



**2020**  
SUSTAINABILITY  
REPORT



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# 1

## ABOUT THIS REPORT

In 2020 Saavi Energía with the support of External Advisors developed a process to design a strategic sustainability corporate framework. This process was accompanied by a materiality study that allowed us to identify sustainability priorities through a systemic procedure that took into account the status of our operating environment, the characteristics of the industrial sector and discussions with stakeholders.

This report is the official presentation of our strategic framework and it is also Saavi Energía's first corporate sustainability report. This shows the first results regarding transparency and accountability for our stakeholders and the start of a new era in institutional communication strategies.

Although certain operating data and actions are disclosed herein for context purposes, the purpose of this report is to formally disclose Saavi Energía's ESG strategy and define the company's commitments for the following period.

We certainly faced a complicated political environment during the year; however, the biggest challenge has been the COVID-19 contingency that has affected the entire world. Drastic adjustments to operations were not only necessary to assure the safety of our employees, but we also redirected resources and efforts to support vulnerable groups in coping with the effects of the pandemic.

# 2

## LETTER FROM THE CEO

2020 was, without a doubt a year of transformation for Saavi Energía. We have not only faced the greatest challenge humanity has experienced in recent years, but we have also developed our strategic framework in ESG management.

This represented a revolution in our company's strategic management, as it involves managing social, environmental and corporate governance issues with the same focus as we address business priorities. This decision was key to face our challenges and yield tangible results in the same year in which we formalized our ESG management.

Thanks to this new strategic framework, we were able to better plan and coordinate our pandemic response plan in nearby communities. We were able to better identify the needs we had to address and our capabilities, without neglecting the safe operation of our plants.

On the other hand, we underwent an audit process at all plants, under the criteria established by the Equator Principles, obtaining



satisfactory results in all cases. For this purpose, taking internal actions that allowed us to implement the ESG strategic framework was essential.

The ESG council, as well as the committees for each of our core principles were installed and new corporate policies were developed to build a responsible management framework.

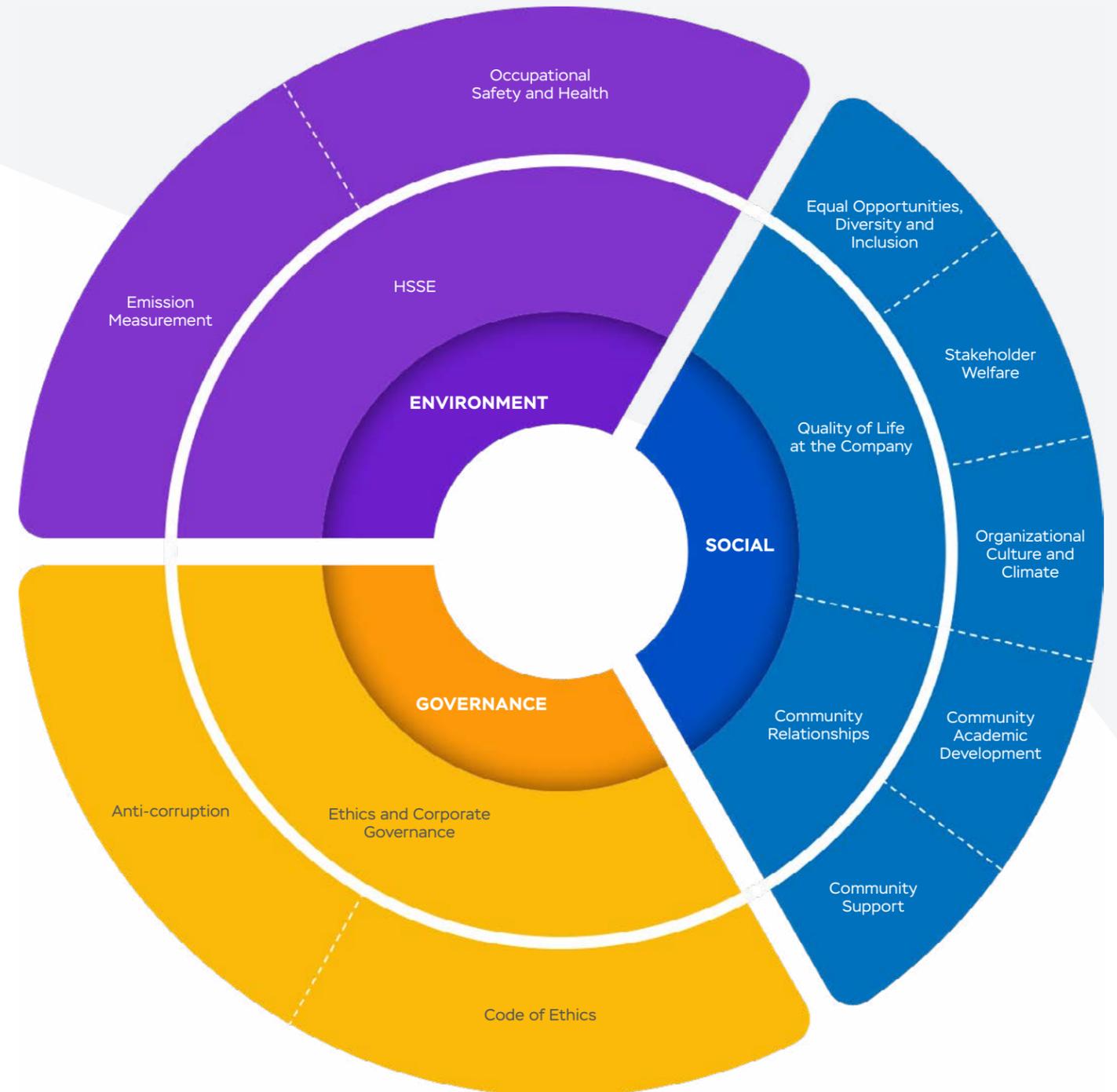
We now bring these and other results to you through our first corporate sustainability communication. This is an important effort in transparency and accountability, and the start of what will become the communication process by which we will report our sustainability results and new sustainability goals each year.

