Saavi Energía Sustainability Report, 2022

Deep roots into the future:
Reliability and efficiency to enable energy transition.

Index

1. CEO Message

To our stakeholders:

2022 was a turning point in Saavi's efforts to pursue its mission of becoming the leading power producer in Mexico. Last year, the Company achieved key milestones in this process, as we substantially increased our generation capacity, but also took decisive steps towards consolidating our long-term sustainable business practices: guaranteeing reliability and efficiency to enable energy transition.

Throughout 2021, Saavi developed climate risk analysis to foster the alignment of our operations to global efforts on climate change, and **2022 was the first year in which the Company committed to 2030 emissions intensity reduction targets.** As of 2022, the Company will focus its decarbonization efforts on two lines of action: i) increase the efficiency of our Operations and Maintenance (O&M) activities by implementing available heat rate technology, and ii) diversify our generation portfolio to develop and integrate substantial renewable installed capacity into our fleet.

In line with our vision of sustainable growth, Saavi reached two milestones in its corporate history. First, in April 2022, we inaugurated Saavi Power Mobile Solutions (SPMS), a state-of-the-art mobile turbines fleet capable of providing secure, affordable, and efficient energy to Mexico and US cross-border systems under temporary stress. SPMS plays a key role in enabling energy transition to cleaner sources by solving ongoing infrastructure shortcomings and contributing to systems reliability while new capacity is available, but also by guaranteeing supply of key services in communities under risk due to extreme temperatures.

Second, in November 2022, the Company acquired Tierra Mojada, a latest generation, highly efficient 874 MW combined cycle facility in the western region of Mexico. This transaction not only allowed Saavi to increase its installed capacity by 33%, but also to consolidate its presence in the country's main industrial corridors and make substantial progress in its path to decarbonization.

As our sustainable growth plan achieved these significant outcomes, the Company simultaneously strengthened its focus on environmental standards implementation, corporate governance enhancement, and work environment improvement. In addition to the 2030 intensity emissions reduction goals described above, we allocated key resources on three priorities:

- **Water consumption index, first edition.**
- **2030 gender inclusion targets.**
- **Corporate philanthropy policy and social investment initiatives**

Mexico and the North America region are in the midst of a profound energy transformation that has direct impacts on the economy, environment, and social wellbeing of our communities. I am confident that Saavi Energía will increasingly play a decisive role in shaping the business practices of the future in a sector that is instrumental to an effective regional transformation.

Through joint efforts, and the support of our investors, Saavi will continue generating value for its corporate shareholders as well as helping our stakeholders benefit from regional change.

Together, we will continue illuminating lives.

" 2022 was the first year in which the Company committed to 2030 emissions intensity reduction targets."

Jaime Tupper, CEO

2. Saavi highlights for 2022

Key data points

3.5 GW
of installed capacity

33% *growth year over year.*

97% of all used water from **wastewater sources**

Illuminated
9.3 million in households in 2022

48% growth year over year

43% in women participation in Corporate HQ

and **29%** of women in Board of Directors

2.5
expansion of STEM Scholarships

First publication of water consumption index:
0.53 m3/MWh

Looking forward

Release of emissions reduction targets for 2030.

25% from a 2019 baseline.

First time D&I 2030 target:

50% of women in Corporate HQ

Saavi's new social investment plan in 2023

3. About this report: progress, structure, and dashboard

In the last three years, Saavi Energía has made progress in aligning its Environmental, Social and Governance (ESG) practices to global reporting standards and objectives. With that commitment, the Company adopted the Global Reporting Initiative (GRI) and aligned its efforts to the Sustainable Development Goals (SDG's) of the United Nations 2030 Agenda.

During 2020, Saavi performed a materiality analysis to set the baseline for our ESG initiatives that could be tracked over time. The analysis was based on a series of interviews with the Company's stakeholders such as collaborators, clients, shareholders, governmental agencies and institutions, suppliers, surrounding communities, and competitors. The interviews were designed to identify and apply a predefined worldwide GRI catalogue of material topics for the utility sector worldwide to Saavi Energía's portfolio to prioritize those with actual relevance to the Company.

