova in the Sustainability Index of the Mexican Stock Exchange; reviewing and approving the content of the Sustainability Report; and, making sure that all IEnova employees are aware of and comply with the Company's sustainability policy.

The Sustainability Committee stems from and reports directly to the **Corporate Practices Committee of the Board of Directors**, ensuring a direct line of report and accountability on sustainability related matters.

On the other hand, the **Risks Management** area is responsible of managing risks, through reporting to the Risks Committee, for its correct and continuous monitoring. These fall into four categories: strategic, financial and disclosure, operational, and compliance. The analysis and identification of climate change related-risk is mainly carried out within the compliance category.

The Sustainability Committee conducts an annual review of the Company's priority sustainability issues and each Commission defines objectives and implements actions to achieve them. In 2019, the Corporate Practices Committee required that each Commission reported progress with respect to their 2018 objectives. **The Sustainability Committee's seven commissions** are:

- Ethics and Corporate Governance Commission
- Engineering & Construction Commission
- Social Management and Supply Chain Commission
- Environment and Health and Safety Commission
- Power & Storage Operations Commission
- Natural Gas Operations Commission
- Talent and Culture Management Commission

Regarding climate matters, IEnova has strengthen its responsibilities structure and has reflect its governance structure in the Climate Change Strategy https://www.ienova.com.mx/pdf/english/Climate_Change_Strategy.pdf

- The **Board of Directors**, where the **Chief Executive Officer (CEO)** is present, has the responsibility to monitor and review due compliance with the Climate Change Strategy.
- The **Corporate Practices Committee**, where the **Chief Financial Officer (CFO)** is present, is responsible for reporting to the Board of Directors on its implementation.
- The **Sustainability Committee**, chaired by the **Chief Sustainability, Corporate and Public Affairs Officer (CSO)**, must approve the Strategy and its updates. It is also the responsibility of the Sustainability Committee to monitor and review its compliance as well as approving the activities, initiatives and plans applicable to the Business Units.
- **Directors / Managers of Business Units** shall participate in the planning and implementation of climate change actions in IEnova's Business Units and ensure its implementation.
- C**ompliance / Environmental Manager** shall promote, in collaboration with the Environmental Supervisors, the identification of measures, supporting and coordinating with the Operations area, the execution of these measures in order to ensure due compliance with and application of this Strategy.
- The responsibility for supervising the implementation of IEnova's policies, procedures and strategies to manage climate risks, lies on the **Risk Committee**.

## C1.3

**(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?**

| | Provide incentives for the management of climate-related issues | Comment |
|---|---|---|
| Row 1 | Yes | At IEnova, Variable Compensation is a short-term performance bonus based on the annual evaluation of each employee; and bonuses linked to the Company's performance are linked to the achievement of both business and sustainability metrics. Variable remuneration, linked to sustainability objectives, is designed to align employees' incentives from a comprehensive perspective. |

## C1.3a

**(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).**

| Entitled to incentive | Type of incentive | Activity inventivized | Comment |
|---|---|---|---|
| Other, please specify (Compliance Manager) | Monetary reward | Company performance against a climate-related sustainability index Other (please specify) (The fulfillment of environmental objectives is included in the evaluation of the annual performance and the variable compensation is directly linked to the fulfillment of these environmental goals as a long-term incentive to comply with them.) | The role of this manager is to coordinate the implementation of the Environmental and Sustainability Policy, through different management and assurance tools of the regulatory framework, and verify the correct definition and application of the climate change strategy. The fulfillment of environmental objectives is included in the evaluation of the annual performance and the variable compensation is directly linked to the fulfillment of these environmental goals as a long-term incentive to comply with them. With our Climate Change Strategy, we are planning to apply variable compensation schemes with climate performance criteria in more positions to strenghten our commitment to improve our performance against climate change in the next years. |
| Other, please specify (Enviromental Manager) | Monetary reward | Other (please specify) (Update IEnova's Climate Change Strategy, determine the GHG emissions baseline according to emission inventory update and develop a climate change vulnerability assessments. ) | The manager's climate-related objectives are the following: - Update IEnova's Climate Change Strategy. - Determine the GHG emissions baseline according to emission inventory update. - Develop a climate change vulnerability assessments. The fulfillment of these environmental objectives is included in the evaluation of the annual performance and the variable compensation is directly linked to the fulfillment of these environmental goals as a long-term incentive to comply with them. Enforce the new methane emission regulations. In fact, the fulfillment of environmental objectives is included in the evaluation of the annual performance of the Environment Manager and the bond is directly linked to the fulfillment of these environmental goals as a long-term incentive to compliance with them. With our Climate Change Strategy, we are planning to apply variable compensation schemes with climate performance criteria in more positions to strenghten our commitment to improve our performance against climate change in the next years. |
| Facilities manager | Monetary reward | Emissions reduction project Other (please specify) (Implement environmental management actions that include those related to the GHG emissions reporting and verification, where appropriate, execute actions related to compliance with new methane emission regulations.) | The facilities managers'climate-related objectives are the following: -Implement environmental management actions that include those related to the GHG emissions reporting and verification, where appropriate. - Execute actions related to compliance with new methane emission regulations. In fact, the fulfillment of environmental objectives is included in the evaluation of the annual performance of the Environment Manager and the bond is directly linked to the fulfillment of these environmental goals as a long-term incentive to compliance with them. With our Climate Change Strategy, we are planning to apply variable compensation schemes with climate performance criteria in more positions to strenghten our commitment to improve our performance against climate change in the next years. |
| Other, please specify (This applies to the Company's top managers (Directores, in Spanish) who are 2 levels below the CEO and belong to the gas transport segment.) | Monetary reward | Emissions reduction project Other (please specify) (Compliance with the predictive and preventive maintenance annual programs.) | The gas transportation and distribution systems have predictive and preventive maintenance annual programs in place. All employees from this segment who hold management positions (including junior, middle and senior) must comply with in at least 96% of the program's requirements. This program results in the control and reduction of fugitive methane emissions derived from leakages in the systems. If the mentioned goal is reached, said employees are remunerated as part of their variable compensations. |
| Management group | Monetary reward | Emissions reduction project Company performance against a climate-related sustainability index Other (please specify) (Compensation for the positioning of the company in environmental sustainability indexes and initiatives.) | All our employees, including our CEO and Senior Officers, receive an annual, fixed compensation (which is competitive according to market studies that are internally updated every year for each level of command) and, in addition, they may receive a variable compensation based on the criteria noted below. - Individual performance: Results of the individual performance development review based on the objectives of each area. - Company's performance: among other topics like Health and safety objectives, On-time completion of the Company's construction projects, Financial goals, etc., the variable compensation depends also on the compliance of emissions reduction plans, the participation on sustainable initiatives like CDP and for being part of the S&P/BMV IPC SUSTAINABLE Index |

## C2. Risks and opportunities

### C2.1

**(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?**

Yes

### C2.1a

**(C2.1a) How does your organization define short-, medium- and long-term time horizons?**

| | From (years) | To (years) | Comment |
|---|---|---|---|
| Short-term | 0 | 3 | We consider short-term as the period mentioned only for to this questionnaire purposes, particularly our assessment of risks and opportunities, and should not be used for interpreting any other IEnova´s communication. Our internal Risk Assessment consider the convergence of the probability and freequency of occurence of certain event to categorize our risks and opportunities. |
| Medium-term | 4 | 10 | We consider medium-term as the period mentioned only for to this questionnaire purposes, particularly our assessment of risks and opportunities, and should not be used for interpreting any other IEnova´s communication. Our internal Risk Assessment consider the convergence of the probability and freequency of occurence of certain event to categorize our risks and opportunities. |
| Long-term | 11 | 30 | We consider long-term as the period mentioned only for to this questionnaire purposes, particularly our assessment of risks and opportunities, and should not be used for interpreting any other IEnova´s communication. Our internal Risk Assessment consider the convergence of the probability and freequency of occurence of certain event to categorize our risks and opportunities. |

### C2.1b

**(C2.1b) How does your organization define substantive financial or strategic impact on your business?**

Our Risks Management Team is in charge of categorizing the risks of our operation considering the probability of occurrence, the frequency in which a certain event considered risky for the company occurs. Under these two criteria, IEnova consider a substantive strategic risk to be one that has a high probability of occurrence and occurs with high frequency.

The risks identified are monitored every three months by the Risk Management team, which is in charge of monitoring and promote the implementation of corrective and preventive actions to address each risk of the company, with the area responsible for its management. In this case, the Sustainability Committee through the Environmental team is responsible for monitoring the performance of organizational risks related to environmental and climate change issues.

The risks identified as substantives are communicated to our Board and attended by them on every Board meeting to define strategies to address them.

## C2.2

**(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.**

**Value chain stage(s) covered**
Direct operations
Upstream
Downstream

**Risk management process**
Integrated into multi-disciplinary company-wide risk management process

**Frequency of assessment**
More than once a year

**Time horizon(s) covered**
Short-term
Medium-term
Long-term

**Description of process**
General Risk Asessment Our operations are based on our Risk Management Policy which is continuously improving. To mitigate the Company's risks, we have insurance programs that cover operating facilities and projects under construction; these programs offer coverage on assets, civil liability, business interruption, terrorist acts and sabotage, environmental responsibility, cybersecurity, among other factors. Our Board of Directors plays a fundamental role in defining IEnova's risk appetite and risk tolerance; it is responsible for establishing the Company objectives. The Board's responsibility is to analyze, question and request necessary changes in the Company's risk management approach in order to ensure its strategic function. To do so, the Board may manifest new findings, provide different solutions to the proposals and thus strengthen the function. At executive level, we have a Risk Committee that meets periodically to determine critical contingencies and to evaluate the effectiveness of IEnova's mitigation measures and remediation plans. To promote a risk management culture, the Risk Division (which reports directly to the Chief Financial Officer) holds regular meetings with relevant managers and employees that identify risks. We use a risk matrix that has helped our risk analysis to be organized, and it helped IEnova to narrow down the risk management tasks. Our goal is to continue with this exercise considering that it entails continuous improvement in order to contribute to the achievement of the Company goals and to continue being a sustainable business. Our main risks categories and descriptions are the following: 1. Financial: Risks associated with the financial situation including capital, Treasury-related risks, Financial analysis risks of mergers and acquisitions and Risks related to internal and external financial reporting. 2. Operating and Construction: Risks of loss caused by operational errors, Risks caused by human error or equipment failure, Risks related to inefficient or poorly designed processes, Integration risks when acquiring an asset and/or company, Risks of construction delays or volatility in the costs of materials associated with construction. 3. Regulatory, Legal and Compliance: Risks derived from violations or noncompliance with laws, norms, regulations and internal practices that affect the reputation and/or value of the Company; Risks of fines or economic sanctions; Risks derived from damages; Risks of nullification of contracts. 4. Health, Safety and Environment: Environmental risksthat may harm or severely damage the natural environment, Occupational risks derived fromthe Company's activities, which include physical risks and psychosocial risks.

**Value chain stage(s) covered**
Direct operations

**Risk management process**
A specific climate-related risk management process

**Frequency of assessment**
Annually

**Time horizon(s) covered**
Short-term
Medium-term
Long-term

**Description of process**
Climate Change Risks Assessment We are aware of the potential consequences of climate change, such as rising sea levels, extreme temperatures, floods and droughts. With this in mind, we are developing a climate change risk assessment in which we analyze the levels of threat, exposure and vulnerability to such risks in our operations through different climate-related scenarios. To carry out our climate change projection scenarios, we used the climate projections scenarios RCP 4.5 and RCP 8.5. Our study uses public regional climate projections that can be found in the UNAM Institutional Repository. Based on these projections, we reviewed the changes in precipitation and temperature at a municipality level (for each individual asset) on an annual scale. To analyze the coherence of the observed trends, we compared the results from these climate projections with those obtained by our own projections. The regional climate scenarios use three different time horizons: Short term (2015-2039, Medium term (2045-2069), and Long term (2075-2099) for the minimum temperature, maximum temperature, and precipitation values. Our scenario analysis has provided the company with a deep look into the climate risks that our assets may deal with in the future. Although it does not contain any assessment of probabilities, our study applied climate scenarios to individual assets, allowing us to anticipate physical risks and determine the resilience of each assets to every risk. The result of this is the creation of a company-wide heatmap of climate related risks, which allows us to rank assets and focus our efforts to make them more resilient to climate change. This is particularly important, provided that the company has placed climate change as a fundamental factor for our company strategy, and can therefore, change the direction of future

investments. The main risks to which our assets are exposed in the short, medium and long term can be classified as acute and chronic risks and are mentioned below: 1. Drought, It is considered a chronic risk, since it compromises the quality of land use in the short, medium and long term at the sites where our assets are located. Among its main consequences are the migration of human beings and animal species to places far from where our operations are located, the reduction and even extinction of plant and animal species in the area, dust storms due to desertification and erosion. 2. Tropical cyclones: It is considered an acute risk since its effects occur at a specific time, among its main consequences we can identify the increase in the level of the rivers that can cause their overflow and flooding in the lowlands or plains, coastal flooding from high swell and storm surge, strong winds that can damage our assets or limit the generation capacity of wind assets. 3. Hail: It is considered an acute risk since its effects occur at a specific time, the most notable damage that we can observe in this kind of risk is the degradation or breakdown of the physical structure of our assets due to the impact of hail with them, in addition to the limitation of operational continuity due to possible structural damage. 4. Floods: It is considered an acute risk since its effects occur at a specific time, but over time it can also be considered a chronic risk since as the sea level rises, the gradual loss of the coastal surface can be observed. For this reason, this may be a risk that affects our assets that are located in areas near the sea.

**Value chain stage(s) covered**
Upstream

**Risk management process**
Integrated into multi-disciplinary company-wide risk management process

**Frequency of assessment**
Annually

**Time horizon(s) covered**
Short-term
Medium-term
Long-term

**Description of process**
Supply Chain Asessment At IEnova we have the objective of developing a sustainable supply chain. We are aware of the responsibility that we have in selecting each of our suppliers and, therefore, we have created a series of processes, policies, procedures and evaluations that allow us to form strategic alliances with the highest technical standards. IEnova's supply chain strategy is divided in two phases: Phase 1: Compliance with minimum requirements such as: Purchasing Policy, Code of Ethics, Supplier Conduct Guidelines Phase 2: Compliance with sustainability requirements such as: Evaluation of critical suppliers, Sustainability assessment, Sustainability action plan for suppliers. PHASE 1: MINIMUM REQUIREMENTS All those involved in the process of contracting goods and services, including suppliers must comply with our Purchasing Policy (https://ienova.com.mx/pdf/english/Purchasing_Policy.pdf), which establishes the requirements for legal compliance and prioritizes technical, regulatory and quality elements, costs and times, with the aim of maximizing our operational value. Additionally, with respect to ethics, all our suppliers must be familiar with our Code of Ethics and act accordingly; and understand the Suppliers Conduct Guidelines (https:// www.ienova.com.mx/pdf/english/Lineamientos- IEnova.pdf.) which cover topics such as: - Environmental standards - Child labor - Human rights - Working conditions - Remuneration - Occupational health and safety - Business ethics PHASE 2: SUSTAINABILITY REQUIREMENTS As part of our process for contracting goods and services, we classify our suppliers each year. For those categorized as critical, we conduct biannual compliance assessments that include sustainability matters such as child labor, fair remuneration practices, occupational health and safety. If we identify a supplier's need for improvement in a particular aspect, corrective plans are designed accordingly. To define our critical suppliers, we have built an evaluation procedure that considers criteria such as: materials volume, components, critical services, unreplaceable suppliers, among others. In 2018 we identified a group of 223 critical suppliers. We applied a sustainability survey to this group, which includes 27 KPIs on aspects such as: · Environment · Ethics · Climate change · Social responsibility · Human rights · Compliance with applicable laws · Proactivity in the demanding of sustainability criteria for their own suppliers Out of the 108 responses we got, we classified our suppliers into the following three groups: 1. Companies with advanced sustainability practices. These represent a low risk for IEnova in terms of sustainability. 2. Companies with an intermediate sustainability score which showed some progress in the management and implementation of these practices. 3. Companies with an initial state of sustainability management. These represent a high-sustainability risk in terms of sustainability for IEnova's supply chain as they do not have formal procedures or policies to ensure good performance in the area. As part of our commitment to the sustainable development of our supply chain, we strive to ensure that all our suppliers have high standards of sustainability and, in turn, allow us to replicate the positive impacts of our sustainable culture to all stakeholders. As a result, in 2019 we created action plans for the 39 suppliers that were identified in Group 3 with the aim of supporting them in the improvement of their practices in this field. We met with these suppliers and worked together on the implementation of the action plans. 19 of these suppliers managed to improve their sustainability assessments, allowing them to reduce their risk levels and move to Group 2. We are currently working with the remaining 20 suppliers to improve their sustainability standards. In 2020, a procedure to identify critical, second-tier suppliers (those who supply products or services to our own suppliers) will be developed, in order to assess them in terms of sustainability as well. We will apply the biannual survey to both first and second-tier suppliers and we will develop a recognition scheme for good sustainability performance in our supply chain.