**Jaime Tupper**  
CEO Saavi Energía



3

# ESG 2020 STRATEGIC REPORT



## 4

ESG 2020  
RESULTS

Our portfolio includes more than **2,400 MW** of electric power generation and **1,300 MMpcd** of natural gas compression

Area	Indicator	Unit	2020 Result
Safety	Fatalities	Qty	0
	Lost Time Incident Frequency (LTI)	Rate	0.26
	Total Recordable Cases (TRC)	Rate	0.26
	Restricted Work Cases (RWC)	Qty	0
	Medical Treatment Cases (MTC)	Qty	0
	First Aid	Qty	11
	Near Misses	Qty	22
	Safety Walks	Qty	18
	Safety Contractors Day	Qty	3
	Number of Road Incidents	Qty	0
Health	Frequency Rate Health	Rate	0.00
	Severity Index Health	Rate	0.00
	Number of Cases of Illnesses Related to Work	Qty	0
	% of Medical Exams	%	98%
Environment	Total GHS Emissions	Tons	5Mio
	Total CO2 Emissions	Tons	4.9Mio
	Total NOX Emissions	Tons	8K
	Total Energy Consumption	MWh	298K
	Total Water Consumption	m3	8.3Mio
	Total Hazardous Waste	Tons	129
	Number of Environmental Fines	Qty	0
	Amount of Environmental Fines	\$	\$0
Security	Number of Security Incidents	Qty	0
	Number of Crisis Management Drills	Qty	8
Social-People	Total Female Employees	%	16%
	Total Male Employees	%	84%
	Women in Corporate	%	37%
	Men in Corporate	%	63%
	Women in Management positions	%	25%
	Men in Management positions	%	75%
	Women in Board positions	%	0%
	Men in Board positions	%	100%
	Total Employees	Qty	311
Pay Ratio of lowest paid coworker Vs the minimum wage	Ratio	7.9	
Social-Community	Number of Complaints from Communities	Qty	0
	Number of Inquiries to Communities	Qty	0
	Number of Operational Negative Impacts in Communities	Qty	0



## VISION

To become the leading energy company in Mexico, based on its growth, quality, innovation and dynamics; committed with the development of its people, customers and the society.

## HISTORY

Saavi Energía has had an outstanding track record in the development, construction and operation of energy projects since it was founded in 1995.

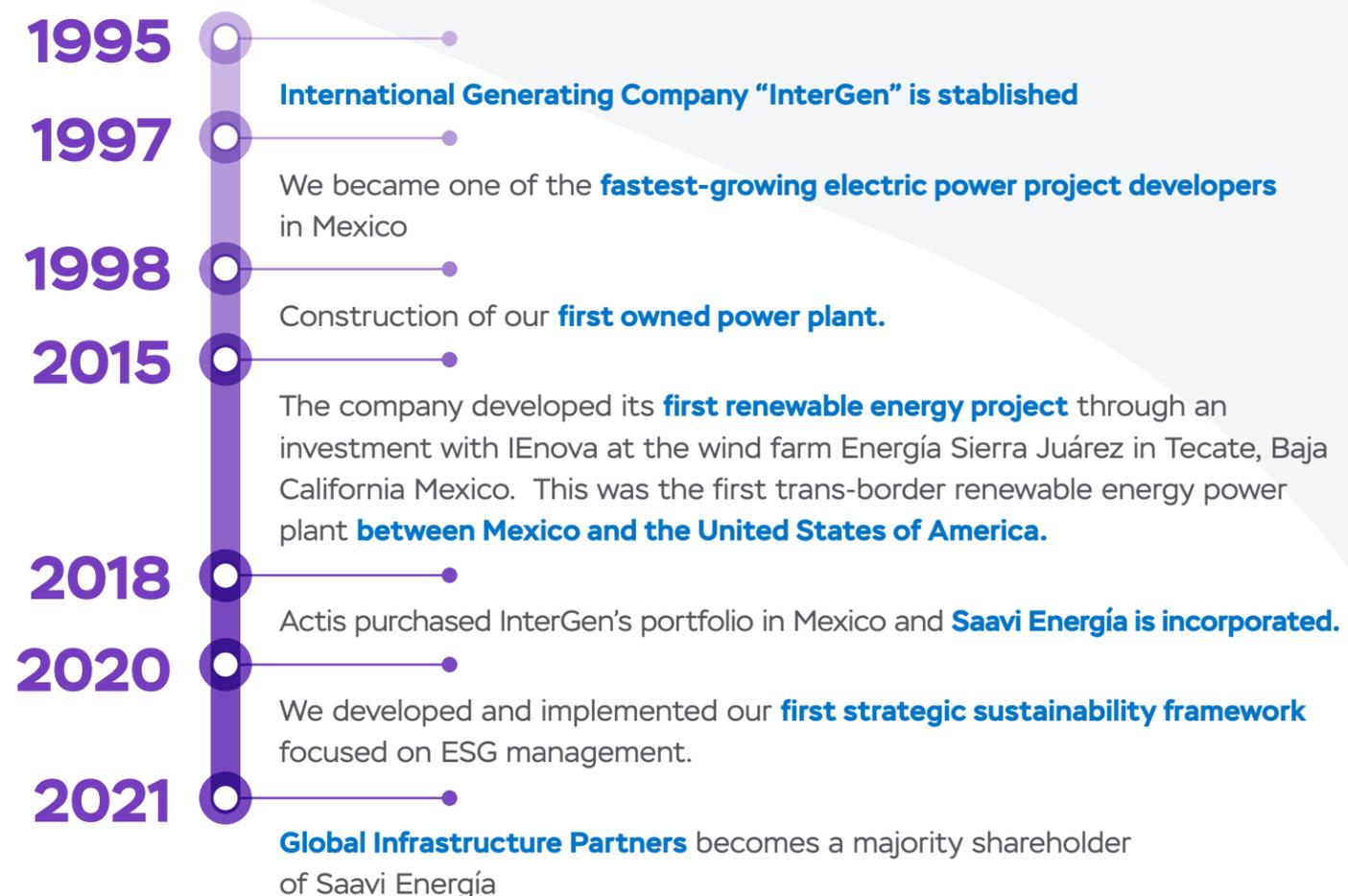


# 5

## ABOUT SAAVI ENERGÍA

### 5.1 Organizational Context

Saavi Energía is a private company engaged in electric power generation and gas compression activities with more than 20 years of experience in Mexico and assets positioned within the main Mexican industrial expansion zones. It is the owner of Combined Cycle Power Plants and Gas Compression Stations that provide the Mexican Electrical Grid with a capacity of more than 2,400 MW.