Results pointed at nine material topics with economic, social, and environmental impact that in 2021 became the baseline for Saavi's first sustainability framework:

1) Occupational Health and Safety,

2) Organization Climate and Culture,

3) Well-being of Collaborators and their Families,

4) Diversity and Inclusion,

5) Water Scarcity,

6) Environmental Risk Assessment and Control,

7) Energy Generation Efficiency,

8) Clean Energy Generation,

9) GHG Emissions Reduction.

In 2021, ESG resources were allocated to systematize our sustainability actions and broaden the information available to better address the Environmental, Social and Governance challenges ahead. In the 2021 sustainability report, a first ESG vision was released and integrated by three aspirations:

I. More sustainable processes and resources (E),
II. More sustainable relationships with our employees and with the communities where we operate (S)
III. Enhanced Corporate Governance (G)

As part of the evolution in Saavi's ESG practices, our sustainability strategy has improved during 2022 to better reflect the Company's overall mission and public value offering and define goals for implementation by 2030, while effectively addressing material topics previously identified. As described in the letter from our CEO, Saavi's contribution to economic, social, and environmental improvement is summarized as **a mission to contribute to the reliability and efficiency necessary to enable the energy transition.** The main components of this reformulation allow for a more natural alignment of our sustainability practice to the core business of the Company and help the development of relevant KPIs and information gathering.

Unless otherwise specified, this 2022 report includes data collected from January 1st, 2022, to December 31st, 2022, and is organized as follows:

I. Enabling energy transition (E): Efforts to tackle climate risk and facilitate stakeholders' adoption of and migration to cleaner sources of energy.

a. Decarbonization strategy: 2030 emissions reductions target and climate advocacy
b. Water use efficiency
c. Environmental risk assessment and control
d. Biodiversity protection

II. Reliability and efficiency (S & G): Saavi's internal and external trust-building efforts with employees and communities, that include:

a. Organizational culture, wellness, diversity, and inclusion
b. Occupational Health and Safety
c. Community engagement
d. Governance and compliance

2019	2020	2021	2022
Social Responsibility	**Sustainability context** **Materiality analysis** **First sustainability strategy:** **Environment (E)** · Emissions measurement · Environmental Management System **Social (S)** · Equality, Diversity and Inclusion · Employee well-being · Organizational Culture and Climate **Corporate Governance (G)** · Code of Ethics · Anti-corruption	**ESG transformation begins** **New strategy and sustainability model:** **Environment (E): More sustainable processes and resources** · Reforestation · Definition of a decarbonization strategy (phase I, emissions inventory) · Water Vulnerability Analysis **Social (S): More sustainable relationships with our employees and with the communities where we operate** · VIVE Saavi Program · Occupational safety · Community investment (Community support and Energy with Equality Program) **Corporate Governance (G)** · Legal Compliance · Anti-corruption KPIs and code of ethics · Case tracking mechanism	**I. Enabling energy transition (E): Efforts to tackle climate risk and facilitate stakeholders' adaptation and migration to cleaner sources of energy.** a. Decarbonization strategy: 2030 emissions reductions target and climate lobbying b. Water use efficiency c. Environmental risk assessment and control d. Biodiversity protection **II. Reliability and efficiency (S & G): Saavi's internal and external trust-building efforts with employees and communities, include:** a. Organizational culture, wellness, diversity, and inclusion b. Occupational Health and Safety c. Community engagement d. Governance and compliance

The material topics addressed, UN 2030 SDG and KPIs evolution will be highlighted in each segment to facilitate future tracking.