**Value chain stage(s) covered**
Direct operations
Upstream
Downstream

**Risk management process**
Integrated into multi-disciplinary company-wide risk management process

**Frequency of assessment**
Every three years or more

**Time horizon(s) covered**
Short-term
Medium-term
Long-term

**Description of process**
Materiality Assessment In 2019, the Sustainability Committee determined that we needed to reevaluate the maturity level of our sustainability model and strategy in order to strengthen it. Therefore, we carried out a materiality assessment that allowed us to redefine our strategy in line with its results. This study was carried out by an independent expert who helped us identify our main environmental, social and governance risks and opportunities. The findings of this study will allow us to: a. Define new objectives that will have a direct impact on the business model and the Company vision; b. Define actions to mitigate immediate or future risks; c. Incorporate highly relevant information at Board level so that the directors can define how to capitalize on the available opportunities; d. Integrate sustainability tasks in the Company's day-to-day. Among the top material topics identified in this assessment, we recognize the mitigation of the adverse effects of climate change as one of the most important issues we have to adress in order to meet the needs of our stakeholders and ensure the continuity of our business.

## C2.2a

**(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?**

| | Relevance & inclusion | Please explain |
|---|---|---|
| Current regulation | Relevant, always included | Regulation risks are included in our Compliance Risks, that consider: risks derived from violations or non-compliance with the laws, norms, regulations, and internal practices that affect the reputation or value of the company, as well as risks of having to pay fines or damages. Both the Paris Agreement, which Mexico has made international commitments in relation to its emission reduction, as well the General Law on Climate Change of Mexico and other related laws. The Security, Energy and Environment Agency (ASEA) developed a Regulatory framework that establish the Guidelines for the prevention and control of methane emissions from the Hydrocarbons Sector, with the aim of minimizing the adverse effects generated by the emissions of methane to our atmosphere and thus contribute to the fulfillment of the international and regional commitments of our country. The foregoing in congruence with the studies of the International Energy Agency that establish that actions of this type can lead to the reduction of up to 75% of methane emissions worldwide, and can also contribute to the fulfillment of the commitments established around the Paris Agreement. Through a regulation focused on the prevention and control of methane emissions, IEnova works to fulfill the main objective of ASEA: to make Mexico's hydrocarbon sector the cleanest and safest in the world. |
| Emerging regulation | Relevant, always included | Regulation risks are included in our Compliance Risks, that consider: risks derived from violations or non-compliance with the laws, norms, regulations, and internal practices that affect the reputation or value of the company, as well as risks of having to pay fines or damages. Due to the regulations that can be implemented in Mexico as a result of what is stated in the Energy Transition Law General or the Law on Climate Change such as the increase in taxes on more polluting fuels or the Emission Trading System and the new methane emissions standards for the oil & gas sector in México. At IEnova we strive to be at the forefront of the sector, aligned with market and regulatory conditions that promote clean energy. The Emissions Trading System, which was recently implemented in Mexico, will provide opportunities to develop new projects in forthcoming years. IEnova is aware of the economic and business importance of having a proper emissions' management system. Thus, IEnova will be part of the emissions trading scheme that will be launched by the Ministry of Environment and Natural Resources in the near future. The objectives of participating in the carbon market are: to understand how it works, to be part of the economic benefits that this platform promises, and -if possible- to influence upcoming market rules on emissions. |
| Technology | Relevant, always included | Technology risks are included in our Operating Risks, that consider: risks of losses due to operating errors, risks due to inefficient or badly designed processes or risk of a system failure. Renewable technologies will be (and already are in some cases) cheaper and more convenient than fossil fuel power plants, therefore we strive to develop our renewable assets according to the market opportunities. For the first time, the renewable energy generation capacity of our operating assets (658 MW) exceeded the generation capacity of our natural gas fired power plant (625 MW). We have two wind farms and three solar plants in operation; plus, two solar plants under construction: These projects supply clean energy to customers from various industries and governments. Energia Sierra Juarez (155MW), Ventika (252 MW), Pima Solar (110MW) and Rumorosa Solar (41 MW). Furthermore we have projects in development, indeed we expect to put in operation more than 100 MW of renewable energy in the next years: - DON DIEGO (125 MW), TEPEZALÁ (100 MWac) and BORDER SOLAR (150 MWac). Solar energy parks located in the states of Sonora, Aguascalientes and Chihuahua respectively. It is estimated that it will be operational in 2020. - ENERGÍA SIERRA JUÁREZ Expansion (108 MW). Expansion of the Energía Sierra Juárez wind farm located in the Sierra de Juárez mountain range, in the municipality of Tecate, Baja California. It is estimated that it will be operational in the fourth quarter of 2020 |
| Legal | Relevant, always included | Legal risks are included in our Compliance Risks, that consider: risks derived from violations or non-compliance with the laws, norms, regulations, and internal practices that affect the reputation or value of the company, as well as risks of having to pay fines or damages. Due to non-compliance or falsehood in the information reported that is established in the General Law of Climate Change, which fines amounts are between $ 88,360MNX and $ 1767200MNX, and other regulations such as the registry of Clean Energy Certificates, IEnova always include this aspect as part of the climate-related risk assessment. |
| Market | Relevant, always included | Market risks are included within our Strategic Risks as risks derived from our ability to offer adequate products and services to our customers and risks that affect the reputation or value of the company. In 2020 the Carbon Market in Mexico will open, which will represent for the energy sector, which IEnova is part, new obligations acquisition related to emissions management. This is the reason the company always includes this aspect as part of the climate-related risk assessment. |
| Reputation | Relevant, always included | Reputation risks are included within our Compliance Risks as risks derived from violations or non-compliance with the laws, norms, regulations, and internal practices that affect the reputation or value of the company. The environment affections are an aspect that has an important reputational impact for IEnova, It has been identified stakeholders with a growing interest in knowing details of our environmental management such as communities or investors. In 2019, we carried out a materiality assessment that allowed us to redefine our strategy in line with its results. The stakeholders that we worked with during the first phase of the assessment were: 1. Employees 2. Investors 3. Regulators 4. Local authorities 5. Competitors 6. Suppliers 7. Media This information was used as input to map out the issues in the materiality matrix shown here, allowing us to prioritize the necessary actions in terms of sustainability for the business. The result of this analysis indicates that Climate Change, GHG Emissions and Energy Transition are material topics for our stakeholders, as a response we: - Updated and implementation of the Climate Change Strategy. - Developed of low carbon projects. - Obtained green loan financing. - Measure, monitorand report our GHG emissions. - Develop actions to reduce GHG emissions from our fugitive emissions. - Will define further reduction goals. |
| Acute physical | Relevant, always included | Physical risks are considered as Strategic Risks as those related with the locations in which we operate. One of the components of our Climate Strategy is adaptation to climate phenomena, we seek to identify risks to determine disaster prevention, climate adaptation and resilience activities One of the main acute risks to which our assets are exposed is the presence of tropical cyclones: It is considered an acute risk since its effects occur at a specific time, among its main consequences we can identify the increase in the level of the rivers that can cause their overflow and flooding in the lowlands or plains, coastal flooding from high swell and storm surge, strong winds that can damage our assets or limit the generation capacity of wind assets. |
| Chronic physical | Relevant, always included | Physical risks are considered as Strategic Risks as those related with the locations in which we operate. One of the components of our Climate Strategy is adaptation to climate phenomena, we seek to identify risks to determine disaster prevention, climate adaptation and resilience activities. One of the main acute risks to which our assets are exposed is Drought. It is considered a chronic risk, since it compromises the quality of land use in the short, medium and long term at the sites where our assets are located. Among its main consequences are the migration of human beings and animal species to places far from where our operations are located, the reduction and even extinction of plant and animal species in the area, dust storms due to desertification and erosion. |

## C2.3

**(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?**

Yes

## C2.3a

**(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.**

**Identifier**

Risk 1

**Where in the value chain does the risk driver occur?**

Direct operations

**Risk type & Primary climate-related risk driver**

| | |
|---|---|
| Current regulation | Mandates on and regulation of existing products and services |

**Primary potential financial impact**

Increased direct costs

**Climate risk type mapped to traditional financial services industry risk classification**

<Not Applicable>

**Company-specific description**

The Paris Agreement and the commitments that Mexico has made internationally in relation to its emission reduction, has led to the creation of new environmental and

energy regulations such as emissions regulations and energy management. As an energy infrastructure company, many of these policies apply to IEnova, as a result we will have to be aware of the new regulations that apply at a national and local level to face them with necessary actions. An example of this is the current legal framework with the General Law on Climate Change, the Energy Transition Law, or instances such as the Agency for Security, Energy and Environment (ASEA). These regulations seek the sustainable use of energy, as well as the obligations in terms of Clean Energies and Electric Industry pollutant emissions reduction, maintaining the productive sectors competitiveness. In 2018, the Agency of Security, Energy and Environment (ASEA) presented the General Administrative Provisions that establish the Guidelines for the prevention and integral control of methane emissions from the Hydrocarbons Sector, with the objective of minimizing the adverse effects generated by emissions of methane into the atmosphere and thus contribute to the fulfilment of the international and regional commitments of Mexico. These guidelines, oblige regulated entities to commit to preparing a diagnosis of the emissions that occur in the equipment and components of the facilities, which should be quantified and reported to the Agency on an annual basis. Similarly, regulated entities must have a comprehensive emission prevention and control program, through which they adopt the best operational and technological practices, including leak detection and repair, as well as the installation of vapor recovery systems, among others.

**Time horizon**
Short-term

**Likelihood**
Very likely

**Magnitude of impact**
Medium-low

**Are you able to provide a potential financial impact figure?**
No, we do not have this figure

**Potential financial impact figure (currency)**
<Not Applicable>

**Potential financial impact figure – minimum (currency)**
<Not Applicable>

**Potential financial impact figure – maximum (currency)**
<Not Applicable>

**Explanation of financial impact figure**
Increasing obligations may represent additional expenses, especially whether specific resources are required not previously considered. Besides, Mexico's regulations regarding how to align the goals established with the Paris Agreement are not yet established, making it difficult for IEnova to estimate the financial implications of this risk.

**Cost of response to risk**
0

**Description of response and explanation of cost calculation**
Firstly, the currently obligations related to monitoring, measurement and reporting of polluting emissions are fulfilled. IEnova has established mechanisms for new regulations' timely monitoring generated, including environmental aspects that involve climate change. The compliance area is responsible for managing the control of obligations throughout all operations. The “Maximum” software is one of the mechanisms to manage all the group's obligations, including environmental ones. This system sends reminders to those involved to ensure compliance with the obligations of all assets. On the other hand, the Mexican new regulations published in the Official Gazette of the Federation are communicated daily to the entire company, also is delivered a monthly summary of the most relevant issues for the business. Subsequently, the areas involved make an analysis of the repercussions for IEnova and generate a Compliance Matrix that includes: the responsible area, the institution with the new requirement, and the compliance periodicity with the obligation.

**Comment**
To mangage the risk related to new obligations on methane emissions reporting, IEnova is currently developing the necessary assessments on its operations. The assessments are internally developed by IEnova's on-site teams as one additional tasks, therefore the cost of management is currently 0. Our teams work to anticipate changes in regulation or in the granting of licenses and permits necessary for our operation. We report our GHG emissions while adapting to what is established by the General Law on Climate Change and its Regulations in terms of the National Emissions Registry and its corresponding Agreements. Failure to comply in this matter could result in fines or penalties. We are aware of the potential consequences of climate change, such as rising sea levels, extreme temperatures, floods and droughts. With this in mind, we are developing a climate change risk assessment in which we analyze the levels of threat, exposure and vulnerability to such risks in our operations through different climate-related scenarios. Based on this study, we will determine the potential economic impact to our business derived from these risks. The necessary adaptation measures will be defined in order to avoid or reduce negative impacts to our operations as a result of climate change.

---

**Identifier**
Risk 2

**Where in the value chain does the risk driver occur?**
Direct operations

**Risk type & Primary climate-related risk driver**

| | |
|---|---|
| Current regulation | Enhanced emissions-reporting obligations |

**Primary potential financial impact**
Increased direct costs

**Climate risk type mapped to traditional financial services industry risk classification**
<Not Applicable>

**Company-specific description**
Currently, Mexican environmental laws, obligations related to the report of emissions of private industry companies such as IENova. These are established in the Regulations of the General Law of Climate Change in the matter of the National Emissions Registry, and in the Regulations of the General Law of Ecological Balance and Environmental Protection in the Prevention and Control of Atmospheric Pollution. These types of obligations will be strengthened as the Mexican government advances in the development of carbon management systems.

**Time horizon**
Short-term

**Likelihood**
Very likely

**Magnitude of impact**
Low

**Are you able to provide a potential financial impact figure?**
Yes, a single figure estimate

**Potential financial impact figure (currency)**
65403

**Potential financial impact figure – minimum (currency)**
<Not Applicable>

**Potential financial impact figure – maximum (currency)**
<Not Applicable>

**Explanation of financial impact figure**
In Mexico, companies for which emissions are equal to or exceed 25,000 tCO2e are required to submit an annual, thirdparty verified GHG emissions report to the National Emissions Registry. Failing to comply with this mandate, or misstating information may result in fines that go up to $1,232,200 MXN (USD$65,403). If IEnova failed to comply, these fines would be imposed in addition to having to immediately fulfill said reporting obligation. To prevent this from happening, IEnova has a team of seven people (an environmental manager and six executors) who devote part of their time to specifically address and take care of these matters. The estimated costs of these actions consider their salary and the average amount of time that they devote to generating these reports (USD$77,133).

**Cost of response to risk**
77133

**Description of response and explanation of cost calculation**
This risk is managed through the environmental information system, this includes activities such as the approval of measurement formats and assets environmental information results monitoring. Also, training has been given in some assets concerning their energy consumption, the calculation of their emissions, and the declarations environmental requirements before the authorities. The company has carried out this exercise based on the existence of obligations to report emissions established in the Regulations of the General Law on Climate Change regarding the National Emissions Registry.

**Comment**
Our teams work to anticipate changes in regulation or in the granting of licenses and permits necessary for our operation. We report our GHG emissions while adapting to what is established by the General Law on Climate Change and its Regulations in terms of the National Emissions Registry and its corresponding Agreements. Failure to comply in this matter could result in fines or penalties. We are aware of the potential consequences of climate change, such as rising sea levels, extreme temperatures, floods and droughts. With this in mind, we are developing a climate change risk assessment in which we analyze the levels of threat, exposure and vulnerability to such risks in our operations through different climate-related scenarios. Based on this study, we will determine the potential economic impact to our business derived from these risks. The necessary adaptation measures will be defined in order to avoid or reduce negative impacts to our operations as a result of climate change.

---

**Identifier**
Risk 3

**Where in the value chain does the risk driver occur?**
Direct operations

**Risk type & Primary climate-related risk driver**

| | |
|---|---|
| Emerging regulation | Carbon pricing mechanisms |

**Primary potential financial impact**
Increased capital expenditures

**Climate risk type mapped to traditional financial services industry risk classification**
<Not Applicable>

**Company-specific description**
In 2022 the Carbon Market in Mexico may open, which will represent for our company the new obligations acquisition related to emissions management. Once these markets are in operation there are schemes established by the government for preparing ourselves to this market. In April 2018, important reforms were carried out to the General Law on Climate Change, among them are the changes made to article 94, which replace a "possible" Emissions Trading System in Mexico implemented gradually and progressively, limiting the exposure of Mexican industry to competitiveness risks vs international markets. In May 2019, the "Agreement establishing the preliminary bases of the test program for the emissions trading system" was issued for public consultation. This document establishes that the implementation of the Mexican Emissions Trading System will consist of two phases. The first, called the Test Program, will last for 36 months including a one-year transition period towards the Operational Phase (full implementation) of the Emissions Trading System. Some of the main characteristics of the Test Program will be: Only CO2 will be considered (the Operational Phase will include all the gases regulated by the General Law on Climate Change) and within the main sectors that will enter this test will be Energy. At IEnova we strive to be at the forefront of the sector, aligned with market and regulatory conditions that promote clean energy. The Emissions Trading System, which was recently implemented in Mexico, will provide opportunities to develop new projects in forthcoming years. The following assets will be participating in the test program: Termoeléctrica de Mexicali and the Los Ramones I and Los Ramones II transmission lines. This participation represents about 80% of IEnova's scope 1 and 2 emissions.