## Size of our organization

We employ more than 311 employees through our **Business Units** and provide electric power to more than **12-million** Mexican homes by producing more than **2,400 MW** at our facilities.

## Products, services and solutions

 **Combined Cycle Power Plants:** These are facilities that transform heat energy from fuel into electricity through the joint work of a fuel turbine and a steam turbine; the process involves the start-up of two consecutive cycles and has gas and water as its main input; we have six power plants.

 **Corrective Protocol:** Gas Turbines - Backup summer capacity in Baja

 **Gas Compression Stations:** These stations assure that natural gas maintains sufficient pressure as it travels through long-distance pipelines; we have three stations.

## Portfolio

Saavi Energía consolidated its brands in Mexico in 2020, as shown below:



## Locations



\*2020 Data



## 5.2. Saavi Energía in 2020

Our electric power drives competitiveness of Mexican businesses. As part of our purpose, we offer experience in this sector by supporting energy growth in Mexico.

Aware of what the country's energy future will demand, we place the management of our social and environmental impacts as the core of our strategic decisions. We also take a continuous improvement approach, abiding to international best practices in environmental, social and corporate governance management (ESG).

## 2020 Highlights

### Progress achieved within our ESG Strategy



#### Community Relationships

We are strongly **committed with the communities** at the sites where we operate; therefore, we designed the **Extraordinary COVID-19 Community Plan** to assist communities in reducing the effects of the pandemic.

We delivered **2,450 grocery boxes** and COVID kits at 13 communities near our power plants.

We supported **six hospitals, clinics** and health centers with **4,200 medical supplies**.

All sites were certified with the **Equator Principles in 2020**.

#### Safety and Environment

**0 fatalities** from employee accidents (→)\*

**2 incidents** resulting in lost days (↑2)

**0 environmental** events (→)

**\$0 environmental** fines (→)

**6M Ton** Greenhouse Gas Emissions (↓3%)

**8.5Mio m<sup>3</sup>** water used (↓8%)

**66K m<sup>3</sup>** diesel used (↓66%)

**2,900M m<sup>3</sup>** Gas consumed (↑2%)

**17M kg** waste produced (↓9%).

"Clean Industry" by the Mexican Environment Protection Agency: two completed sites, two planned sites for 2021.

\*These arrows represent the trends vs 2019.

#### Ethics and Corporate Governance

The percentage of **independent counselors** is **57%**, which shows an autonomous supervision through the **Board of Directors**.

**97%** of the personnel has received **training in integrity principles**.

#### Quality of life at the company

**Lowest salary** vs minimum wage salary ratio of employees was of **7.9**

**0 discrimination** complaints.

# 6

## SUSTAINABILITY STRATEGY

**W**e adopted a comprehensive process in developing the ESG management framework in order to obtain the best practices and make the best strategical decisions while designing it. Being aware of the needs and short-term possibilities, we went for a comprehensive risk management approach. We focused on developing management skills to assure this framework was operational before implementing positive-impact actions in specific social or environmental issues.

## 6.1 Saavi Energía's material areas

The materiality study provided us with a comprehensive overview of our operations and management from an ESG approach. We reviewed trends in good corporate practices applicable to the industrial sector, as well as international standards. This enabled us to have an objective reference on sector-related priorities.

4. Creation of materiality matrix by impact and feasibility. Validation by the executive management.



1. Trend investigation and Benchmarking of good energy sector practices.

Link with other tools: Equator Principles; 2030 Agenda, ESR-CEMEFI, PLARSE.

2. Interviews, in situ and on-line surveys at all 7 Saavi Energía Power Plants with the community, local government, civil organization and personnel.

First prioritization of relevant matters.

3. Discussions with the corporate team and identification of expectations, risks and relevant issues. Analysis of social-community and environment-ecologic risks.

This diagnosis was complemented by consulting with our stakeholders to provide a local focus and identify priorities related to the operating environment. We engaged in dialogue with community leaders, civil society organizations, local governments and institutions, union employees and with the executive management. This approach assures that we continue to address the most pressing issues, while aligning our business purposes with the goal of delivering sustainable development results to the people involved in the business.

The materiality process yielded an initial result of 29 priority issues identified. Subsequently, Saavi Energía's management team refined this list, using our management skills, business priorities and investor expectations as the baseline criteria.



## 6.2 Saavi Energía's ESG Strategy

The final result of the materiality process is a 10-item ESG list of the outmost priority grouped into four core principles that constitute the basis of our ESG strategy.

### Quality of life at the company

- Organizational culture and climate in line with the company's values
- Well-being of employees and their families
- Equal opportunities, diversity and inclusion protecting human rights

### Relationships with the community

- Involvement in social-community activities
- Community academic development

### Safety and Environment

- Occupational health and safety
- Environmental risk assessment and control system
- Contaminant gas and greenhouse gas reduction

### Ethics and Corporate Governance

- Anti-corruption
- Code of ethics and values



Our approach

### Saavi Energía's central SDTs

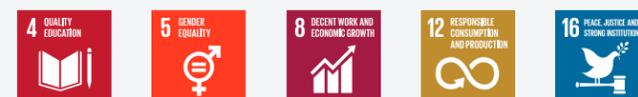
Our projects are intended to increase electric power supply in Mexico, in such manner that our clients and the society have access to affordable non-polluting energy products.



Our commitments

### Material SDTs

The main purpose of this strategy is to define a sustainability management framework based on relevant issues. With this, we seek equal opportunities and offering proper safety and hygiene conditions while in compliance with our environmental obligations while operating our power plants. Our strategy to relate with the community is intended to support academic development and reduce structural disparities by improving the quality of life of local people, all this, based on ethical and corporate governance standards.