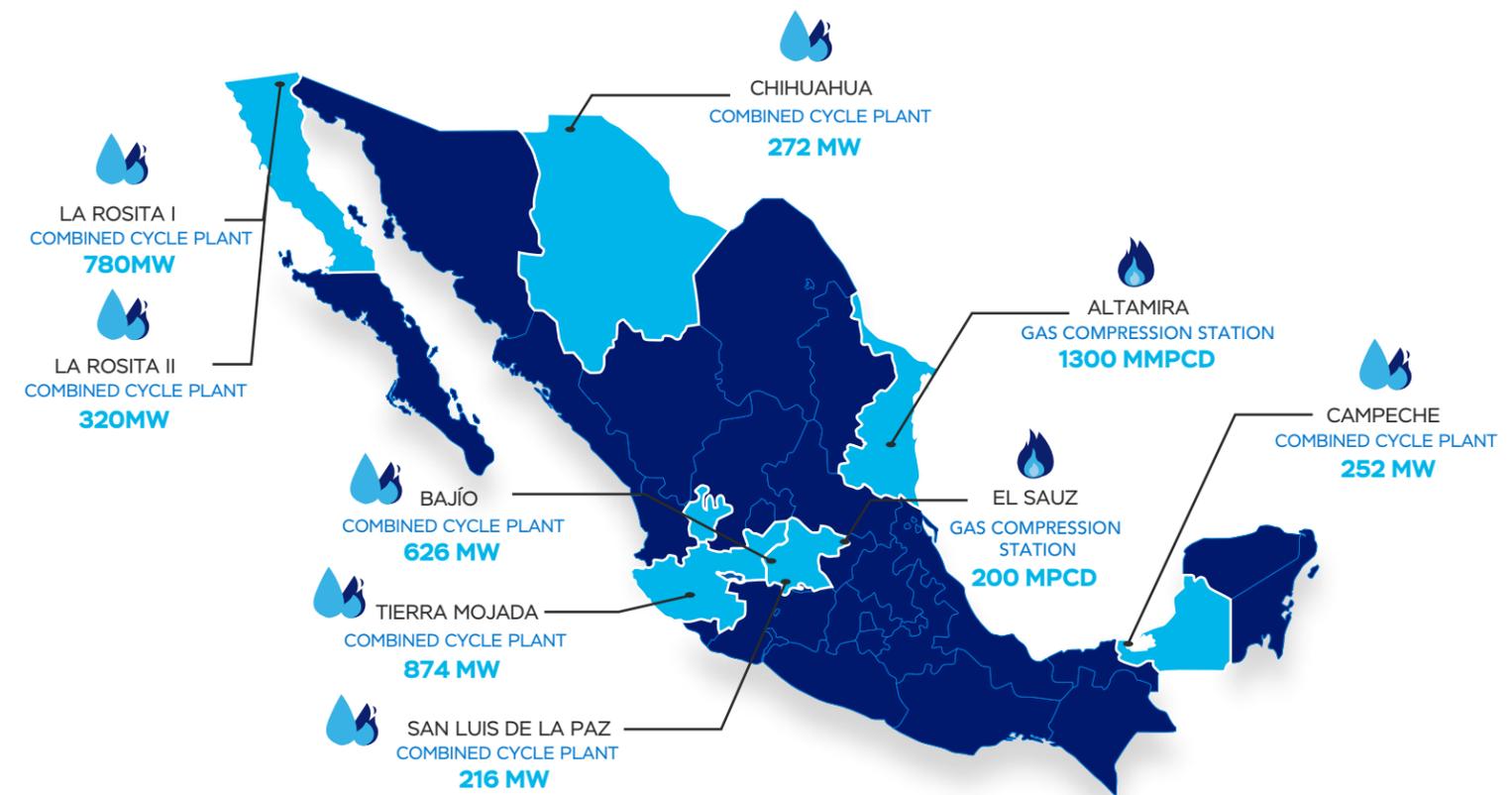| SECTION	PILAR	DESCRIPTION	KPI	VALUE 2021	VALUE 2022
Enabling energy transition	Environmental (E)	Decarbonization Strategy	Emissions intensity: Co2 Ton /MWh	0.441	0.445
		Water consumption	Water consumption index (m3/MWh)	0.52	0.53
			Freshwater percentage	7%	3%
			Wastewater use percentage	93%	97%
			Water redirection to communities	10.1%	9%
		Environmental risk assessment and control	Environmental fines	0	0
		Biodiversity protection	Total trees planted	1,800	1,600
Reliability and efficiency	Social (S)	Organizational culture, wellness, and D&I	Work climate survey- Satisfaction	72.6%	73.2%
			Overall talent turnover	9.0%	7.6%
			Female participation in the Company	18%	20%
			Female participation in Saavi's Corporate HQ	39%	43%
		Occupational Health and Safety	Lost Time Incidents (LTI's)	1	2
			Security incidents	1	3
		Community engagement:	Social investment initiatives – STEM Scholarships	2	5
			Community complaints	0	0
	Governance (G)	Compliance framework	Ethics compliance training	N/A	6 courses
		Cybersecurity	Cybersecurity breaches	0	0