**Time horizon**
Short-term

**Likelihood**
More likely than not

**Magnitude of impact**
Medium-low

**Are you able to provide a potential financial impact figure?**
Yes, an estimated range

**Potential financial impact figure (currency)**
<Not Applicable>

**Potential financial impact figure – minimum (currency)**
6247519.46

**Potential financial impact figure – maximum (currency)**
7635857.12

**Explanation of financial impact figure**
In 2020, the implementation of a Test Program of the Emissions Trading System by SEMARNAT begins. Although this program will not have economic effects for participants during the test phase, a transition to the definitive system is expected at the end of said phase in 2022. To calculate the financial impact, we consider the average cost per tCO2e of the California trading system applied to TDM, Los Ramones I and Los Ramones II emissions. Considering that when starting the emissions trading system, the prices per ton emitted could vary + -10% with respect to the prices of the California system, and taking into consideration that after the test phase, 20% of emissions of CO2 could be covered by this ETS, the potential cost of our participation could be between 6,247,519.46 USD and 7,635,857.12 USD.

**Cost of response to risk**
0

**Description of response and explanation of cost calculation**
We are analyzing the possibility of participating in the Exercise of Carbon Markets in Mexico to understand how offsetting of emissions from companies will be carried out and the need to buy or sell GHG reductions. IEnova is interested in commenting on the management schemes that impact our sector in this market.

**Comment**
The current management cost is 0 due to IEnova's plan to only participate in the emission market area. But at IEnova we strive to be at the forefront of the sector, aligned with market and regulatory conditions that promote clean energy. The Emissions Trading System, which was recently implemented in Mexico, will provide opportunities to develop new projects in forthcoming years.

---

**Identifier**
Risk 4

**Where in the value chain does the risk driver occur?**
Direct operations

**Risk type & Primary climate-related risk driver**

| | |
|---|---|
| Chronic physical | Rising mean temperatures |

**Primary potential financial impact**
Increased indirect (operating) costs

**Climate risk type mapped to traditional financial services industry risk classification**
<Not Applicable>

**Company-specific description**
Drought, It is considered a chronic risk, since it compromises the quality of land use in the short, medium and long term at the sites where our assets are located. Among its main consequences are the migration of human beings and animal species to places far from where our operations are located, the reduction and even extinction of plant and animal species in the area, dust storms due to desertification and erosion. In northern Mexico, our personnel are affected due to the increase in temperature in the areas of operation, especially in the fieldworkers during the hours increased solar radiation. The operational staff represents 90% of the workforce and the scarcity of resources that a drought can imply, in the long term could define a massive displacement of our collaborators to another place with greater availability of basic resources for them and their families. Nowadays, high temperatures are an important topic every summer. Despite there is no historical data about the rising temperature year by year, there are actions to ensure the integrity of our employees when working in these conditions have increased. Employees suffer: dehydration, malaise or heat stroke. The main assets that may be affected in the medium and long term by this risk in an RCP 8.5 scenario are Border Solar and Termoeléctrica de Mexicali. Border Solar's external risk review shows a propensity to be primarily affected by droughts. In the medium term and under the RCP 8.5 scenario, the danger of drought is "very high" in June and July and in August it is "high". On the other hand, in the TDM the drought risk is accentuated and becomes "high" from June to September considering this scenario.

**Time horizon**
Medium-term

**Likelihood**
Very likely

**Magnitude of impact**
High

**Are you able to provide a potential financial impact figure?**
No, we do not have this figure

**Potential financial impact figure (currency)**
<Not Applicable>

**Potential financial impact figure – minimum (currency)**
<Not Applicable>

**Potential financial impact figure – maximum (currency)**
<Not Applicable>

**Explanation of financial impact figure**
Currently, with our analysis of climate risks, we are analyzing the main impacts that could affect certain assets due to this risk and we plan to define financial figures based on this in the coming years, considering aspects such as stop time in operations, productivity affected. On the other hand, overtime has been paid to avoid operations during the hours of higher temperatures during the day.

**Cost of response to risk**
0

**Description of response and explanation of cost calculation**
According to information provide by Health and Safety area, first measures are taken when temperature rises above 30 ° C such as: providing sunscreen, water or electrolytes for employees; at Higher temperature than 40 ° C the operation stops 15 minutes and at 45 ° C or hotter it stops completely (Mexicali temperatures riches 50°C). Also, work schedules have been modified starting at 6 am in some operations areas. The places where this situation occurs most frequently are: Sonora, Baja California, Chihuahua, Torreón, and Nuevo León. Also, in extreme weather conditions it has been necessary to take actions for employments safety reasons. For example, the payment of overtime for not work during hours with hot temperatures, the generation of shadow areas for employees equipped with awnings and tables, purchase of inputs such as sunscreens, electrolytes and safety equipment. We have an Integrity Management Plan. Within this plan a series of activities are defined since assets design to

ensure that it will be operated according to its design. Additionally, international industrial safety standards are applied to ensures that can continue to operate during contingencies. The cost of handling in this year is represented by the expenses derived from the application of the following actions: generate shadow areas for employees equipped with awnings and tables; purchase of inputs such as blockers, electrolytes and safety equipment. There is no record of the total expenses involved in these measures.

**Comment**
The main assets that may be affected in the medium and long term by this risk in an RCP 8.5 scenario are Border Solar and Termoeléctrica de Mexicali. Border Solar's external risk review shows a propensity to be primarily affected by droughts. In the medium term and under the RCP 8.5 scenario, the danger of drought is “very high” in June and July and in August it is “high”. On the other hand, in the TDM the drought risk is accentuated and becomes "high" from June to September considering this scenario. For this reason, we are currently evaluating the potential financial impact figure of the flood risk of this assets.

---

**Identifier**
Risk 5

**Where in the value chain does the risk driver occur?**
Direct operations

**Risk type & Primary climate-related risk driver**

| | |
|---|---|
| Acute physical | Increased severity and frequency of extreme weather events such as cyclones and floods |

**Primary potential financial impact**
Increased direct costs

**Climate risk type mapped to traditional financial services industry risk classification**
<Not Applicable>

**Company-specific description**
Certain assets are exposed to related risks extreme weather events, mainly those found in hurricanes areas, winds or strong storms. These become irrupted in their operation when any of these phenomena occurs, usually due to damage in electrical components. Additionally, unordinary natural phenomena have been presented in the last 5 years. Our climate change risk analysis also allowed us to observe that considering the RCP 8.5 scenario, our asset Terminal Topolobampo, which is currently under construction and is located in the port of Topolobampo, Sinaloa, is an asset with a high risk of flooding in case of that the sea level rises due to the change in temperature. In this case, the risk of flooding increases in the RCP 8.5 scenario compared to RCP 4.5. This is because, under the high emissions scenario, global warming of the oceans will cause an increase in sea level and more intense meteorological events. Therefore, a greater danger derived from tropical cyclones is also expected, particularly in the months of August and September, although it is a danger that becomes more prevalent throughout the year. In addition, due to its geographical location and under a RCP 8.5 scenario, our climate risk analysis indicates that the Guaymas - El Oro gas pipeline shows a propensity to be affected mainly by the threats of Droughts, Tropical Cyclones and Floods.

**Time horizon**
Medium-term

**Likelihood**
Likely

**Magnitude of impact**
High

**Are you able to provide a potential financial impact figure?**
No, we do not have this figure

**Potential financial impact figure (currency)**
<Not Applicable>

**Potential financial impact figure – minimum (currency)**
<Not Applicable>

**Potential financial impact figure – maximum (currency)**
<Not Applicable>

**Explanation of financial impact figure**
IEnova does not have the precise financial figures of the losses that this risk would entail.

**Cost of response to risk**
0

**Description of response and explanation of cost calculation**
There is an Emergency Plan per subsidiary designed for each operation, mainly considering those operations affected by natural phenomena such as hurricanes or storms. For example, in places where there are earthquakes are considered particular measures for this situation. This plan establishes a methodology to determine the vulnerability of IEnova's facilities, where aspects such as: exposure of assets according to their location, danger degree due to natural phenomena, assets sensitivity according to their characteristics and their ability to adapt. The control and data acquisition system (Supervisor Control and Data Acquisition, SCADA) was acquired as a management method, which supervises, controls, and collects the data necessary to monitor field devices, in real time and remotely. SCADA is used in both the Gas and Electricity segments in areas such as natural gas transportation, receipt and discharge of liquefied natural gas (LNG), storage of liquefied natural gas (LNG), natural gas regasification, natural gas distribution or Electricity generation.

**Comment**
Our climate change risk analysis also allowed us to observe that considering the RCP 8.5 scenario, our asset Terminal Topolobampo, which is currently under construction and is located in the port of Topolobampo, Sinaloa, is an asset with a high risk of flooding in case of that the sea level rises due to the change in temperature. In this case, the risk of flooding increases in the RCP 8.5 scenario compared to RCP 4.5. This is because, under the high emissions scenario, global warming of the oceans will cause an increase in sea level and more intense meteorological events. Therefore, a greater danger derived from tropical cyclones is also expected, particularly in the months of August and September, although it is a danger that becomes more prevalent throughout the year. In addition, due to its geographical location and under a RCP 8.5 scenario, our climate risk analysis indicates that the Guaymas - El Oro gas pipeline shows a propensity to be affected mainly by the threats of Droughts, Tropical Cyclones and Floods. For this reason, we are currently evaluating the potential financial impact figure of the flood risk of this assets.

---

**Identifier**
Risk 6

**Where in the value chain does the risk driver occur?**
Direct operations

**Risk type & Primary climate-related risk driver**

| | |
|---|---|
| Chronic physical | Rising sea levels |

**Primary potential financial impact**
Increased direct costs

**Climate risk type mapped to traditional financial services industry risk classification**
<Not Applicable>

**Company-specific description**
Rising sea levels is a long-term, climate-related risk that may affect one of IEnova's assets: Energía Costa Azul (ECA). ECA is located in the Rosarito-Ensenada coastal area, which poses a threat to IEnova's energy infrastructure. According to the San Diego Region Report issued by Scripps Institution of Oceanography, sea level may rise in the San Diego region (which is approximately 60 km away from ECA) significantly faster between now and 2050 than the roughly 0.18 meters of rise measured over the last century. By 2050, a rise of about 3.6 meters relative to sea level in 2000 could be expected according to the report.

**Time horizon**
Medium-term

**Likelihood**
Very likely

**Magnitude of impact**
High

**Are you able to provide a potential financial impact figure?**
Yes, a single figure estimate

**Potential financial impact figure (currency)**
920000000

**Potential financial impact figure – minimum (currency)**
<Not Applicable>

**Potential financial impact figure – maximum (currency)**
<Not Applicable>

**Explanation of financial impact figure**
If nothing were done to mitigate this possibility, service losses and operational challenges could take place. IEnova has mitigating measures like buoys that permanently monitor waves and tides, an insurance policy that covers for climate disasters, and maintenance programs to ensure this asset's integrity. These are all considered in the estimated costs section.

**Cost of response to risk**
266533

**Description of response and explanation of cost calculation**
IEnova has mitigating measures like buoys that permanently monitor waves and tides, an insurance policy that covers for climate disasters, and maintenance programs to ensure this asset's integrity. These are all considered in the estimated costs section.

**Comment**
Rising sea levels is a long-term, climate-related risk that may affect one of IEnova's assets: Energía Costa Azul (ECA). ECA is located in the Rosarito-Ensenada coastal area, which poses a threat to IEnova's energy infrastructure. If nothing were done to mitigate this possibility, service losses and operational challenges could take place. Our climate change risk analysis also allowed us to observe that considering the RCP 8.5 scenario, our asset Terminal Topolobampo, which is currently under construction and is located in the port of Topolobampo, Sinaloa, is an asset with a high risk of flooding in case of that the sea level rises due to the change in temperature. For this reason, we are currently evaluating the potential financial impact figure of the flood risk of this asset.

## C2.4

**(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?**
Yes

## C2.4a

**(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.**

**Identifier**
Opp1

**Where in the value chain does the opportunity occur?**
Direct operations

**Opportunity type**
Products and services

**Primary climate-related opportunity driver**
Development and/or expansion of low emission goods and services

**Primary potential financial impact**

Returns on investment in low-emission technology

**Company-specific description**
Worldwide, there is an increasing demand for cleaner energy. Governments and consumers are pushing for the delivery of additional amounts of renewable energy as part of the power generation portfolio. The general Climate Change Law details the commitment to reduce GHG emissions 30% by 2020 and 50% by 2050. Therefore, IEnova has focused on expanding revenues through projects that deliver renewable energy by developing wind and solar facilities. In 2019, two solar project started operations, Pima Solar (110MW) and Rumorosa Solar (41MW). We will further increase our renewable energy capabilities in 2020 and 2021, with the extension of the Energía Sierra Juárez asset (108 MWAC), that is estimated to start operations in 2021, Tepezalá Solar (100MW), Don Diego Solar (125 MWAC) and Border Solar (150 MWAC) that are estimated to start operations in 2020. With the additions our cumulative, renewable generation capacity will be 1,041 MW. Estimated annual positive implications of this opportunity are the expected revenues from these projects, while the costs associated with developing this opportunity result from the average annual expenses needed to build and operate them.The cost of realize this opportunity would include the investments made for the acquisition of new clean energy assets of both solar and wind energy. Furthermore, one of the Law of Energy Transition and the General Law of Climate Change aims is to regulate the sustainable use of energy, as well as the obligations in terms of Clean Energy and the reduction of pollutant emissions from the Electric Industry. Thus, the regulation regarding renewable energies is a great alternative for the development of new businesses for IEnova, specifically with the new assets of the electricity sector. A clear example of this opportunity is the development of the Rumorosa Solar project whose power is 41 MW and Tepezalá Solar project with 100 MW or Energia Sierra Juárez as well as further renewable energy projects that are under construction. On the other hand, the Energy Regulatory Commission (CRE) has issued the provisions related to the operation of the Registry of Clean Energy Certificates. In this context, some of our clean generation assets will operate under this scheme, an example of this is our Solar Rumorosa project, which made a contract for the purchase and sale Clean Energy Certificates (“CEL”) with CFE during 2017.

**Time horizon**
Short-term

**Likelihood**
Likely

**Magnitude of impact**
High

**Are you able to provide a potential financial impact figure?**
Yes, a single figure estimate

**Potential financial impact figure (currency)**
233000000

**Potential financial impact figure – minimum (currency)**
<Not Applicable>

**Potential financial impact figure – maximum (currency)**
<Not Applicable>

**Explanation of financial impact figure**
As part of our renewable energy projects, we have under development and construction the expansion of Energia Sierra Juárez and four solar projects: Pima Solar and Don Diego Solar, Rumorosa Solar and Tepezalá Solar, with an investment of approximately USD115 million. Moreover, according to different estimations by the Mexican Ministry of Energy, the additional generation capacity with renewable energy in the National Electric grid will be around 20,000 MW in 2025. Regarding the CEL market, SENER estimates that it will have a minimum value of 15,149 million pesos by 2022.

**Cost to realize opportunity**
149000000

**Strategy to realize opportunity and explanation of cost calculation**
IEnova is continuously analyzing new investment and asset acquisition opportunities that improve our market position in different sectors such as the clean electric energy generation.

**Comment**
Estimated annual positive implications of this opportunity are the expected revenues from these projects, while the costs associated with developing this opportunity result from the average annual expenses needed to build and operate them.The cost of realize this opportunity would include the investments made for the acquisition of new clean energy assets of both solar and wind energy. As part of our renewable energy projects, we have under development and construction the expansion of Energia Sierra Juárez and four solar projects: Pima Solar and Don Diego Solar, Rumorosa Solar and Tepezalá Solar, with an investment of approximately USD115 million.

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**Identifier**
Opp2

**Where in the value chain does the opportunity occur?**
Upstream

**Opportunity type**
Resource efficiency

**Primary climate-related opportunity driver**
Use of more efficient production and distribution processes

**Primary potential financial impact**
Reduced indirect (operating) costs

**Company-specific description**
In our operations and business the largest impact of climate stems from our energy consumption and as such IEnova has the opportunity to invest in technology and initiatives to reduce our energy consumption and increase the use of renewable energy sources. This impact represents one of our largest opportunities for increasing efficiency and reducing costs within our operations. We remain committed to pursuing continuous improvements in every step in the process and invest in best available technologies. In the Power Segment, we generate electricity power at TDM, combined-cycle power plant that meets the highest energy efficiency and emissions standards, with levels that are below the applicable limits in Mexico.