### SDTs impacted by Saavi Energía's ESG commitments

We seek to become a company that foresees possible scenarios and the ESG strategy will help us to be resilient within the Mexican energy market. Thus, our business approach may have an effect on a wide range of ODS beyond those highlighted by materiality reviews.



These four core principles are vertically articulated within the ESG strategy, where both the purpose and vision define our commitment with sustainability, which are supported by the course of action that will help us to achieve our organizational goals.

This approach and the resulting performance, jointly with the Sustainable Development Targets (SDTs) included in the 2030 Agenda are further discussed in the relevant sections hereof.

## Sustainability management

In order to reduce the ESG strategy to the practice at Saavi Energía, we have developed a series of policies providing operating support. Out of these policies, Saavi Energía's corporate sustainability policy is the basis of the responsible

management framework. Its priority is to place social and environmental impact management at the core of strategic decision-making by taking the best international practices applicable to the energy sector as reference.

# 7

## QUALITY OF LIFE

The core principle of Quality of Life of the ESG strategic framework addresses three priority issues:

- **Organizational culture** and climate in line with the company's values.
- **Well-being** of employees and their families
- **Equal opportunities, diversity and inclusion** protecting human rights.

At Saavi Energía we require our people to maintain a high level of ethics, personal commitment, innovation, change and value creation over time. In such a competitive business environment, we must maintain a reputation for reliability, fairness and respect, while developing and motivating a team of people and mobilizing human, financial and material resources.

Saavi Energía's policy is to comply with current labor, equal opportunities, diversity, inclusion and occupational health and safety regulations in each jurisdiction where we operate. We are committed to providing all personnel with equal opportunities, as well as fair treatment and respect so that they can develop their full potential.



## 7.1 Organizational culture and climate in line with the company's values

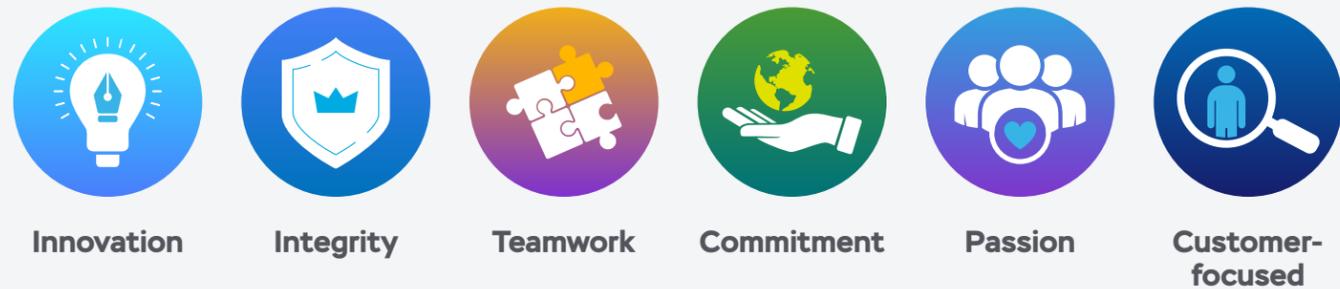
We are one at Saavi Energía. We are committed to creating a healthy, inclusive and safe work environment that fosters the personal development of our employees so that they can give their best to achieve our goals.

We live a culture that values honesty, transparency and responsibility, practicing our ethical values on a daily basis. To achieve this,

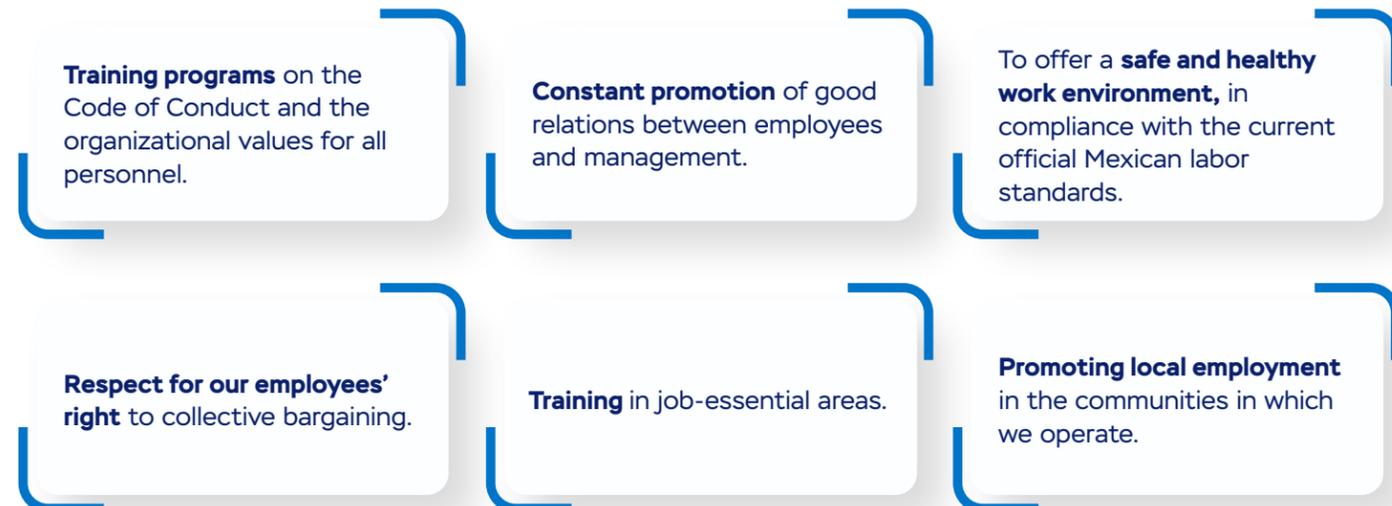
we offer multiple opportunities for on-the-job training and workplace ethics.

Our core values are innovation, integrity, teamwork, commitment, passion and customer-focused. These are an integral part of all company policies and procedures applicable at both corporate and plant levels.

### Saavi Energía's Values



### Saavi Energía's organizational culture and climate strategy is based on:



## Impact in numbers

Goals	2020 Results				STDs
Develop a comprehensive training program for our staff	Average hours of training.	Technical staff	Men	112	
			Women	306	
	Management and middle management	Men	93.25		
		Women	78		
Protect collective bargaining rights.	49.35% of the personnel are covered by collective bargaining agreements.				

Monitoring of performance indicators					
Areas	Indicators	Unit	Result 2018	Result 2019	Result 2020
Active personnel	Total personnel	Quantity	285	291	305
	Female Staff*	Quantity	45	47	49
Subcontracted personnel for operation and maintenance	Total personnel	Full-time equivalent quantity	11	21	24
	Female Staff*	Full-time equivalent quantity	6	8	9
Local employment	Number of local employees	Quantity	277	285	296
	Percentage of local employees	Percentage	98%	97%	95%
Hours worked	Total hours worked	Hours	1,257,152	1,707,402	1,428,041

\* Female staff is included in the total number of staff. This is broken down here to illustrate inclusion by gender.

## 7.2 Well-being of employees and their families

The well-being of our employees is central to Saavi Energía. We recognize that treating our employees with dignity, respect and respect for their human rights is fundamental for excellent performance in the company and also contributes to their quality of life and that of their families.

In 2020, responding to the COVID-19 health emergency represented a challenge for Saavi Energía in order to protect the well-being of its employees and their families. It was a priority to implement from the recommendations issued by the health authorities to the delivery of medical kits, communication campaigns with relevant information about the

pandemic, the operation and development of home office practices and strict monitoring of all health and safety protocols.

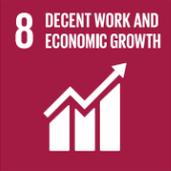
Saavi Energía's strategy for the well-being of employees and their families includes:

**Policies and programs** for general wellness that encourage improving and/or maintaining a healthy lifestyle.

**Financial support policies and programs** that strengthen their skills and knowledge through formal education.

Guidelines and control to **assure organizational well-being**, with timely attention to complaints and suggestions.

### Impact in numbers

Goals	2020 Results	SDTs
Establish health standards that protect our personnel from COVID-19.	COVID-19 control and diagnostic tests for employees, contractors and visitors; implementation of home office.	 8 DECENT WORK AND ECONOMIC GROWTH
	46 COVID-19 cases in all Saavi Energía facilities, representing 12% of our workforce.	
	Influenza vaccination campaign.	
Fair wages.	The wage ratio of the lowest paid workers to the minimum wage is 7.87 higher than the market.	

### Monitoring of performance indicators

Area	Indicators	Result 2018	Result 2019	Result 2020
Formal employee complaints	Serious	0	2	0
	Minor	2	26	20
	Formal or resolved employee complaints	2	26	19
	Ratio of the lowest paid workers to the minimum wage.	11.01	9.03	7.87



## 7.3 Equal opportunities, diversity and inclusion protecting human rights

**W**e are committed to giving all personnel equal opportunities to succeed. As a global company, respecting and valuing cultural differences is paramount to enhance teamwork. This contributes directly to the success and competitiveness of Saavi Energía.

Non-discrimination and equal opportunities principles are very important to the organization, and we are committed through codes, policies and procedures approved and implemented so that features such as race, religion, nationality, gender, sexual orientation, marital status, age, disability, or any other, cannot be grounds for discrimination and prevent em-

ployees from performing their work. In addition, Saavi Energía has a zero tolerance policy concerning any kind of violence at the workplace by or against our employees, contractors, customers or suppliers.

We are committed to creating and maintaining an inclusive work environment where the input of each individual is recognized, where all people are valued and respected and have the opportunity to develop their full potential. Saavi Energía has inclusion guidelines that assure equal employment opportunities, fair and non-discriminatory treatment at the workplace.

In order to promote equal opportunities, we apply recruitment and professional mechanisms and procedures that facilitate the presence of duly qualified women in all areas of the organization where they are underrepresented, this includes the implementation of training and career training and professional follow-up programs.



### Impact in numbers

Goals	2020 Results		SDTs
Ratio of basic salary and average compensation of women to men by employee category.	Management team	71%	
	Middle management	58%	
	Technical or support personnel	160%	
Cases of discrimination in the organization	0		

### Monitoring of performance indicators

Area	Indicators	Unit	Result 2018	Result 2019	Result 2020
Active personnel	Total personnel	Quantity	285	291	305
	Female personnel	Quantity	45	47	49
Management	Women in management positions	Quantity	2	2	4
	Men in management positions	Quantity	28	33	35
	Women in executive management positions	Quantity	1	1	1
	Men in executive management positions	Quantity	8	7	8

# 8

## COMMUNITY RELATIONSHIPS

At Saavi Energía we are aware of the social context and we know that our operations have a significant influence on the dynamics of the communities surrounding the plants. For this reason, maintaining a continuous dialogue and close presence with these stakeholders, as one more member of the community is a priority. Within the ESG management framework, the Community Relationships core principle focuses on two lines of action:

- **Involvement** in social-community activities.
- **Community academic** development.



## 8.1 Involvement in social-community activities

In order to identify the most effective ways to contribute to the development of our neighboring communities, we implemented a process of dialogue with various key stakeholders. Thus, we jointly defined that economic or material contributions are an effective form of support. To optimize these resources, we form part of the Local Mutual Aid Committees in each of the municipalities where we operate.

Some part of these material contributions are derived from our production activities. As part of our investment programs, we include the development of basic infrastructure, foster local supplier networks and maximize the generation of local employment with skilled jobs.

In particular, during this year of health contingency, we implemented the COVID-19 Coronavirus Community Assistance Protocol, through which we carried out actions to su-

pport communities in the face of a public health emergency.

The plan took into account a series of coordinated actions in order to collaborate with the communities, first to generate an atmosphere of calm, and then to establish tools for information, care and collaboration between authorities, communities, neighboring companies and Saavi Energía.