**Time horizon**
Medium-term

**Likelihood**
Likely

**Magnitude of impact**

Medium-low

**Are you able to provide a potential financial impact figure?**
No, we do not have this figure

**Potential financial impact figure (currency)**
<Not Applicable>

**Potential financial impact figure – minimum (currency)**
<Not Applicable>

**Potential financial impact figure – maximum (currency)**
<Not Applicable>

**Explanation of financial impact figure**
Not available

**Cost to realize opportunity**
0

**Strategy to realize opportunity and explanation of cost calculation**
As part of our Climate Strategy, we have identified the implementation of an energy and emissions program for each business unit. Our Climate Change Strategy include an emissions reduction and energy efficiency pillar that focuses on promoting GHG emissions reduction projects (Scope 1, 2 or 3) and increasing energy efficiency in our processes. This program includes initiatives such as develop an assessment of venting and leakage quantities of natural gas, identify leakages, substitute lighting and increase the efficiency of our vehicles.

**Comment**
In 2019, fugitive emissions from our natural gas transmission system represented 14% of the Pipelines Segment's emissions and 3.8% of IEnova's total emissions. By the year 2030, we strive to reduce these emissions 50% from our 2015 baseline. To achieve this, we are working towards improving the efficiency of the transmission system which results in the reduction of fugitive methane emissions. We currently operate with very strict operational control standards and maintenance programs to reduce their release. In this line, we monitor gas leaks from our pipelines, distribution and storage systems.

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**Identifier**
Opp3

**Where in the value chain does the opportunity occur?**
Direct operations

**Opportunity type**
Markets

**Primary climate-related opportunity driver**
Access to new markets

**Primary potential financial impact**
Increased access to capital

**Company-specific description**
In 2019 we received our first Green Loan, through which we obtained USD$200 million from two multilateral banks: the International Finance Corporation (IFC), which is part of the World Bank Group, and the North American Development Bank (NADB). The goal of this environmental initiative is the mitigation of climate change, as it contributes to the global efforts of transitioning towards lower-carbon economies. The IFC is providing a USD$100 million loan and it comes from the World Bank's interest in working with leading private sector companies in Mexico to promote climate-smart projects, including the development of non-conventional renewable energy. This is the first IFC financing in Mexico certified by the Green Loan Principles. The Green Loan Principles are part of a framework that provides guidelines to verify that the loans are being used to support environmentally sustainable economic activity. The NADB USD$100 million loan will be oriented completely to the design, construction and operation of our 125 MWAC solar park, Don Diego, located in the municipality of Benjamin Hill, Sonora. With this project Sonora will become one of the leading solar energy generators in the country and will therefore contribute towards reaching the goal of renewable energy use in Mexico.

**Time horizon**
Short-term

**Likelihood**
Virtually certain

**Magnitude of impact**
Medium

**Are you able to provide a potential financial impact figure?**
Yes, a single figure estimate

**Potential financial impact figure (currency)**
200000000

**Potential financial impact figure – minimum (currency)**
<Not Applicable>

**Potential financial impact figure – maximum (currency)**
<Not Applicable>

**Explanation of financial impact figure**
We received a Green Loan from the World Bank's International Finance Corporation (IFC) and the North American Development Bank (NADB) for USD$200 million. In November 2019, the Company entered into 15-year credit facilities for $200 million with International Finance Corporation, a member of the World Bank Group, and North American Development Bank. This is the first loan certified under the Green Loan Principles that IFC grants to a company in Mexico.

**Cost to realize opportunity**
0

**Strategy to realize opportunity and explanation of cost calculation**
On February 28, 2018, IEnova acquired 100 percent of the shares of Fisterra Energy Netherlands II,B.V. ("Fisterra") at a value of $5.1 million, which was renamed to Don Diego after the acquisition. Don Diego, a 125 MW solar project facility in Benjamin Hill municipality in the state of Sonora, Mexico, is comprised of a Self-Supply Permit

granted by the CRE in 2016. The Self-Supply Permit allows generators to compete directly with the CFE retail tariffs and thus have access to PPAs with significantly higher prices. This transaction was accounted as an asset acquisition because Don Diego does not meet the definition of a business, since it does not have substantive inputs or processes.

**Comment**

The goal of this environmental initiative is the mitigation of climate change, as it contributes to the global efforts of transitioning towards lower-carbon economies. The IFC is providing a USD$100 million loan and it comes from the World Bank's interest in working with leading private sector companies in Mexico to promote climate-smart projects, including the development of non-conventional renewable energy. This is the first IFC financing in Mexico certified by the Green Loan Principles.

## C3. Business Strategy

### C3.1

**(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?**

Yes, and we have developed a low-carbon transition plan

### C3.1a

**(C3.1a) Does your organization use climate-related scenario analysis to inform its strategy?**

Yes, qualitative and quantitative

### C3.1b

**(C3.1b) Provide details of your organization's use of climate-related scenario analysis.**

| Climate-related scenarios and models applied | Details |
|---|---|
| RCP 4.5<br>RCP 8.5 | Inputs To create our climate baseline, we used the historical data bank of the National Meteorological Service (SMN, in Spanish) and the Atmospheric Sciences Center that are publicly available at the UNAM Institutional Repository . The information is pinpointed to the specific locations (on a municipality level) of the assets covered in our study and includes low and high temperatures and average precipitation on a month-to-month basis. Then, to form the baseline of the current exposure to hydrometeorological and geological risks we gathered information of the degree of danger by municipality in a classification from very high to very low from the National Center for Disaster Prevention (CENAPRED, in Spanish) for the following risks: drought, tropical cyclones, landslide, hail, floods and frost. Last, to carry out our climate change projection scenarios, we used the climate projections scenarios RCP 4.5 and RCP 8.5. These climate scenarios, which are derived from the Coupled Model Intercomparison Project Phase 5 (CMIP5), can be accessed through the UNAM Institutional Repository and are scaled down to a municipality level. Assumptions We assume that the adaptation measures do not change over time even if greater physical dangers start to manifest, therefore, the current vulnerability of the assets to climate-related risks are kept constant through time Boundaries The boundaries of our study are limited by the geographical locations of our assets. All climate projections were narrowed to a municipality level. In the cases when our assets covered more than one municipality, the results were averaged. Our study uses public regional climate projections that can be found in the UNAM Institutional Repository. Based on these projections, we reviewed the changes in precipitation and temperature at a municipality level (for each individual asset) on an annual scale. To analyze the coherence of the observed trends, we compared the results from these climate projections with those obtained by our own projections. Our projections are based on the observed historical information at a municipality level and the average percentage increase in temperature and precipitation in the North America sub-continental region under RCP 4.5 and RCP 8.5. The regional climate scenarios use three different time horizons: Short term (2015-2039, Medium term (2045-2069), and Long term (2075-2099) for the minimum temperature, maximum temperature, and precipitation values. Results Our scenario analysis has provided the company with a deep look into the climate risks that our assets may deal with in the future. Although it does not contain any assessment of probabilities, our study applied climate scenarios to individual assets, allowing us to anticipate physical risks and determine the resilience of each assets to every risk. The result of this is the creation of a company-wide heatmap of climate related risks, which allows us to rank assets and focus our efforts to make them more resilient to climate change. This is particularly important, provided that the company has placed climate change as a fundamental factor for our company strategy, and can therefore, change the direction of future investments. |
| IEA Sustainable development scenario<br>IEA CPS | Inputs and assumptions The Sustainable Development Scenarios (SDS) reflects a view different from broadly expected future conditions and assumes the implementation of policies creating slower growth of energy demand and a more diverse fuel mix. The vision of the future upon which the SDS is based incorporates three major elements: First, it describes a pathway to the achievement of universal access to modern energy services by 2030, including access not only to electricity, but also to clean cooking. Second, it outlines a path to 2040 that achieves the objectives of the Paris Agreement, including a peak in emissions being reached as soon as possible, followed by a substantial decline. Third, it posits a large reduction in other energy-related pollutants, consistent with a dramatic improvement in global air quality and a consequent reduction in premature deaths from household air pollution. The Current Policies Scenario (CPS) assumes a possible climate change scenario whereby the globe's carbon dioxide levels continue to increase and the global warming target of 1.5°C is exceeded by as early as 2022. It provides a cautious assessment of where momentum from existing policies might lead the energy sector in the absence of any other impetus from government." By definition, the Current Policies Scenario is consistently out-of-date as any policies and measures that have taken place since mid-2017 are not included. The Current Policies Scenario also ignores policies that make up the Nationally Determined Contributions each country has pledged to adhere to as part of the Paris Agreement. To accept the Current Policies Scenario as the best indication of the world's energy future is to assume all nations will renege on their commitments to meet their national emissions reduction targets. As some countries are already meeting their targets, this scenario is not reflective of the true state of the world. Boundaries The boundaries of our study are limited by the geographical locations of our assets. All climate projections are applied at a country level for Mexico. Results Our scenario analysis has provided the company with a deep look into the transition risks that our assets may deal with in the future. The result of this is the creation of a company-wide scenario analysis, will allow us to define risk management plan to better respond to our challenges in the short and medium terms and implement our Clima Strategy that is structured on the following pillars: - Investment and asset Development. Develop infrastructure that strengthens Mexico's energy security and supports the transition to a low-carbon sector, seeking to take advantage of new market opportunities. - Emissions reduction and energy efficiency. Encourage own and / or third party emission reduction projects and increase energy efficiency in IEnova's processes. - Management of climate risks and opportunities. Integrate climate risks and opportunities into IEnova's internal management. - Transparency and collaboration. Determine and communicate, according to the TCFD recommendations, in the most appropriate way to each stakeholder, IEnova´s climate change impacts and performance, work in a collaboration to respond to the challenges arising from climate change. |

### C3.1d

**(C3.1d) Describe where and how climate-related risks and opportunities have influenced your strategy.**

| | Have climate-related risks and opportunities influenced your strategy in this area? | Description of influence |
|---|---|---|
| Products and services | Yes | Risks and opportunities related to the growing demand from customers for low carbon energy sources, have influenced our product-related strategy and product portfolio. In our Power Segment we generate power through wind and solar power generation facilities, and through a Combined Cycle Power Generation Facility. For the first time, in 2019 we had more assets with power generation capacity from renewable sources (658 MW) than from conventional sources (625). In 2019, two solar project started operations, Pima Solar (110MW) and Rumorosa Solar (41MW). We will further increase our renewable energy capabilities in 2020 and 2021, with the extension of the Energía Sierra Juárez asset (108 MWAC), that is estimated to start operations in 2021, Tepezalá Solar (100MW), Don Diego Solar (125 MWAC) and Border Solar (150 MWAC) that are estimated to start operations in 2020. With the additions our cumulative, renewable generation capacity will be 1,041 MW. On the other side, natural gas is a needed energy source for a low-carbon transition, IEnova is the leading private company in natural gas. In our Gas Segment, we transport Natural Gas, LPG and Ethane; we store LNG, LPG and refined products; and we sell and distribute Natural Gas. In this segment, we have 2,900 km of pipelines for Natural Gas transportation and 4,138 km for its distribution, we have also 190 km of pipelines to transport LP Gas; and a storage capacity of 80,000 barrels of LPG, 320,000 m3 for LNG and 7.6 million barrels of refined products under construction. |
| Supply chain and/or value chain | Yes | Our most relevant climate impact occur downstream in our value chain, those impact arise from the CO2 emissions of our clients. Also, one of our most relevant contributions towards climate change mitigation is that, during 2019, 31% of our electric power generation came from renewable sources. This helped avoid the emission of 852,701 tCO2e in the country, which is equivalent to 192,246 passenger vehicles kept out of circulation for a year, or 93,152 homes' electricity use for a year. We supply clean energy to more than 132,000 customers. Our solar and wind facilities provide zero-emission electricity to industrial customers and to the electrical grid in Mexico and the United States. We have also started working with our suppliers and contractors in climate matters, to ensure the compliance with our Purchasing Policy and evaluate critical suppliers on sustainability issues, we have started to collect data on social an environmental practices of our suppliers this first information collection process will help us ensure due compliance with the laws and regulations, identify best practices and establish a baseline on sustainability performance, identify risks in our supply chain, develop and implement actions plans. As a first step, we are only evaluating tier 1 critical suppliers since we have a strong business relationship with them and believe that our reputational and operational risks lay mainly on those suppliers. |
| Investment in R&D | Evaluation in progress | |
| Operations | Yes | In 2018, the Agency of Security, Energy and Environment (ASEA) presented the General Administrative Provisions that establish the Guidelines for the prevention and integral control of methane emissions from the Hydrocarbons Sector, with the objective of minimizing the adverse effects generated by emissions of methane into the atmosphere and thus contribute to the fulfilment of the international and regional commitments of Mexico. These guidelines, oblige regulated entities to commit to preparing a diagnosis of the emissions that occur in the equipment and components of the facilities, which should be quantified and reported to the Agency on an annual basis. To respond to this regulation, we have defined a KPI that is related with the corporate target of reducing IENOVA´s fugitive emissions of methane to 50% by 2030. This target was previously reviewed and approved by our Board of Directors.. The commitment has triggered different emissions reduction initiatives, that we expect will allow us to we expect to reduce a total of 4,205.48 tCO2e. We have two main initiatives: change of Turbo compressor in the transportation assets and different energy efficiency measures. We are also influenced by climate-related risks, the control and monitoring systems linked to climate-related risks are the Emergency Stop system, the Fire and Gas System, and the Smoke Detection System, as well as the same inspection practices and detection of leaks and cloudscape of the system. . Maintenance plans monitor the physical conditions around our assets, carrying it out, among other activities, through inspections and gaps for the pipelines. When the equipment is out of date or could be affected by a meteorological event, the maintenance plans that IEnova carries out periodically help to identify these problems and create measures to mitigate them. An example is the rehabilitation works of the ground system and lightning rods that were implemented in the compression stations that were derived from evaluations of the effectiveness and integrity of the system to release faults during short-circuit events or lightning strike events. These update works increased the electrical reliability of the stations, increasing the resilience of the System against climatic events such as rains with electrical storms. |

## C3.1e

**(C3.1e) Describe where and how climate-related risks and opportunities have influenced your financial planning.**

| | Financial planning elements that have been influenced | Description of influence |
|---|---|---|
| Row 1 | Revenues<br>Capital expenditures<br>Access to capital<br>Assets | Access to capital: In 2019 we were the first company in Mexico to obtain an IFC Green Loan, through which we obtained USD$200 million from two multilateral banks: the International Finance Corporation (IFC), which is part of the World Bank Group, and the North American Development Bank (NADB). The goal of this environmental initiative is the mitigation of climate change, as it contributes to the global efforts of transitioning towards lower-carbon economies. The IFC is providing a USD$100 million loan and it comes from the World Bank's interest in working with leading private sector companies in Mexico to promote climate-smart projects, including the development of non-conventional renewable energy. This is the first IFC financing in Mexico certified by the Green Loan Principles. The Green Loan Principles are part of a framework that provides guidelines to verify that the loans are being used to support environmentally sustainable economic activity. The NADB USD$100 million loan will be oriented completely to the design, construction and operation of our 125 MWAC solar park, Don Diego, located in he municipality of Benjamin Hill, Sonora. Assets, CAPEX and Revenues: In our Power Segment we generate power through wind and solar power generation facilities, and through a Combined Cycle Power Generation Facility. For the first time, in 2019 we had more assets with power generation capacity from renewable sources (658 MW) than from conventional sources (625). In 2019, two solar project started operations, Pima Solar (110MW) and Rumorosa Solar (41MW). We will further increase our renewable energy capabilities in 2020 and 2021, with the extension of the Energía Sierra Juárez asset (108 MWAC), that is estimated to start operations in 2021, Tepezalá Solar (100MW), Don Diego Solar (125 MWAC) and Border Solar (150 MWAC) that are estimated to start operations in 2020. With the additions our cumulative, renewable generation capacity will be 1,041 MW. Our capital expenditures in renewable assets amount around 1,574,000,000 USD. The revenues from renewable energy have multiplied by x41 form 2016: - Revenues in 2016: 2,904,000 USD - Revenues in 2017: 99,721,000 USD - Revenues in 2018: 107,539,000 USD - Revenues in 2019: 124,548,000 USD |

## C3.1f

**(C3.1f) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).**

In the IENOVA´s climate change strategy was developed in order to have a tool that allows the identification of risks and opportunities caused by the phenomenon of Climate Change. Within the strategy, we considered four specific lines of action to manage the climate-related impacts on our assets, these lines are:
1. **Investment and asset development:** Development of infrastructure that strengthens Mexico's energy security and supports the transition to a low-carbon sector, always looking to take advantage of new market opportunities.
2. **Emission reduction and energy efficiency:** Promote own and / or third party emission reduction projects and increase energy efficiency in IEnova´s processes.
3. **Management of the risks and opportunities of climate change:** Integrate climate change risks and opportunities in IEnova's internal management.
4. **Transparency and collaboration:** Determine and communicate to stakeholders the climate-related impact and performance of IEnova, as well as working with a collaborative approach to address the challenges derived from climate change.