### Impact in numbers

Goals	2020 Results	SDTs
Develop actions to support communities in dealing with COVID-19.	13 communities neighboring our plants in 6 Mexican states.  Delivery of 2,450 food suppliers and 2,450 anti-COVID-19 protection kits.  We benefited more than 4,500 people.	 3 GOOD HEALTH AND WELL-BEING
In-kind support to hospitals.	Support for 6 hospitals, clinics and health centers. 4,200 medical supplies were delivered, including masks, gloves, suits and safety glasses, alcohol gel, face masks, among others.	 10 REDUCED INEQUALITIES

### Monitoring of performance indicators

Area	Indicators	Result 2018	Result 2019	Result 2020
Support to communities	Investment in communities	US\$ 27,363	US\$ 66,994	US\$ 82,356
	Beneficiaries	1,416	3,634	4,544
	Women benefited	466	1,426	2,149
Complaints	Formal community complaints	0	0	0
	Social incidents	0	0	0

## 8.2 Community academic development

Contributing to educational development in our neighboring communities is of great value to us. For several years, Saavi Energía has been supporting the improvement and dignification of schools. Initiatives like this help communities to have the tools to empower themselves and become agents of their own change.

During 2020, efforts with the communities focused on providing them with the inputs necessary to enable them to better cope with the COVID-19 health emergency. However, community education programs were also developed and will be implemented during 2021 for a gradual return to face-to-face activities.

# 9

## SAFETY AND ENVIRONMENT

One of the core principles of Saavi Energía's ESG strategic framework is Safety and Environment, which is comprised of three areas of action:

- Occupational **health and safety**
- **Environmental** risk assessment and control system
- Contaminant and greenhouse **gas reduction**

Saavi Energía has procedures to assess suppliers and within such assessment parameters include Quality, Environmental and Safety criteria based on ISO 9001:2015 standards. This supplier assessment is carried out by each of the sites to suppliers of the organization.

We are aware that the nature of our operations and the characteristics of the industrial sector in which we participate involve working conditions where hazards are present and there are considerable environmental impacts. Therefore, managing our environmental impact and operating to the highest occupational safety standards are at the core of our business.

## 9.1 Occupational health and safety

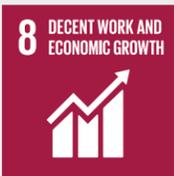
Day-to-day operations and maintenance of energy facilities create environments where hazards are imminent. To minimize the risk of incidents, we adopt highly rigorous occupational health and safety practices that are in line with international industry best practices.

We are fully committed to assuring the well-being not only of our personnel, but also of our contractors and suppliers. Therefore, all Saavi Energía operations are in line with the criteria of the ISO 45000:2018 standard.

Saavi Energía's occupational health and safety strategy includes:

- **Continuous assessment** and management of health and safety risks.
- **Maintenance in line** with the regulations in this area for our operations.
- **Periodic** and applicable health and safety training.
- **Constant communication** to all personnel regarding possible incidents and emergencies.
- **Generation of health and safety** incident reports with minimum requirements for all our plants.
- **Continuous improvement** through monitoring and evaluation of systems.

### Impact in numbers

Goals	2020 Results	SDTs
Zero incidents or lost time at operational sites.	Two contractors, but zero employees since 2018.	
One safety observation per employee per month at operational sites.	1,742	
Reduction in the total recordable case frequency (TRCF).	The average of 5 years decreased in 2020 (0.26) reaching its lowest level since 2014 and has consistently outperformed the industry average (1.5).	

### Monitoring of performance indicators

Area	Indicators	Unit	Result 2018	Result 2019	Result 2020
Safety	Work-related fatalities	Quantity	0	0	0
	Lost Time Injury (LTI) Accidents	Quantity	2	0	2
	Total Recordable Case Frequency (TRC)	Frequency	0.63	0.11	0.26
	Restricted Work Cases (RWC)	Quantity	1	1	0
	Medical Treatment Cases (MTC)	Quantity	1	0	0
	First Aid Cases	Quantity	9	14	11
	Occasion Accidents	Quantity	11	31	22
	Safety walks	Quantity	12	12	18
	Contractor Safety Day	Quantity	0	0	3
	Number of incidents on the road	Quantity	1	2	0
Health	Health frequency rate	Frequency	0.00	0.00	0.00
	Health severity index	Frequency	0.00	0.00	0.00
	Number of cases of work-related diseases	Quantity	0	0	0
	Percentage of medical examinations	%	85	90	98%
Protection	Number of Safety Observations	Quantity	256	680	1,546
	Number of crisis management simulations	Quantity	7	7	8

## 9.2 Environmental risk assessment and control system

All our facilities operate in strict compliance with current Mexican environmental legislation. To achieve this, at Saavi Energía we adopt a comprehensive approach to managing the environmental impacts generated by our operations.

We have comprehensive quality, health, safety and environmental systems designed specifically for each plant. In this way, the environmental management of our operations is based on a comprehensive risk analysis, is supported by an exhaustive culture of prevention and adopts continuous improvement criteria for the reduction, mitigation, remediation and remediation of environmental impacts.

We place particular emphasis on controlling greenhouse gas emissions, safety of our water-related operations, comprehensive waste management, and protection of ecosystems in which we operate.

Saavi Energía's environmental risk assessment and control strategy includes the following:

- Management of significant **environmental aspects** considering their life cycle.
- **Prioritization**, risk reduction, prevention and control of environmental impacts.
- **Periodic** and applicable environmental training.
- **Generation of environmental incident** reports for all our plants.
- **Monitoring of regulatory changes** for compliance.
- **Continuous improvement** through ongoing monitoring and evaluation.
- Awareness **campaigns**.

### Impact in numbers

Goals	2020 Results	SDTs
Zero critical environmental incidents	0	
85% of "Clean Industry" Certification at operating sites	33% Completed 33% Ongoing 33% planned 2021	
Reduced consumption by using treated municipal water at two of our locations.	Treatment of 7,935,078 m <sup>3</sup> of wastewater by 2020.	

Monitoring of performance indicators					
Area	Indicators	Unit	Result 2018	Result 2019	Result 2020
Environmental	Violations of environmental permits	Quantity	0	0	0
	Environmental fines paid	USD	0	0	0
	Environmental incidents	Quantity	0	0	0
	Total energy consumption	MWh	351,043	317,130	298,000
	Total water consumption	m <sup>3</sup>	9,795,544.2	9,381,393.1	8,272,793
	Diesel consumption	m <sup>3</sup>	14,179,641	196,561	66,341
	Gas consumption	m <sup>3</sup>	3,217,271,518	2,852,038,416	2,906,282,342
	Total waste generated	Ton	20,561.43	19,346.43	17,551.83
	Amount of waste recycled	Ton	82.04	47.74	55.64

### 9.3 Contaminant gas and greenhouse gas reduction

Climate change is a major risk today and in the future for all of society. At Saavi Energía we are aware of the challenges we face to assure affordable, clean and reliable energy that can contribute to global sustainability with low pollutant and greenhouse emissions.

Thus, consistent with our comprehensive management systems, each power plant implements measures to reduce our impact regarding emissions to the atmosphere of both our direct and indirect sources of each power plant.

#### Impact in numbers

Goals	2020 Results	SDTs
Reduction of Emissions (Net Equity Generation)	<p>We have reduced 10% of our GHG emissions since 2018.</p> <p>We have reduced 9% of our CO2 emissions since 2018.</p>	

Monitoring of performance indicators					
Area	Indicators	Unit	Result 2018	Result 2019	Result 2020
Emissions	Total GHG emissions produced – Net Equity Generation	(tCO <sub>2</sub> e)	5,100,005 (0.375 Tons/MWh)	4,761,454 (0.385 Tons/MWh)	5,020,569 (0.417 Tons/MWh)
	Total CO <sub>2</sub> emissions – Net Equity Generation	Ton	5,091,744 (0.374 Tons/MWh)	4,751,974 (0.384 Tons/MWh)	4,978,874 (0.413 Tons/MWh)
	Total NOX emissions – Net Equity Generation	Ton	8,261 (0.001 Tons/MWh)	9,481 (0.001 Tons/MWh)	8,373 (0.001 Tons/MWh)



# 10

## ETHICS AND CORPORATE GOVERNANCE

**T**he Ethics and Corporate Governance core value of our ESG strategic framework is at the core of our strategic management, enabling us to assure that every decision we make at the top of the company is guided by our values and the highest standards of ethics and corporate governance. Our business plans, the operation of our organization, and our relationships with our partners are all driven by the principle that we do things the right way.

## Saavi Energía's ESG management framework

In order to make the difference through our ESG management framework while we develop our sustainability strategy, the actions carried out must be supervised and monitored by our Board. The Board is comprised of 4 independent members and by 3 Actis members, who drive and actively participate in Saavi Energía's ESG initiatives.

This Board is responsible for supervising implementation of actions in 4 main fields:

- **Health, Safety and Environment**
- **Community**
- **Integrity**
- **Saavi Energía's commitment with ESG**

Information resulting from monitoring of material subjects is provided by the management team to Committees, in order to keep the Board constantly informed. Our ESG management framework is better explained in the following chart:



Having all the expectations related to ESG management duly documented in corporate documents is essential for Saavi Energía, since it is the main tool available for the company to keep its employees and stakeholders informed of the scope, guidelines, responsibilities and ESG management commitments, and how all this must be achieved.

Therefore, the company has developed four corporate sustainability Policies which are specifically related to the following material subjects: Social and Community. Such Policies are:



#### **Sustainability Policy**

Saavi Energía's corporate sustainability policy is the basis of our responsible management framework and covers all decisions made by the company. The priority of this policy is to place our social and environmental impact management as the core of the strategic decision-making process and ensure that our strategic management approach is focused on best international practices regarding: environment, social and corporate governance (ESG) management.

#### **Human Rights Policy**

The purpose of this policy is to formalize the commitment assumed by Saavi Energía with Human Rights recognized worldwide and in Mexico. In addition, the purpose of this policy is to create an operating and decision-making framework based on respect of Human Rights of all individuals.

#### **Equal Labor Opportunities and Gender Policy**

This policy is intended to enrich Saavi Energía with the skills and experiences of all individuals and making diversity and inclusion practices one of the strengths of our company.

#### **Community Relations Policy**

This policy is intended to forge relationships with the community based on a sense of affinity while striving to create community and prosperity for everyone.

## 10.1 Anti-Corruption

At Saavi Energía we are committed to carrying out national and international business activities with integrity and complying with all laws and standards in anti-corruption matters.

The Compliance Department in coordination with the Audit Committee and the legal team, operate a continuous diagnosis of the relevant risks in all activities and businesses of the group so that they are properly identified, measured, managed and controlled.

### Saavi Energía Anti-Corruption Policy

Saavi Energía has an Anti-Corruption Policy in place, which consists of defining standards and rules based on the applicable anti-corruption Mexican laws and regulations, and of procuring Compliance with the provisions of the National Anti-Corruption System of Mexico and associated laws and regulations. Thus, based on our Anti-Corruption Policy, we have developed and are operating the methods and principles necessary to act in strict compliance with ethics and legality culture.

This policy is applicable to all executive officers, officers, directors, employees, associates, managers, contractors, clients, consul-

tants, agents and to other parties providing services to or on behalf of Saavi Energía, regardless of the capacity under which they are involved in business or public relations involving government officials, in order to influence their decisions, obtain or retain businesses or assure any improper business advantage.

Saavi Energía has zero tolerance for bribery, kickbacks, gratuities and other forms of corruption. We conduct constant trainings on the Code of Conduct and Anti-Corruption Policy for all our collaborators and we rely on the National Anti-Corruption System, which came into force on July 18, 2017.



### Impact in numbers

Goals	2020 Results	SDTs
Develop a culture of integrity in the business.	For 2020, Saavi Energía did not register any corruption complaints.	

## 10.2 Code of Conduct and Saavi Energía Values

By focusing on our core values and turning them into standards of conduct, we determine the behavioral expectations in business ethics expected of our company from our employees, business partners, suppliers and contractors.

In order to assure compliance with the foregoing, Saavi Energía’s Code of Conduct contains corporate conduct policies and guidelines based on Saavi Energía’s core values (Innovation, Integrity, Teamwork, Commitment, Passion and Customer-focus), which all employees, officers, directors, subcontractors, representatives, company agents, visitors, clients, business partners and suppliers are expected to observe.