Each one of the lines of action has specific objectives to give the appropriate focus to our efforts to mitigate our impacts on the environment. Regarding the line of action of Climate Change Risks and Opportunities Management, we have six specific objectives:
1. Continue incorporating the regulatory requirements related to Climate Change into management systems.
2. Establish a corporate management for our participation in the Emissions Trading System with a focus on opportunities and cost-effective compliance.
3. Assessment of climatic risks in current and future projects, proposing the realization of particular or representative studies, in its case revision and / or complement of protocols and practices of prevention and response to emergencies related to extreme hydrometeorological events.
4. Integrate aspects of climate change and energy in the current processes of sustainability assessment and monitoring of suppliers.
5. Include the risks derived from climate change in the IENova Comprehensive Risk Management System.
6. Define a variable remuneration system linked to performance in climate change and achievement of goals for Senior Management.

## C4. Targets and performance

### C4.1

**(C4.1) Did you have an emissions target that was active in the reporting year?**
Absolute target

### C4.1a

**(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.**

**Target reference number**
Abs 1

**Year target was set**
2019

**Target coverage**
Business division

**Scope(s) (or Scope 3 category)**
Scope 1

**Base year**
2019

**Covered emissions in base year (metric tons CO2e)**
7787.92

**Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)**
3.9

**Target year**
2030

**Targeted reduction from base year (%)**
50

**Covered emissions in target year (metric tons CO2e) [auto-calculated]**
3893.96

**Covered emissions in reporting year (metric tons CO2e)**
7787.92

**% of target achieved [auto-calculated]**
0

**Target status in reporting year**
New

**Is this a science-based target?**
No, and we do not anticipate setting one in the next 2 years

**Please explain (including target coverage)**
The goal has been set to reduce our fugitive methane emissions to 50% from our 2019 baseline by 2030. In 2019 these emissions represented 3.8% of Ienova's total GHG emissions. Although it does not represent a large amount for the total emissions of Ienova, this type of emission must be attended to adress a mexican regulation that establishes the implementation of a plan to control and reduce methane emissions in the oil and gas sector for the country. The goal will be achieved primarily through improving the efficiency of the transmission system which results in the reduction of fugitive methane emissions; and by improving fugitive emission review, detection, and repairing activities as part of the assets maintenance plan. We consider that we are going to reduce at least 6% per year starting with emissions from 2021. Together, with our target of maintaining emissions intensity in our Power Segment below 0.33 tCO2e/MWh/, we have emissions reduction target covering all our operations. We will report progress toward this new goal beginning in next year's sustainability report.

## C4.2

**(C4.2) Did you have any other climate-related targets that were active in the reporting year?**
No other climate-related targets

## C4.3

**(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.**
Yes

## C4.3a

**(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.**

| | Number of initiatives | Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *) |
|---|---|---|
| Under investigation | 0 | 0 |
| To be implemented* | 0 | 0 |
| Implementation commenced* | 2 | 4215.2 |
| Implemented* | 1 | 852701 |
| Not to be implemented | 0 | 0 |

## C4.3b

**(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.**

**Initiative category & Initiative type**

| | |
|---|---|
| Energy efficiency in production processes | Machine/equipment replacement |

**Estimated annual CO2e savings (metric tonnes CO2e)**
11.2

**Scope(s)**
Scope 1

**Voluntary/Mandatory**
Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**
0

**Investment required (unit currency – as specified in C0.4)**

**Payback period**
1-3 years

**Estimated lifetime of the initiative**
>30 years

**Comment**
The initiative we describe consists of a change of turbocharger in the GDT transportation asset, that generates fewer natural gas vents, The beginning of the operation has been delayed due to the COVID 19 pandemic, will begin operations in 2021. It will represent a reduction in emissions by venting of approximately : 11.2 tCO2e

**Initiative category & Initiative type**

| | |
|---|---|
| Low-carbon energy generation | Other, please specify (Solar PV and Wind) |

**Estimated annual CO2e savings (metric tonnes CO2e)**
852701

**Scope(s)**
Scope 3

**Voluntary/Mandatory**
Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**
233000000

**Investment required (unit currency – as specified in C0.4)**
149000000

**Payback period**
1-3 years

**Estimated lifetime of the initiative**
>30 years

**Comment**
Worldwide, there is an increasing demand for cleaner energy. Governments and consumers are pushing for the delivery of additional amounts of renewable energy as part of the power generation portfolio. The general Climate Change Law details the commitment to reduce GHG emissions 30% by 2020 and 50% by 2050. Therefore, IEnova has focused on expanding revenues through projects that deliver renewable energy by developing wind and solar facilities. In 2019, two solar project started operations, Pima Solar (110MW) and Rumorosa Solar (41MW). We will further increase our renewable energy capabilities in 2020 and 2021, with the extension of the Energía Sierra Juárez asset (108 MWAC), that is estimated to start operations in 2021, Tepezalá Solar (100MW), Don Diego Solar (125 MWAC) and Border Solar (150 MWAC) that are estimated to start operations in 2020. With the additions our cumulative, renewable generation capacity will be 1,041 MW. Estimated annual positive implications of this opportunity are the expected revenues from these projects, while the costs associated with developing this opportunity result from the average annual expenses needed to build and operate them.

**Initiative category & Initiative type**

| | |
|---|---|
| Energy efficiency in production processes | Other, please specify (Change in the type of maintenance to reduce fugitive emissions) |

**Estimated annual CO2e savings (metric tonnes CO2e)**
4205.48

**Scope(s)**
Scope 1

**Voluntary/Mandatory**
Mandatory

**Annual monetary savings (unit currency – as specified in C0.4)**
0

**Investment required (unit currency – as specified in C0.4)**
0

**Payback period**
1-3 years

**Estimated lifetime of the initiative**
>30 years

**Comment**
The goal will be achieved primarily through improving the efficiency of the transmission system which results in the reduction of fugitive methane emissions; and by improving fugitive emission review, detection, and repairing activities as part of the assets maintenance plan. We consider that we are going to reduce at least 6% per year starting with emissions from 2021.

## C4.3c

**(C4.3c) What methods do you use to drive investment in emissions reduction activities?**

| Method | Comment |
|---|---|
| Compliance with regulatory requirements/standards | IEnova seeks to contribute to the development of the mexican energy infrastructure, energy security and the transition to a low carbon sector. The main drivers for our emissions reduction activities are the Mexican energy policy that may favor investments in clean or renewable energy. IEnova participates in different national organizations in Mexico, such as the Mexican Energy Association, the Mexican Natural Gas Association, from where it is encouraged to develop and implement policies focused on the energy transition and low-carbon economy in Mexico. In 2019 we were the first company in Mexico to obtain an IFC Green Loan, through which we obtained USD$200 million from two multilateral banks: the International Finance Corporation (IFC), which is part of the World Bank Group, and the North American Development Bank (NADB). The goal of this environmental initiative is the mitigation of climate change, as it contributes to the global efforts of transitioning towards lower-carbon economies. Additionally, the Security, Energy and Environment Agency (ASEA) developed a Regulatory framework that establish the Guidelines for the prevention and control of methane emissions from the Hydrocarbons Sector, with the aim of minimizing the adverse effects generated by the emissions of methane to our atmosphere and thus contribute to the fulfillment of the international and regional commitments of our country. The foregoing in congruence with the studies of the International Energy Agency that establish that actions of this type can lead to the reduction of up to 75% of methane emissions worldwide, and can also contribute to the fulfillment of the commitments established around the Paris Agreement. Through a regulation focused on the prevention and control of methane emissions, IEnova works to fulfill the main objective of ASEA: to make Mexico's hydrocarbon sector the cleanest and safest in the world. |
| Dedicated budget for low-carbon product R&D | We understand that energy is essential for promoting economic and social development. For this reason we are also aware of México´s energy infrastructure needs and we are committed to its development by increasing our renewable power generation portfolio from 891 MW in 2018 to 1,041 MW in 2019. These numbers includes our assets' capacity in operation and projects under construction and under development. This commitment allow us to be one of the main solar and wind power generators in Mexico, with approximately 8% of market share. |

## C4.5

**(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?**
Yes

## C4.5a

**(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.**

**Level of aggregation**
Group of products

**Description of product/Group of products**
Renewable Power Generation

**Are these low-carbon product(s) or do they enable avoided emissions?**
Low-carbon product and avoided emissions

**Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions**
Low-Carbon Investment (LCI) Registry Taxonomy

**% revenue from low carbon product(s) in the reporting year**
9.03

**% of total portfolio value**
<Not Applicable>

**Asset classes/ product types**
<Not Applicable>

**Comment**
For the first time, the renewable energy generation capacity of our operating assets (658 MW) exceeded the generation capacity of our natural gas fired power plant (625 MW). We have two wind farms and three solar plants in operation; plus, two solar plants under construction: These projects supply clean energy to customers from various industries and governments. Energia Sierra Juarez (155MW), Ventika (252 MW), Pima Solar (110MW) and Rumorosa Solar (41 MW). Furthermore we have projects in development, indeed we expect to put in operation more than 400 MW of renewable energy in the next years: - DON DIEGO (125 MW), TEPEZALÁ (100 MWac) and BORDER SOLAR (150 MWac). Solar energy parks located in the states of Sonora, Aguascalientes and Chihuahua respectively. It is estimated that it will be operational in 2020. - ENERGÍA SIERRA JUÁREZ Expansion (108 MW). Expansion of the Energía Sierra Juárez wind farm located in the Sierra de Juárez mountain range, in the municipality of Tecate, Baja California. It is estimated that it will be operational in the fourth quarter of 2020

## C-EU4.6

**(C-EU4.6) Describe your organization's efforts to reduce methane emissions from your activities.**

In 2019, fugitive emissions from our natural gas transmission system represented 14% of the Pipelines Segment's emissions and 3.8% of IEnova's total emissions. By the year 2030, we strive to reduce these emissions 50% from our 2015 baseline. We will report progress toward this new goal beginning in next year's sustainability report.

During 2019, IEnova carried out a diagnosis of methane emission generation in all our gas assets; This diagnosis allowed us to identify which equipment or processes emit fugitive or vent emissions. Based on this diagnosis, the goal of reducing our fugitive methane emissions by 2030 was set. It is planned to start reducing emissions starting in 2021.

To achieve this, we are working towards improving the efficiency of the transmission system which results in the reduction of fugitive methane emissions. We currently operate with very strict operational control standards and maintenance programs to reduce their release. In this line, we monitor gas leaks from our pipelines, distribution and storage systems.

## C5. Emissions methodology

## C5.1

**(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).**

**Scope 1**

**Base year start**
January 1 2018

**Base year end**
December 31 2018

**Base year emissions (metric tons CO2e)**
2587191

**Comment**
In 2019 we prepared and verified the inventory of Greenhouse Gas Emissions (GHG) corresponding to our operation in the period from January 1 to December 31 of 2018 for our assets and we defined that inventory as our emissions baseline for our climate change strategy. Our current GHG emissions inventory accounts for all emissions from operations over which IEnova has operational control. The emission factors and the global warming potential values used are those published by the Energy Regulatory Commission (CRE), Federal environmental authority (SEMARNAT) and by the National Commission for the Efficient Use of Energy (CONUEE) for 2019. Our scope 1 is defined as: Scope 1: Direct GHG emissions that occur from sources that are owned or controlled by the company. Our scope 1 emissions originate mainly from the power plant (combined cycle) and compression stations in the gas transportation segment However, we will continue working on developing and strengthening our emissions reporting methodology to make sure it is aligned with best international practices and state-of-the-art emissions calculation procedures, specially for those emissions related to venting and leakages.

**Scope 2 (location-based)**

**Base year start**
January 1 2018

**Base year end**
December 31 2018

**Base year emissions (metric tons CO2e)**
7585

**Comment**
In 2019 we prepared and verified the inventory of Greenhouse Gas Emissions (GHG) corresponding to our operation in the period from January 1 to December 31 of 2018 for our assets and we defined that inventory as our emissions baseline for our climate change strategy. Our current GHG emissions inventory accounts for all emissions from operations over which IEnova has operational control. The emission factors and the global warming potential values used are those published by the Energy Regulatory Commission (CRE), Federal environmental authority (SEMARNAT) and by the National Commission for the Efficient Use of Energy (CONUEE) for 2019. Our scope 2 is defined as: Scope 2: Indirect GHG emissions that occur from the generation of purchased electricity consumed by the company. However, we will continue working on developing and strengthening our emissions reporting methodology to make sure it is aligned with best international practices and state-of-the-art emissions calculation procedures, specially for those emissions related to venting and leakages.

**Scope 2 (market-based)**

**Base year start**
January 1 2018

**Base year end**
December 31 2018

**Base year emissions (metric tons CO2e)**
0

**Comment**
IEnova has no market-based energy suppliers, for this reason we do not elaborate the calculation of the Scope 2 (market-based) baseline for our Greenhouse Gas Emissions inventory.

## C5.2

**(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.**

IPCC Guidelines for National Greenhouse Gas Inventories, 2006
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
Other, please specify (Mexico's national registry of Greenhouse Gases, better known as RENE for its acronym in Spanish; GWP used are those published by the Energy Regulatory Commission (CRE), and factor emissions published by Federal environmental authority (SEMARNAT))

## C5.2a

**(C5.2a) Provide details of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.**

Our GHG emissions inventory accounts for all emissions from operations over which IEnova has operational control. The emission factors and the global warming potential values used are those published by the Energy Regulatory Commission (CRE), Federal environmental authority (SEMARNAT) and by the National Commission for the Efficient Use of Energy (CONUEE) for 2019.

IEnova use specific methodologies and protocols for the followings GHG:

CO2: IPCC Fifth Assessment Report (AR5 - 100 year)

CH4: IPCC Fifth Assessment Report (AR5 - 100 year)

N2O: IPCC Fifth Assessment Report (AR5 - 100 year)

HFCs: IPCC Fifth Assessment Report (AR5 - 100 year)

Mexican standard that states agreement for the grouping of greenhouse gases and their global warming potential

2006 IPCC Guidelines for National Greenhouse Gas Inventories

The main activity data used were fuel consumption and amount of gas transported.

# C6. Emissions data

## C6.1

**(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?**

**Reporting year**

**Gross global Scope 1 emissions (metric tons CO2e)**
2347431

**Start date**
<Not Applicable>

**End date**
<Not Applicable>

**Comment**
Scope 1: Direct GHG emissions that occur from sources that are owned or controlled by the company. For the calculation of scope 1, we considered the emissions of our assets corresponding to the Mexicali thermoelectric plant, our Gas distribution, transport and storage assets, as well as our power generation plants. Scope 1 emissions show a reduction in comparison to 2018 due to an improvement in the process of emissions registration and measurement, more specifically from methane venting in pipelines.

## C6.2

**(C6.2) Describe your organization's approach to reporting Scope 2 emissions.**

**Row 1**

**Scope 2, location-based**
We are reporting a Scope 2, location-based figure

**Scope 2, market-based**
We have no operations where we are able to access electricity supplier emission factors or residual emissions factors and are unable to report a Scope 2, market-based figure

**Comment**
We use a methodology to calculate direct and indirect greenhouse gas emissions and comply with the guidelines of the General Climate Change Law and its Regulations, in the terms of the National Emissions Registry and its corresponding Agreements. Scope 2 are indirect GHG emissions that occur from the generation of purchased electricity consumed by the company. Our reporting of Scope 2 emissions currently only utilizes location-based electricity suppliers.

## C6.3

**(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?**

**Reporting year**

**Scope 2, location-based**
7947

**Scope 2, market-based (if applicable)**
<Not Applicable>

**Start date**
<Not Applicable>

**End date**
<Not Applicable>

**Comment**
For the calculation of scope 2, we considered the emissions of our assets corresponding to the Mexicali thermoelectric plant, our Gas distribution, transport and storage assets, as well as our power generation plants of Ventika and Energía Sierra Juárez.

## C6.4

**(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?**
No

## C6.5

**(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.**

**Purchased goods and services**

**Evaluation status**
Relevant, not yet calculated

**Metric tonnes CO2e**
<Not Applicable>

**Emissions calculation methodology**
<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**
<Not Applicable>

**Please explain**
We believe that emissions from the products that are purchased could significantly contribute to our scope 3 emissions and are deemed critical since one of the commitments of our Climate Change Strategy is to promote a corporate culture focused on raising awareness among all stakeholders about the magnitude of this challenge and the benefits associated with the action against climate change.