Saavi Energía’s Code of Ethics is the framework to be followed by anyone that is related to the company, by assuring that any actions carried out are ethical and in compliance with the applicable laws.

All employees, officers, directors, subcontractors, suppliers and agents of Saavi Energía are responsible for becoming familiarized with the Code of Conduct and other applicable internal policies.

To achieve this, we offer all the necessary support so that the people who establish relationships with Saavi Energía can adhere to the values of the organization. To this end, we provide the necessary resources for our employees to seek guidance about proper conduct in the workplace, or to report situations or concerns, including the Saavi Ethics Line to report known or suspected violations (anonymously or openly).

For suppliers and contractors, we have assessment procedures that incorporate quality, environmental and safety criteria based on ISO 9001:2015. This supplier assessment is carried out at each of Saavi Energía’s suppliers’ sites, which assures a responsible supply chain based on ethical criteria.

### Impact in numbers

Goals	2020 Results	SDTs
Develop a culture of ethics and values.	97% of personnel have received integrity training.	

## Saavi’s Compliance Department and Compliance Officer

Saavi Energía opened the position of Compliance Officer in May 2021, to be part of the Compliance Department within Saavi’s corporate structure in order to reinforce the company’s culture of ethics and compliance, and to assure compliance with Saavi’s Code of Conduct, Saavi’s Anti-Corruption Policy and the applicable anti-corruption laws and regulations.

The Compliance Officers will be reporting directly to the CEO and Board of Directors of Saavi Energía, in order to assure transparency and neutrality in reporting activities.

## Third-Party Due Diligence Policy (KYC)

Saavi Energía recently published its Third-Party Due Diligence Policy in order to backup Saavi Energía’s commitment with one of our core values, integrity, and to define minimum due diligence standards required to do business with Third Parties,

where the possibility to create new contractual or business relationships exist. With this policy, Saavi Energía will assure that any Third-Party, whether client, business partner or supplier, is in compliance with the applicable legal obligations and observes the principles of ethics, transparency, discipline, legality, objectivity, professionalism, honesty, loyalty, impartiality, integrity, proper accountability, effectiveness and efficiency and, in general, any activity for the proper development of business, in the performance of its activities.

The full Due Diligence procedure is essential for a thorough evaluation of any Third-Party proposal, it is essential to assure compliance with the Code of Conduct, as well as with Saavi Energía’s policies and the compliance with the Mexican laws and regulations, including the National Anti-Corruption System and the Federal Law for the Prevention and Identification

of Operations with Illicit Proceeds. The purpose of this procedure is to assess potential business relationships with a Third Party in order to perform a risk analysis, make informed decisions and comply with the applicable laws.

## Saavi Energía's Ethics Hot Line

All employees are responsible for reporting any conduct that is contrary to the Code of Conduct, the laws and regulations or external provisions and to Saavi Energía's internal policies and procedures.

Saavi Energía is committed to providing the necessary tools for timely reporting of any default or breach of our policies and has made available to its employees, partners, suppliers, competitors and clients the Saavi Energía Ethics Hot Line. All reports and/or complaints received by the Hot Line will be investigated and addressed in confidentiality by Saavi Energía's Compliance Department.

Any report or complaint may be submitted with Saavi through any of the following channels:

**Toll-free:** 800 999 0784

**By accessing** <https://www.tipsanonimos.com/eticasaaviail>:

**Via e-mail:** [eticasaavi@tipsanonimos.com](mailto:eticasaavi@tipsanonimos.com)



## Internal Audit

The internal audit department reports directly to the Audit Committee through the CEO and is comprised of one manager and one senior auditor. The main duties of this department are as described below:

### a) Planning

Operating risk analysis is performed. Both the budget and annual audit program are prepared based on this analysis and they are implemented upon prior authorization of the Audit Committee.

### b) Implementation

Audit tests are carried out according to the scope of review authorized by the Audit Committee. This is documented in working papers to then issue the audit report as a result of this review.

### c) Communication

The management and the Audit Committee are informed of the audit result and of the status of implementation of the annual program.

### d) Follow-up

Progress of remedial actions is assessed based on remarks made during the audit and then the relevant report is issued.

# 11

## ESG COMMITMENTS

The ESG strategy materializes Saavi Energía's purpose and vision from a sustainability perspective. This strategy defines the commitments and goals for each ESG (Environmental, Social and Governance) area, deployed in the four core principles shown in this report.

### Environmental Commitments 2021



#### Commitments

Helping to **mitigate and adapt** to climate change  
 Managing our life cycle **impacts**  
 Legal **compliance**



#### Goals

Conduct an **emissions assessment** for Saavi Energía to establish a pathway to achieve emissions reductions.  
**Zero serious** environmental incidents  
 Avoid **excessive consumption**  
 Avoid **excessive waste** generation  
**Certifications**  
 Due **diligence**



#### Indicators

**GHG** emissions  
**CO2** emissions  
**NOx** Emissions  
 Serious **environmental incidents**  
**Energy** consumption  
**Water** consumption  
**Waste** generation  
**Clean Industry** - PROFEPA  
**Equator Principles**  
**LAPEM** - CFE  
 Environmental **finances**

## Social Commitments 2021



Commitment

**Community** outreach  
**Educational investment** for communities  
 Prioritizing **health and safety**  
 Employee **welfare**



Goal

**Zero serious** community complaints  
 Implement a **community investment** initiative related to the environment  
**Zero lost-time** incidents at operational sites  
**Organizational** culture  
**Wellness**  
**Human** rights  
**Diversity** and inclusion



Indicator

**Community complaints** and inquiries  
**Negative** operational impacts  
 Impacts of community **projects implemented.**  
 Key **safety performance** indicators  
**Safety** tours  
**SafeStart** program  
 Organizational **culture project**  
**Wellness** project  
**Human rights** incidents  
**Diversity** and inclusion indicators



## Corporate Governance Commitments 2021



Commitment

Assuring sound **governance practices**



Goal

Anti-corruption, governance and **ethics**



Indicator

Key Performance Indicators in the **fight against corruption**  
 Key performance indicators in **ethics**  
 Whistleblower **follow-up** mechanism



Saavi  
ENERGIA