### Capital goods

**Evaluation status**
Not relevant, explanation provided

**Metric tonnes CO2e**
<Not Applicable>

**Emissions calculation methodology**
<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**
<Not Applicable>

**Please explain**
Emissions related to the purchase of capital goods, such as pipelines, has been estimated. However, compared to other scope 3 emission sources, it has been identified as not relevant since they represent less than 5% of scope 3 emissions as per our estimates.

### Fuel-and-energy-related activities (not included in Scope 1 or 2)

**Evaluation status**
Not relevant, explanation provided

**Metric tonnes CO2e**
<Not Applicable>

**Emissions calculation methodology**
<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**
<Not Applicable>

**Please explain**
Emissions from fuel-and-energy-related activities upstream could arise from the extraction and transportation of natural gas. IEnova's influence on emissions related to the upstream processes related to the extraction and transportation of natural gas is very low since there are many different natural gas buyers in the international markets that in many cases are far bigger and with more influence than IEnova.

### Upstream transportation and distribution

**Evaluation status**
Not relevant, explanation provided

**Metric tonnes CO2e**
<Not Applicable>

**Emissions calculation methodology**
<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**
<Not Applicable>

**Please explain**
Emissions from upstream transportation and distribution could arise from the transportation of natural gas. IEnova's influence on emissions related to the upstream processes related to the transportation of natural gas is very low since there are many different natural gas buyers in the international markets that in many cases are far bigger and with more influence than IEnova.

### Waste generated in operations

**Evaluation status**
Not relevant, explanation provided

**Metric tonnes CO2e**
<Not Applicable>

**Emissions calculation methodology**
<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**
<Not Applicable>

**Please explain**
Emissions related to waste generated in operations, compared to other scope 3 emission sources, it has been identified as not relevant since they represent less than 5% of scope 3 emissions as per our estimates.

### Business travel

**Evaluation status**
Not relevant, calculated

**Metric tonnes CO2e**
1149

**Emissions calculation methodology**
From 2019 we include emissions from flights from all company employees. We have flight primary data with which we work: we use GHG factors based on the distance travelled.

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**
100

**Please explain**
In 2019 we calculated emissions from business travel by plane for the first time. We consider as Scope 3 emissions those indirect GHG emissions that are a consequence of the activities of the company but occur from sources not owned nor controlled by the company (excluding those reported in Scope 2).

### Employee commuting

**Evaluation status**
Not relevant, explanation provided

**Metric tonnes CO2e**
<Not Applicable>

**Emissions calculation methodology**
<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**
<Not Applicable>

**Please explain**
Emissions related to employee commuting, compared to other scope 3 emission sources, it has been identified as not relevant since they represent less than 5% of scope 3 emissions as per our estimates.

### Upstream leased assets

**Evaluation status**
Not relevant, explanation provided

**Metric tonnes CO2e**
<Not Applicable>

**Emissions calculation methodology**
<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**
<Not Applicable>

**Please explain**
Emissions from downstream lease assets are not relevant since we have not leased asset downstream.

### Downstream transportation and distribution

**Evaluation status**
Not evaluated

**Metric tonnes CO2e**
<Not Applicable>

**Emissions calculation methodology**
<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**
<Not Applicable>

**Please explain**
Emissions from downstream transportation and distribution could arise from the losses due to leaks and fugitive emissions from from downstream users or clients.

### Processing of sold products

**Evaluation status**
Not relevant, explanation provided

**Metric tonnes CO2e**
<Not Applicable>

**Emissions calculation methodology**
<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**
<Not Applicable>

**Please explain**
Electricity and natural gas are not processed in any way before been sold.

### Use of sold products

**Evaluation status**
Relevant, calculated

**Metric tonnes CO2e**
17913714

**Emissions calculation methodology**
We consider as Scope 3 emissions those indirect GHG emissions that are a consequence of the activities of the company but occur from sources not owned nor controlled by the company (excluding those reported in Scope 2). Emissions from the use of sold products are mainly due to the consumption of natural gas as fuel by our customers or downstream users.

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**
99.99

**Please explain**
In 2019 we considered the emissions information from clients combustion of the natural gas we supply and business trips by plane for our scope 3 calculation methodology. The GHG emissions by the category of use of sold products are obtained from two main business segments. The first source refers to ECOGAS customers, who are mostly industrial, residential and service clients; this division emits 2,206,999 tCO2e. On the other hand, the clients of our Gas division, which are mostly industrials, traders and transporters, emit 15,707,014 tCO2e.

### End of life treatment of sold products

**Evaluation status**
Not relevant, explanation provided

**Metric tonnes CO2e**
<Not Applicable>

**Emissions calculation methodology**
<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**
<Not Applicable>

**Please explain**
Electricity and natural gas do not suffer any end of life treatment.

### Downstream leased assets

**Evaluation status**
Not relevant, explanation provided

**Metric tonnes CO2e**
<Not Applicable>

**Emissions calculation methodology**
<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**
<Not Applicable>

**Please explain**
Due to the sector characteristics, the impact is considered not relevant, because it does not apply to the IEnova activities and operations since we do not have franchises.

### Franchises

**Evaluation status**
Not relevant, explanation provided

**Metric tonnes CO2e**
<Not Applicable>

**Emissions calculation methodology**
<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**
<Not Applicable>

**Please explain**
Due to the sector characteristics, the impact is considered not relevant, because it does not apply to the IEnova activities and operations since we do not have franchises.

### Investments

**Evaluation status**
Not relevant, explanation provided

**Metric tonnes CO2e**
<Not Applicable>

**Emissions calculation methodology**
<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**
<Not Applicable>

**Please explain**
We do not have investments in assets that are not under our operational control.

### Other (upstream)

**Evaluation status**
Not relevant, explanation provided

**Metric tonnes CO2e**
<Not Applicable>

**Emissions calculation methodology**
<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**
<Not Applicable>

**Please explain**
We do not have other relevant upstream emissions

**Other (downstream)**

**Evaluation status**
Not relevant, explanation provided

**Metric tonnes CO2e**
<Not Applicable>

**Emissions calculation methodology**
<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**
<Not Applicable>

**Please explain**
We do not have other relevant downstream emissions

## C6.7

**(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?**
No

## C6.10

**(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.**

**Intensity figure**
0.0017

**Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)**
2355378

**Metric denominator**
unit total revenue

**Metric denominator: Unit total**
1379300000

**Scope 2 figure used**
Location-based

**% change from previous year**
10.5

**Direction of change**
Decreased

**Reason for change**
In 2019, our Scope 1 and Scope 2 greenhouse gas emissions were 2,355,377 metric tons of CO2 equivalent, referred to as ton CO2eq. This represented a 9% decrease with respect to 2018 mainly due to the fact that we generated more renewable electric power because we used more detailed records and updated our methodology for measuring fugitive and venting emissions.

# C7. Emissions breakdowns

## C7.1

**(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?**
Yes

## C7.1a

**(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).**

| Greenhouse gas | Scope 1 emissions (metric tons of CO2e) | GWP Reference |
|---|---|---|
| CO2 | 2179158.851 | Other, please specify (Mexican standard that states agreement for the grouping of greenhouse gases and their global warming potential) |
| CH4 | 166992 | Other, please specify (Mexican standard that states agreement for the grouping of greenhouse gases and their global warming potential) |
| N2O | 1105.05 | Other, please specify (Mexican standard that states agreement for the grouping of greenhouse gases and their global warming potential) |

## C-EU7.1b

**(C-EU7.1b) Break down your total gross global Scope 1 emissions from electric utilities value chain activities by greenhouse gas type.**

| | Gross Scope 1 CO2 emissions (metric tons CO2) | Gross Scope 1 methane emissions (metric tons CH4) | Gross Scope 1 SF6 emissions (metric tons SF6) | Total gross Scope 1 emissions (metric tons CO2e) | Comment |
|---|---|---|---|---|---|
| Fugitives | 0 | 278.14 | 0 | 7787.92 | Fugitive emissions come from our gas transportation segment |
| Combustion (Electric utilities) | 1599936 | 29 | | 1601633.766 | This figure represent the electric energy generation from our TDM electric power plant. |
| Combustion (Gas utilities) | 522327 | 4038 | | 635681 | These emissions come primarily from our gas transportation segment |
| Combustion (Other) | 55662 | 2 | 0 | 55750 | These emissions come from our liquefied natural gas storage facility (ECA) |
| Emissions not elsewhere classified | 0 | 0 | 0 | 0 | |

## C7.2

**(C7.2) Break down your total gross global Scope 1 emissions by country/region.**

| Country/Region | Scope 1 emissions (metric tons CO2e) |
|---|---|
| Mexico | 2347430 |

## C7.3

**(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.**

By business division
By facility
By activity

## C7.3a

**(C7.3a) Break down your total gross global Scope 1 emissions by business division.**

| Business division | Scope 1 emissions (metric ton CO2e) |
|---|---|
| IEnova operations are divided between two business segments, the first one is natural gas, which includes the following assets in operation: transportation pipelines, LNG storage and gas distribution. | 745447 |
| IEnova operations are between two business segments, the second one is power generation. The main emissions source of this segment is the TDM asset which corresponds to a thermoelectric power plant and have a capacity of 625 MW. We have also installed a capacity of 658 MW of solar and wind power plants. This figure corresponds to both renewable and non renewable emissions generated. | 1601983 |

## C7.3b

**(C7.3b) Break down your total gross global Scope 1 emissions by business facility.**

| Facility | Scope 1 emissions (metric tons CO2e) | Latitude | Longitude |
|---|---|---|---|
| Mexicali Thermoelectric Plant (TDM) | 1601634 | 32.600491 | -115.66017 |
| ECOGAS | 54017 | 32.638544 | -115.448001 |
| West Transportation Include the following assets: Rosarito Pipeline (GR), Transportadora de Gas Natural de Baja California (TGN), Sonora Pipeline (Sásabe-Guaymas Segment), Sonora Pipeline (Guaymas-El Oro Segment), Ramal Empalme, Aguaprieta Pipeline (GAP), Naco Compression Station, San Isidro- Samalayuca Pipeline, Ojinaga - El Encino Pipeline | 106890 | | |
| East Transportation Include the following assets: Los Ramones Pipeline, Los Ramones Norte Pipeline, TDF LPG Transportation System, San Fernando Pipeline, Ethane Pipeline, SouthTexas – Tuxpan Pipeline. | 528790 | | |
| Costa Azul Energy (ECA) | 55750 | 32.001191 | -116.837279 |
| Sierra Juárez Energy (ESJ) | 105 | 32.559433 | -116.054337 |
| Ventika | 244 | 25.767902 | -98.749987 |

## C7.3c

**(C7.3c) Break down your total gross global Scope 1 emissions by business activity.**

| Activity | Scope 1 emissions (metric tons CO2e) |
|---|---|
| Gas pipelines transportation | 635681 |
| Gas storage: IEnova LNG storage | 55750 |
| Gas distribution: Ecogas is the IEnova asset for natural gas distribution. | 54017 |
| Power generation: This is made up of Termoeléctrica De Mexicali (TDM), and the renewable energy assets (Energía Sierra Juárez, Ventika). | 1601983 |

## C-CE7.4/C-CH7.4/C-CO7.4/C-EU7.4/C-MM7.4/C-OG7.4/C-ST7.4/C-TO7.4/C-TS7.4

**(C-CE7.4/C-CH7.4/C-CO7.4/C-EU7.4/C-MM7.4/C-OG7.4/C-ST7.4/C-TO7.4/C-TS7.4) Break down your organization's total gross global Scope 1 emissions by sector production activity in metric tons CO2e.**

| | Gross Scope 1 emissions, metric tons CO2e | Net Scope 1 emissions , metric tons CO2e | Comment |
|---|---|---|---|
| Cement production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Chemicals production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Coal production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Electric utility activities | 1601983 | <Not Applicable> | Our scope 1 emissions from our Power Segment include emissions from our Termmoeléctrica de Mexicali (TDM) power plant, the Energía Sierra Juárez and Ventika renewable power plants. |
| Metals and mining production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Oil and gas production activities (upstream) | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Oil and gas production activities (midstream) | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Oil and gas production activities (downstream) | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Steel production activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Transport OEM activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Transport services activities | <Not Applicable> | <Not Applicable> | <Not Applicable> |

## C7.5

**(C7.5) Break down your total gross global Scope 2 emissions by country/region.**

| Country/Region | Scope 2, location-based (metric tons CO2e) | Scope 2, market-based (metric tons CO2e) | Purchased and consumed electricity, heat, steam or cooling (MWh) | Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh) |
|---|---|---|---|---|
| Mexico | 7947 | 0 | 0 | 0 |

## C7.6

**(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.**

By business division
By facility
By activity

## C7.6a

**(C7.6a) Break down your total gross global Scope 2 emissions by business division.**

| Business division | Scope 2, location-based (metric tons CO2e) | Scope 2, market-based (metric tons CO2e) |
|---|---|---|
| IEnova operations are divided between two business segments, the first one is gas, which includes the following assets in operation: pipelines, storage and distribution. | 3730 | 0 |
| IEnova operations are divided between two business segments, the second one is electricity generation. | 4217 | 0 |

## C7.6b

**(C7.6b) Break down your total gross global Scope 2 emissions by business facility.**

| Facility | Scope 2, location-based (metric tons CO2e) | Scope 2, market-based (metric tons CO2e) |
|---|---|---|
| Mexicali Thermoelectric Plant (TDM) | 2367 | 0 |
| ECOGAS | 383 | 0 |
| West Transportation | 859 | 0 |
| East Transportation | 2489 | 0 |
| Costa Azul Energy (ECA) | 0 | 0 |
| Sierra Juárez Energy (ESJ) | 270 | 0 |
| Ventika | 1580 | 0 |

## C7.6c

**(C7.6c) Break down your total gross global Scope 2 emissions by business activity.**

| Activity | Scope 2, location-based (metric tons CO2e) | Scope 2, market-based (metric tons CO2e) |
|---|---|---|
| Gas pipelines transportation | 3347 | 0 |
| Gas storage | 0 | 0 |
| Gas distribution | 383 | 0 |
| Power generation | 4217 | 0 |

## C7.9

**(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?**

Decreased

## C7.9a

**(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.**

| | Change in emissions (metric tons CO2e) | Direction of change | Emissions value (percentage) | Please explain calculation |
|---|---|---|---|---|
| Change in renewable energy consumption | 0 | No change | 0 | |
| Other emissions reduction activities | 0 | No change | 0 | |
| Divestment | 0 | No change | 0 | |
| Acquisitions | 0 | No change | 0 | |
| Mergers | 0 | No change | 0 | |
| Change in output | 0 | No change | 0 | |
| Change in methodology | 232175 | Decreased | 9 | The decrease in scope 1 emissions it is mainly due to a change in the methodology for calculating emissions from transportation segment vents. |
| Change in boundary | 0 | No change | 0 | |
| Change in physical operating conditions | 0 | No change | 0 | |
| Unidentified | 0 | No change | 0 | |
| Other | 362 | Increased | 4.77 | The increase in scope 2 emissions is mainly due to an increase on electricity consumption in our transport segment and the TDM asset. |

## C7.9b

**(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?**

Location-based

# C8. Energy

## C8.1

**(C8.1) What percentage of your total operational spend in the reporting year was on energy?**

More than 40% but less than or equal to 45%

## C8.2

**(C8.2) Select which energy-related activities your organization has undertaken.**

| | Indicate whether your organization undertook this energy-related activity in the reporting year |
|---|---|
| Consumption of fuel (excluding feedstocks) | Yes |
| Consumption of purchased or acquired electricity | Yes |
| Consumption of purchased or acquired heat | No |
| Consumption of purchased or acquired steam | No |
| Consumption of purchased or acquired cooling | No |
| Generation of electricity, heat, steam, or cooling | Yes |

## C8.2a

**(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.**

| | Heating value | MWh from renewable sources | MWh from non-renewable sources | Total (renewable and non-renewable) MWh |
|---|---|---|---|---|
| Consumption of fuel (excluding feedstock) | LHV (lower heating value) | 0 | 10756830 | 10756830 |
| Consumption of purchased or acquired electricity | <Not Applicable> | 0 | 18106 | 18106 |
| Consumption of purchased or acquired heat | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Consumption of purchased or acquired steam | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Consumption of purchased or acquired cooling | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Consumption of self-generated non-fuel renewable energy | <Not Applicable> | 0 | <Not Applicable> | 0 |
| Total energy consumption | <Not Applicable> | 0 | 10774936 | 10774936 |

## C8.2b

**(C8.2b) Select the applications of your organization's consumption of fuel.**

| | Indicate whether your organization undertakes this fuel application |
|---|---|
| Consumption of fuel for the generation of electricity | Yes |
| Consumption of fuel for the generation of heat | No |
| Consumption of fuel for the generation of steam | No |
| Consumption of fuel for the generation of cooling | No |
| Consumption of fuel for co-generation or tri-generation | No |

## C8.2c

**(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.**

**Fuels (excluding feedstocks)**
Natural Gas

**Heating value**
LHV (lower heating value)

**Total fuel MWh consumed by the organization**
10723692

**MWh fuel consumed for self-generation of electricity**
268957

**MWh fuel consumed for self-generation of heat**
0

**MWh fuel consumed for self-generation of steam**
<Not Applicable>

**MWh fuel consumed for self-generation of cooling**
<Not Applicable>

**MWh fuel consumed for self-cogeneration or self-trigeneration**
<Not Applicable>

**Emission factor**
56.1

**Unit**
kg CO2 per GJ

**Emissions factor source**
AGREEMENT that establishes the technical characteristics and formulas for the application of methodologies for calculating greenhouse gas or compound emissions. (DOF: 09/03/2015), https://goo.gl/xqPf73 and IPCC Guidelines for National Greenhouse Gas Inventories, 2006.

**Comment**
IEnova' consumption of natural gas is only for electricity generation. Only 2.51% of the natural gas consumption is used for self-generation of electricity, while the remaining 97.49% is used for the generation of electricity that is sold to the market.

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**Fuels (excluding feedstocks)**
Diesel

**Heating value**
LHV (lower heating value)

**Total fuel MWh consumed by the organization**
15003

**MWh fuel consumed for self-generation of electricity**
0

**MWh fuel consumed for self-generation of heat**
0

**MWh fuel consumed for self-generation of steam**
<Not Applicable>

**MWh fuel consumed for self-generation of cooling**
<Not Applicable>

**MWh fuel consumed for self-cogeneration or self-trigeneration**
<Not Applicable>

**Emission factor**
74.1

**Unit**
kg CO2 per GJ

**Emissions factor source**
AGREEMENT that establishes the technical characteristics and formulas for the application of methodologies for calculating greenhouse gas or compound emissions. (DOF: 09/03/2015), https://goo.gl/xqPf73 and IPCC Guidelines for National Greenhouse Gas Inventories, 2006.

**Comment**
Diesel and gasoline are accounted together for reporting issues, the reason why the value above represents both fuels. IEnova' consumptions of Diesel and gasoline are only for vehicles and emergency plants.

**Fuels (excluding feedstocks)**
Liquefied Petroleum Gas (LPG)

**Heating value**
LHV (lower heating value)

**Total fuel MWh consumed by the organization**
0.03

**MWh fuel consumed for self-generation of electricity**
0

**MWh fuel consumed for self-generation of heat**
0

**MWh fuel consumed for self-generation of steam**
<Not Applicable>

**MWh fuel consumed for self-generation of cooling**
<Not Applicable>

**MWh fuel consumed for self-cogeneration or self-trigeneration**
<Not Applicable>

**Emission factor**
63.1

**Unit**
kg CO2 per GJ

**Emissions factor source**
AGREEMENT that establishes the technical characteristics and formulas for the application of methodologies for calculating greenhouse gas or compound emissions. (DOF: 09/03/2015), https://goo.gl/xqPf73 and IPCC Guidelines for National Greenhouse Gas Inventories, 2006.

**Comment**
IEnova' consumption of LPG is only for kitchens and lift truckers.

## C8.2d

**(C8.2d) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.**

| | Total Gross generation (MWh) | Generation that is consumed by the organization (MWh) | Gross generation from renewable sources (MWh) | Generation from renewable sources that is consumed by the organization (MWh) |
|---|---|---|---|---|
| Electricity | 5592040 | 43944 | 1724045 | 0 |
| Heat | 0 | 0 | 0 | 0 |
| Steam | 0 | 0 | 0 | 0 |
| Cooling | 0 | 0 | 0 | 0 |

## C-EU8.2d

**(C-EU8.2d) For your electric utility activities, provide a breakdown of your total power plant capacity, generation, and related emissions during the reporting year by source.**

**Coal – hard**

**Nameplate capacity (MW)**
0

**Gross electricity generation (GWh)**
0

**Net electricity generation (GWh)**
0

**Absolute scope 1 emissions (metric tons CO2e)**
0

**Scope 1 emissions intensity (metric tons CO2e per GWh)**
0

**Comment**

**Lignite**

**Nameplate capacity (MW)**
0

**Gross electricity generation (GWh)**
0

**Net electricity generation (GWh)**
0

**Absolute scope 1 emissions (metric tons CO2e)**
0

**Scope 1 emissions intensity (metric tons CO2e per GWh)**
0

**Comment**

**Oil**

**Nameplate capacity (MW)**
0

**Gross electricity generation (GWh)**
0

**Net electricity generation (GWh)**
0

**Absolute scope 1 emissions (metric tons CO2e)**
0

**Scope 1 emissions intensity (metric tons CO2e per GWh)**
0

**Comment**

**Gas**

**Nameplate capacity (MW)**
625

**Gross electricity generation (GWh)**
3824.05

**Net electricity generation (GWh)**
3719.49

**Absolute scope 1 emissions (metric tons CO2e)**
1601634

**Scope 1 emissions intensity (metric tons CO2e per GWh)**
430.6

**Comment**
The Mexicali Thermoelectric Power Plant (TDM) is the main GHG emissions source and represent the 68% of the total GHG emissions inventory of IEnova. Scope 1 emissions intensity were calculated with net electricity generation as the denominator.

**Biomass**

**Nameplate capacity (MW)**
0

**Gross electricity generation (GWh)**
0

**Net electricity generation (GWh)**
0

**Absolute scope 1 emissions (metric tons CO2e)**
0

**Scope 1 emissions intensity (metric tons CO2e per GWh)**
0

**Comment**

**Waste (non-biomass)**

**Nameplate capacity (MW)**
0

**Gross electricity generation (GWh)**
0

**Net electricity generation (GWh)**
0

**Absolute scope 1 emissions (metric tons CO2e)**
0

**Scope 1 emissions intensity (metric tons CO2e per GWh)**
0

**Comment**

**Nuclear**

**Nameplate capacity (MW)**
0

**Gross electricity generation (GWh)**
0

**Net electricity generation (GWh)**
0

**Absolute scope 1 emissions (metric tons CO2e)**
0

**Scope 1 emissions intensity (metric tons CO2e per GWh)**
0

**Comment**

**Fossil-fuel plants fitted with CCS**

**Nameplate capacity (MW)**
0

**Gross electricity generation (GWh)**
0

**Net electricity generation (GWh)**
0

**Absolute scope 1 emissions (metric tons CO2e)**
0

**Scope 1 emissions intensity (metric tons CO2e per GWh)**
0

**Comment**

**Geothermal**

**Nameplate capacity (MW)**
0

**Gross electricity generation (GWh)**
0

**Net electricity generation (GWh)**
0

**Absolute scope 1 emissions (metric tons CO2e)**
0

**Scope 1 emissions intensity (metric tons CO2e per GWh)**
0

**Comment**

**Hydropower**

**Nameplate capacity (MW)**
0

**Gross electricity generation (GWh)**
0

**Net electricity generation (GWh)**
0

**Absolute scope 1 emissions (metric tons CO2e)**
0

**Scope 1 emissions intensity (metric tons CO2e per GWh)**
0

**Comment**

**Wind**

**Nameplate capacity (MW)**
407

**Gross electricity generation (GWh)**
1342.59

**Net electricity generation (GWh)**
1312.99

**Absolute scope 1 emissions (metric tons CO2e)**
349

**Scope 1 emissions intensity (metric tons CO2e per GWh)**
0.26

**Comment**
The Ventika and Sierra Juárez Power plants are two of the most important assets of the power segment because have a installed capacity of 407 MW and generate 0.2599 tCO2e per GWh generated.

**Solar**

**Nameplate capacity (MW)**
251

**Gross electricity generation (GWh)**
381.46

**Net electricity generation (GWh)**
375.52

**Absolute scope 1 emissions (metric tons CO2e)**
0

**Scope 1 emissions intensity (metric tons CO2e per GWh)**
0

**Comment**
In 2019 we had installed 251 MW from solar power generation plants: Pima and Rumorosa. Scope 1 emissions have not been calculated.

**Marine**

**Nameplate capacity (MW)**
0

**Gross electricity generation (GWh)**
0

**Net electricity generation (GWh)**
0

**Absolute scope 1 emissions (metric tons CO2e)**
0

**Scope 1 emissions intensity (metric tons CO2e per GWh)**
0

**Comment**

**Other renewable**

**Nameplate capacity (MW)**
0

**Gross electricity generation (GWh)**
0

**Net electricity generation (GWh)**
0

**Absolute scope 1 emissions (metric tons CO2e)**
0

**Scope 1 emissions intensity (metric tons CO2e per GWh)**
0

**Comment**

**Other non-renewable**

**Nameplate capacity (MW)**
0

**Gross electricity generation (GWh)**
0

**Net electricity generation (GWh)**
0

**Absolute scope 1 emissions (metric tons CO2e)**
0

**Scope 1 emissions intensity (metric tons CO2e per GWh)**
0

**Comment**

**Total**

**Nameplate capacity (MW)**
1283

**Gross electricity generation (GWh)**
5592.04

**Net electricity generation (GWh)**
5408.02

**Absolute scope 1 emissions (metric tons CO2e)**
1601983

**Scope 1 emissions intensity (metric tons CO2e per GWh)**
296.22

**Comment**
Our power segment are divided into renewable and non renewable power generation sources. 2019 was the first year in which our renewable capacity installed were more than our non renewable power plant of Mexicali.

## C-EU8.4

**(C-EU8.4) Does your electric utility organization have a transmission and distribution business?**
No

## C9. Additional metrics

## C9.1

**(C9.1) Provide any additional climate-related metrics relevant to your business.**

**Description**
Waste

**Metric value**
8603

**Metric numerator**
Total non-hazardous waste generated (tons)

**Metric denominator (intensity metric only)**

**% change from previous year**
16.09

**Direction of change**
Decreased

**Please explain**
In order to manage waste, we collaborate with specialized and authorized companies that dispose them adequately. Regarding waste whose natural, physical chemistry allow it, we work alongside suppliers who recycle or reuse the waste products. We strive to working with providers that recycle or reuse the waste we generate in all our facilities. As every year, 100% of our waste is managed according to local or federal regulation and disposed in authorized sites only.

## C-EU9.5a

**(C-EU9.5a) Break down, by source, your total planned CAPEX in your current CAPEX plan for power generation.**

| Primary power generation source | CAPEX planned for power generation from this source | Percentage of total CAPEX planned for power generation | End year of CAPEX plan | Comment |
|---|---|---|---|---|
| Other, please specify ( solar and liquid terminal projects) | 679000000 | 90.28 | 2020 | In 2019, net cash used in investing activities was $655.0 million, mainly due to capital expenditures of $613.6 million primarily related to the solar and liquid terminal projects. |

## C-EU9.5b

**(C-EU9.5b) Break down your total planned CAPEX in your current CAPEX plan for products and services (e.g. smart grids, digitalization, etc.).**

| Products and services | Description of product/service | CAPEX planned for product/service | Percentage of total CAPEX planned products and services | End of year CAPEX plan |
|---|---|---|---|---|
| Other, please specify (Energy Production) | In 2019, net cash used in investing activities was $655.0 million, mainly due to capital expenditures of $613.6 million primarily related to the solar and liquid terminal projects. | 613600000 | 90.2 | 2020 |
| Smart appliances | We launched the “Take care of and manage your consumption” (“Cuida y administra tu consumo”) program with existing customers, through the installation of 1,200 prepaid smart meters. This project consisits on the replacement of 6,500 residential meters and 50 analog commercial meters with smart meters from active customers. | | | 2020 |

## C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6

**(C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6) Does your organization invest in research and development (R&D) of low-carbon products or services related to your sector activities?**

| | Investment in low-carbon R&D | Comment |
|---|---|---|
| Row 1 | No | In order to adress Global Goals related to the Climate Change, we invested USD$6.83 million in communities and projects related to environment, health, safety, and compliance. Through these activities, we promote the development of a more sustainable environment for our country and our communities. We have reaffirmed our commitment to the United Nations'Ten Principles of the Global Compact and Sustainable Development Goals (SDGs). |

# C10. Verification

## C10.1

**(C10.1) Indicate the verification/assurance status that applies to your reported emissions.**

| | Verification/assurance status |
|---|---|
| Scope 1 | Third-party verification or assurance process in place |
| Scope 2 (location-based or market-based) | No emissions data provided |
| Scope 3 | Third-party verification or assurance process in place |

## C10.1a

**(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.**

**Verification or assurance cycle in place**
Annual process

**Status in the current reporting year**
Underway but not complete for reporting year – previous statement of process attached

**Type of verification or assurance**
Limited assurance

**Attach the statement**
IEnova_2019_REPORT (1) ENGLISH.pdf

**Page/ section reference**
The Independent Assurance Report was published in our Annual Report on page 182. The assurance process was performed according to ISAE 3000 principles and include the verification of our energy consumption and Scope 1, 2 and 3 emissions of our operations according the following contents of the GRI Standards methodology: 302-1: Energy consumption within the organization 305-1: Direct GHG Emissions (Scope 1)

**Relevant standard**
ISAE3000

**Proportion of reported emissions verified (%)**
100

## C10.1c

**(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.**

**Scope 3 category**
Scope 3: Use of sold products

**Verification or assurance cycle in place**
Annual process

**Status in the current reporting year**
Complete

**Type of verification or assurance**
Limited assurance

**Attach the statement**
IEnova_2019_REPORT (1) ENGLISH.pdf

**Page/section reference**
The Independent Assurance Report was published in our Annual Report on page 182. The assurance process was performed according to ISAE 3000 principles and include the verification of our energy consumption and Scope 1, 2 and 3 emissions of our operations. We Consider Clients' combustion of the natural gas we supply and business trips by plane to calculate our scope 3 emissions.

**Relevant standard**
ISAE3000

**Proportion of reported emissions verified (%)**
100

## C10.2

**(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?**
Yes

## C10.2a

**(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?**

| Disclosure module verification relates to | Data verified | Verification standard | Please explain |
|---|---|---|---|
| C8. Energy | Energy consumption | ISAE 3000 by the IAASB/IFAC considering the Global Reporting Initiative Standards | We conducted an assurance process of some relevant indicators that we constantly publish in our Sustainability and Financial Report. This report were elaborated considering the methodology of the Standards of the Global Reporting Initiative. One of the contents we verified were: 302-1: Energy Consumption |
| C7. Emissions breakdown | Other, please specify (Scope 1, 2 and 3 emissions breakdown) | ISAE 3000 by the IAASB/IFAC considering the Global Reporting Initiative Standards | We conducted an assurance process of some relevant indicators that we constantly publish in our Sustainability and Financial Report. This report were elaborated considering the methodology of the Standards of the Global Reporting Initiative. Some contents we verified were: 305-1: Direct GHG Emissions 305-2: Energy Indirect GHG Emissions 305-3: Other Indirect GHG emissions 305-5: Reduction of GHG emissions |
| C9. Additional metrics | Other, please specify (Environmental Performance Indicators) | ISAE 3000 by the IAASB/IFAC considering the Global Reporting Initiative Standards | We conducted an assurance process of some relevant indicators that we constantly publish in our Sustainability and Financial Report. This report were elaborated considering the methodology of the Standards of the Global Reporting Initiative. Some contents we verified were: 303-1: Interactions with water as shared resource 303-3: Water withdrawal 304-1: Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas 304-2:Significant impacts of activities, products, and services on biodiversity 304-3: Habitats protected or restored 306-3: Significant spills 307-1: Non-compliance with environmental laws and regulations |

## C11. Carbon pricing

### C11.1

**(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?**
Yes

### C11.1a

**(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.**
California CaT - ETS

### C11.1b

**(C11.1b) Complete the following table for each of the emissions trading schemes you are regulated by.**

**California CaT**

**% of Scope 1 emissions covered by the ETS**
68.23

**% of Scope 2 emissions covered by the ETS**
29.78

**Period start date**
January 1 2019

**Period end date**
December 31 2019

**Allowances allocated**
427581

**Allowances purchased**
1425270

**Verified Scope 1 emissions in metric tons CO2e**
1421739.29

**Verified Scope 2 emissions in metric tons CO2e**
2207.28

**Details of ownership**
Facilities we own and operate

**Comment**
The Company is required by California Assembly Bill 32 to acquire carbon allowance for every metric ton of carbon dioxide equivalent emitted into the atmosphere during electricity generation. Under the bill, TDM is subject to this extraterritorial regulation, despite being located in Baja California, Mexico since their end users are located in California, U. S. Verified Scope 1 and 2 emissions correspond to 2018, since we have not verified 2019 emissions yet.

## C11.1d

**(C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?**

On the California's Greenhouse Gas Cap and Trade Program, IEnova seeks to reduce GHG emissions in order to minimize the risks arising from the purchase of carbon credits and maximize opportunities to reduce these emissions in the most cost-effective way possible. IEnova determines compliance with the obligation based on the log of emissions necessary for the fulfilment of this obligation.

The third point of our climate change strategy, "Managing the risks and opportunities of climate change", focuses on integrating climate change risks and opportunities into IEnova's internal management. Within our lines of action on this issue, we include the establishment of corporate management for our participation in the Emissions Trading System with a focus on opportunity and cost-effective compliance. If necessary, we are going to develop emissions mitigation or reduction projects.

Actually, we have our climate change strategy available for consultation with our stakeholders on our website (https://www.ienova.com.mx/pdf/english/Climate_Change_Strategy.pdf)

The mexican GHG emissions trading system started on January 1, 2020, the first three years are going to be part of a test phase where TDM will be an asset subject to this new regulation. We will be defining under what Emissions trading system TDM will be subject to as it is currently governed by the emissions trading system of California, United States.

## C11.2

**(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?**

No

## C11.3

**(C11.3) Does your organization use an internal price on carbon?**

No, and we do not currently anticipate doing so in the next two years

# C12. Engagement

## C12.1

**(C12.1) Do you engage with your value chain on climate-related issues?**

Yes, our suppliers

Yes, our customers

## C12.1a

**(C12.1a) Provide details of your climate-related supplier engagement strategy.**

**Type of engagement**
Compliance & onboarding

**Details of engagement**
Other, please specify (Purchasing Policy with environmental sustainability requirements)

**% of suppliers by number**
100

**% total procurement spend (direct and indirect)**

**% of supplier-related Scope 3 emissions as reported in C6.5**

**Rationale for the coverage of your engagement**
The Company's Goods and Services Suppliers shall ensure their due compliance with the laws and regulations applicable and related to the environment, as well as their commitment to preserve the environment by preventing adverse environmental impacts caused by their operations and ensuring the performance of environmentally-safe, efficient and friendly activities.

**Impact of engagement, including measures of success**
The Procurement Policy provides the guide for the acquisition of Goods and Services via Purchase Orders or Contracts to ensure that we are pursuant to the Code of Ethics and the best business practices. IEnova's objective, through the Supply Chain Department, is to guarantee the supply of goods and services are in accordance with the established policies, including environmental and climate change policies. All our suppliers are obliged to agree on our Purchasing Policy.

**Comment**
Each year, every Purchasing Manager and/or executive shall make a list of every supplier who offered and sold Critical Goods or Services to the Company. These suppliers are defined under the following criteria: time, cost, quality, service, safety, environmental practices, compliance and the aforementioned elements (see Critical Supplier Evaluation Procedure, and the Sustainability Report 2019). The Supplier Conduct Guidelines are mandatory for both existent and new suppliers. Considering that IEnova has suppliers from different sectors and of all sizes, the Company cannot, yet, require them all to have sustainable procurement policies for their own suppliers. Nevertheless, all IEnova's critical suppliers are evaluated under ESG metrics that demand such practices. http://www.ienova.com.mx/pdf/english/Lineamientos-IEnova.pdf Every two years, IEnova asks its critical suppliers to respond to a sustainability evaluation which is a questionnaire that includes sustainability matters such as child labor, fair compensation, health and safety, and business ethics, among others. Based on their answers, they are evaluated and categorized under one of the following groups: Group 1: Advanced state of implementation of sustainability practices. Group 2: Intermediate state of implementation of sustainability practices. Group 3: Initial state of implementation of sustainability practices. Those on Group 3 are regarded as high-sustainability risk suppliers. Thus, IEnova provides feedback and asks them to deliver an action plan to be worked out together in order to raise their sustainability practices and keep on with the contractual relationship.

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**Type of engagement**
Information collection (understanding supplier behavior)

**Details of engagement**
Collect climate change and carbon information at least annually from suppliers

**% of suppliers by number**
100

**% total procurement spend (direct and indirect)**

**% of supplier-related Scope 3 emissions as reported in C6.5**

**Rationale for the coverage of your engagement**
To ensure the compliance with our Purchasing Policy and evaluate critical suppliers on sustainability issues, we have started to collect data on social an environmental practices of our suppliers this first information collection process will help us ensure due compliance with the laws and regulations, identify best practices and establish a baseline on sustainability performance, identify risks in our supply chain, develop and implement actions plans. As a first step, we are only evaluating tier 1 critical suppliers since we have a strong business relationship with them and believe that our reputational and operational risks lay mainly on those suppliers.

**Impact of engagement, including measures of success**
In 2018, we started to perform essential sustainability criteria requirements surveys with key or critical IEnova suppliers. Our challenges for 2019 include: - Reinforce digital communication with our key suppliers on the sustainability requirements established in our Procurement Policy. - Inform IEnova suppliers when the 2018 Sustainability Report and the Guidelines for Supplier Behavior are published. - Perform essential sustainability criteria requirements surveys with key or critical IEnova suppliers. - Monitor corrective actions implemented by key suppliers as a result of the sustainability criteria survey applied in 2018. - Update and communicate sustainability criteria in the procedure to evaluate critical suppliers on sustainability issues. - Draft a supplier development plan (phase I)

**Comment**
The process of evaluating critical suppliers for sustainability risk takes place every 2 years. In 2018, there were 223 critical, tier-1 suppliers. Of those 223, only 160 were active during 2019. Percentages were provided by purchasing management

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## C12.1b

**(C12.1b) Give details of your climate-related engagement strategy with your customers.**

**Type of engagement**
Collaboration & innovation

**Details of engagement**
Other, please specify (Faciliate the access to low-carbon energy at a reasonable price )

**% of customers by number**
100

**% of customer - related Scope 3 emissions as reported in C6.5**
100

**Portfolio coverage (total or outstanding)**
<Not Applicable>

**Please explain the rationale for selecting this group of customers and scope of engagement**
One of our most relevant contributions towards climate change mitigation is that, during 2019, 31% of our electric power generation came from renewable sources. This helped avoid the emission of 852,701 tCO2e in the country, which is equivalent to 192,246 passenger vehicles kept out of circulation for a year, or 93,152 homes' electricity use for a year. We supply clean energy to more than 132,000 residential customers; we also offer renewable energy to our 6 industrial clients through our 105 charges, and to our 5 service clients through more than 5,000. • Our solar and wind facilities provide zero-emission electricity to industrial customers and to the electrical grid in Mexico and the United States. • Our natural gas pipelines and distribution systems allow industrial, commercial, and residential users to access this resource and, therefore, minimize the use of other energy sources such as diesel, LPG, fuel and coal, which contribute significantly to global warming. Aditionally, in close collaboration with Sempra Energy, we are currently at advanced stages of developing a liquefied natural gas facility, which will allow us to supply this low-carbon energy source to remote communities in Baja California and Baja California Sur, promoting economic development and job creation in this region. On June 4, 2019, Ecogas a subsidiary of IEnova, announced an expansion plan to connect approximately 40,000 new customers during the next two years, which represents about a 30% increase in the client portfolio, with an investment of approximately $1,500.0 million Mexican Pesos. Ecogas actually provides natural gas in Baja California, Chihuahua and La Laguna-Durango serving 136,366 clients, of which 0.18% are industrial, 2.87% are commercial and 96.95% are residential clients who receive these services in their homes.

**Impact of engagement, including measures of success**
Ecogas actually provides natural gas in Baja California, Chihuahua and La Laguna-Durango serving 136,366 clients, of which 0.18% are industrial, 2.87% are commercial and 96.95% are residential clients who receive these services in their homes. We also supply clean energy to more than 132,000 residential customers; we also offer renewable energy to our 6 industrial clients through our 105 charges, and to our 5 service clients through more than 5,000. Through our services we helped avoid the emission of 852,701 tCO2e in the country, which is equivalent to 192,246 passenger vehicles kept out of circulation for a year, or 93,152 homes' electricity use for a year.

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**Type of engagement**
Education/information sharing

**Details of engagement**
Run an engagement campaign to educate customers about the climate change impacts of (using) your products, goods, and/or services

**% of customers by number**
100

**% of customer - related Scope 3 emissions as reported in C6.5**
12.22

**Portfolio coverage (total or outstanding)**
<Not Applicable>

**Please explain the rationale for selecting this group of customers and scope of engagement**
In 2019, we launched the "Take care of and manage your consumption" ("Cuida y administra tu consumo") program with existing customers, through the installation of 1,200 prepaid smart meters. Our objective for 2020 is to replace 6,500 residential meters and 50 analog commercial meters with smart meters from active customers. Additinaly, Ecogas provides energy saving tips to its customers through its website https://www.ecogas.com.mx/tips_de_ahorro.php to save gas, take care of the economy and of the planet.

**Impact of engagement, including measures of success**
Ecogas actually provides natural gas in Baja California, Chihuahua and La Laguna-Durango serving 136,366 clients, of which 0.18% (245) are industrial, 2.87% (3,909)are commercial and 96.95% (132,212) are residential clients who receive these services in their homes. With this initiative we make our clients aware of the importance of taking care of their gas consumption and the impact that their consumption decisions have on their wallet and on the climate change, in addition, all Ecogas consumers have access to the energy saving tips throught our website.

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## C12.3

**(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?**
Trade associations

## C12.3b

**(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?**
Yes

## C12.3c

**(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.**

**Trade association**
Asociación Mexicana de Gas Natural (AMGN)

**Is your position on climate change consistent with theirs?**
Consistent

**Please explain the trade association's position**
Promotes the development of the industry in a safety, efficiency and respect framework for the environment, one of its objectives is to promote natural gas as a conventional energy source with less environmental impact.

**How have you influenced, or are you attempting to influence their position?**
We actively participate in chambers of commerce as well as business and industry associations. In this way, not only do we contribute to the sector with technical points of view, but we also remain at the forefront of the industry. Transparency and collaboration is one of the pillars of our Climate Change Strategy, where we identify as our objectives, collaboration with organizations that have recognised climate programs and joining national and international initiatives against climate change, in all these collaborations we aim to fulfil our climate commitments, also expressed in our Climate Change Strategy, to incorporate in our business strategy actions that mitigate the effects of climate change and adapt our activities to it, and promote a corporate culture focused on raising awareness among all its stakeholders about the magnitude of this challenge and the benefits associated with its resolution. IEnova's commitment is consistent with the objectives of the Paris Agreement and with the Sustainable Development Goals (SDGs) approved by the United Nations, specifically with SDG 7 and SDG 13. Therefore, IEnova wishes to actively and decisively contribute to a low-carbon future, minimizing the environmental impact of all its activities and promoting the adoption of any action within its reach for this purpose, this effort must be compatible with development social and economic through the sustainable generation of employment and wealth.

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**Trade association**
Asociación Mexicana de Energía Solar Fotovoltaica (ASOLMEX)

**Is your position on climate change consistent with theirs?**
Consistent

**Please explain the trade association's position**
It is an analysis and dissemination forum of the topics that revolve around solar energy, promoting the legal and regulatory framework improvement in this area. It promotes the national goals fulfilment regarding the commitments on climate change. In the case of Mexico, it represents the 35% renewable energy sources achievement share of the installed electrical capacity in the country.

**How have you influenced, or are you attempting to influence their position?**
We actively participate in chambers of commerce as well as business and industry associations. In this way, not only do we contribute to the sector with technical points of view, but we also remain at the forefront of the industry. Transparency and collaboration is one of the pillars of our Climate Change Strategy, where we identify as our objectives, collaboration with organizations that have recognised climate programs and joining national and international initiatives against climate change, in all these collaborations we aim to fulfil our climate commitments, also expressed in our Climate Change Strategy, to incorporate in our business strategy actions that mitigate the effects of climate change and adapt our activities to it, and promote a corporate culture focused on raising awareness among all its stakeholders about the magnitude of this challenge and the benefits associated with its resolution. IEnova's commitment is consistent with the objectives of the Paris Agreement and with the Sustainable Development Goals (SDGs) approved by the United Nations, specifically with SDG 7 and SDG 13. Therefore, IEnova wishes to actively and decisively contribute to a low-carbon future, minimizing the environmental impact of all its activities and promoting the adoption of any action within its reach for this purpose, this effort must be compatible with development social and economic through the sustainable generation of employment and wealth.

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**Trade association**
Asociación Mexicana de Energía (AME)

**Is your position on climate change consistent with theirs?**
Consistent

**Please explain the trade association's position**
We are planning that through the Mexican Energy Association we can have a participation in the advisory committee of the emissions trading system in its testing phase. Through this participation, we will seek to develop the Mexican energy sector and encourage the participation of the private sector in the challenges of climate change that Mexico is facing.

**How have you influenced, or are you attempting to influence their position?**
We actively participate in chambers of commerce as well as business and industry associations. In this way, not only do we contribute to the sector with technical points of view, but we also remain at the forefront of the industry. Transparency and collaboration is one of the pillars of our Climate Change Strategy, where we identify as our objectives, collaboration with organizations that have recognised climate programs and joining national and international initiatives against climate change, in all these collaborations we aim to fulfil our climate commitments, also expressed in our Climate Change Strategy, to incorporate in our business strategy actions that mitigate the effects of climate change and adapt our activities to it, and promote a corporate culture focused on raising awareness among all its stakeholders about the magnitude of this challenge and the benefits associated with its resolution. IEnova's commitment is consistent with the objectives of the Paris Agreement and with the Sustainable Development Goals (SDGs) approved by the United Nations, specifically with SDG 7 and SDG 13. Therefore, IEnova wishes to actively and decisively contribute to a low-carbon future, minimizing the environmental impact of all its activities and promoting the adoption of any action within its reach for this purpose, this effort must be compatible with development social and economic through the sustainable generation of employment and wealth.

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## C12.3f

**(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?**

All IEnova's assets have an environmental supervisor who, among other things, monitors that all activities are in compliance with the environmental legal framework and that actions related to the climate change strategy are implemented.

In the same way, our senior management takes part in the different activities and discussions taken place in the different associations where we participate. In this way, since our senior management is represented in the Sustainability Committee, both our climate strategy and associations activities are aligned.

Transparency and collaboration is one of the pillars of our Climate Change Strategy, where we identify as our objectives, collaboration with organizations that have recognised climate programs and joining national and international initiatives against climate change, in all these collaborations we aim to fulfil our climate commitments, also expressed in our Climate Change Strategy, to incorporate in our business strategy actions that mitigate the effects of climate change and adapt our activities to it, and promote a corporate culture focused on raising awareness among all its stakeholders about the magnitude of this challenge and the benefits associated with its resolution.

IEnova's commitment is consistent with the objectives of the Paris Agreement and with the Sustainable Development Goals (SDGs) approved by the United Nations, specifically with SDG 7 and SDG 13.

Therefore, IEnova wishes to actively and decisively contribute to a low-carbon future, minimizing the environmental impact of all its activities and promoting the adoption of any action within its reach for this purpose, this effort must be compatible with development social and economic through the sustainable generation of employment and wealth.

## C12.4

**(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).**

**Publication**
In mainstream reports

**Status**
Complete

**Attach the document**
IEnova_2019_REPORT (1) ENGLISH.pdf

**Page/Section reference**
Throughout our financial and sustainability report, we report information related to IEnova's response to climate change, some of the main topics are presented on the following pages of the report: 64 Corporate Governance 48 Strategy 54, 154 Risks and Opportunities 158 Emissions Figures and Emissions targets

**Content elements**
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

**Comment**
Emissions-data information in the reporting period is published in our 2019 sustainability and financial report. Information on our governance structure as well as Climate Change Strategy is also included in our Report

## C15. Signoff

## C-FI

**(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.**

## C15.1

**(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.**

| | Job title | Corresponding job category |
|---|---|---|
| Row 1 | General Counsel and Chief Compliance Officer | Other C-Suite Officer |

## Submit your response

**In which language are you submitting your response?**

English

**Please confirm how your response should be handled by CDP**

| | I am submitting to | Public or Non-Public Submission |
|---|---|---|
| I am submitting my response | Investors | Public |

**Please confirm below**

I have read and accept the applicable Terms