4. About Saavi Energía: Vision, Values and Governance framework

4.1 Who we are:

Saavi operates in the United States and México and is the second largest private power producer in México, with a robust client portfolio integrated by cross border Commercial and Industrial (C&I) consumers, as well as Mexico's state-owned utility (CFE). Our installed capacity portfolio is currently composed of seven highly efficient combined-cycle plants, strategically located to satisfy industrial demand throughout Mexico and California, three gas compression stations and a fleet of mobile turbines for temporary supply.

The strategic acquisition of Tierra Mojada in 2022, a 874 MW state-of-the-art combined cycle facility located in the western region of Mexico, expanded our generation fleet by 33% to a total of approximately 3.5 GW of installed capacity. Its integration is a significant milestone for Saavi, as it solidifies our position as a leading independent power generation Company with unique scale and breath of operations throughout the country, and a differentiated value proposition for industrial clientele in Mexico and the US.

In just one year, Saavi went from illuminating the equivalent of 6.3 households in 2021 to 9.3 million in 2022.

CHIHUAHUA
COMBINED CYCLE PLANT
272 MW

LA ROSITA I
COMBINED CYCLE PLANT
780MW

LA ROSITA II
COMBINED CYCLE PLANT
320MW

ALTAMIRA
GAS COMPRESSION STATION
1300 MMPCD

CAMPECHE
COMBINED CYCLE PLANT
252 MW

BAJÍO
COMBINED CYCLE PLANT
626 MW

EL SAUZ
GAS COMPRESSION STATION
200 MPCD

TIERRA MOJADA
COMBINED CYCLE PLANT
874 MW

SAN LUIS DE LA PAZ
COMBINED CYCLE PLANT
216 MW

Tierra Mojada's addition will not only make a substantial contribution in reducing the average age of our assets, but also in helping the Company achieve its 2030 emissions reduction targets by improving our water use efficiency and greenhouse gas emission intensity per unit.

In addition to the Company's permanent generation fleet, in 2022 Saavi inaugurated a new business model called Saavi Power Mobile Solutions ("SPMS") focused on temporary power solutions using mobile turbines. Those turbines are capable of providing secure, affordable, and efficient energy to Mexico and US cross-border systems under temporary stress. During 2022, SPMS helped localities, such as Baja California, to effectively face climate risks during extreme environmental conditions.

SPMS can be mobilized to different geographical areas, with an extremely expedited transportation and installation process, and can provide:

- A fast-track solution to supply power while a long-term permanent solution is developed.

- Emergency power to areas in crisis, or at risk of instability.

- Access to power for geographical regions where fuel infrastructure is limited or unavailable.

Through our fixed and mobile generation capacity, Saavi Energía is contributing to reliability of power systems in both Mexico and the US , helping to guarantee secure, affordable, and efficient energy to meet market demands, and fostering energy integration within the North American region.

4.2 Our vision and values

Saavi's operations have been guided by a clear vision and six core values that drive our performance.

Vision: To be the leading power producer in Mexico through its generation capacity as well as our quality, innovation, and dynamism, coupled with a commitment to the development of our people, customers, and communities, with sustainable business practices.

Our **core values** help us shape the way we interact with our main stakeholders with the highest quality standards and policies.

1. Innovation. We are open to new ideas, ways of doing things and trends. We are constantly working to improve our processes and products and keep track of the industry's best practices while being creative in finding innovative solutions for our challenges.

2. Integrity. We conduct our relations with our colleagues and with any member of society with equality, rectitude, transparency, and respect. We are upfront in every negotiation process, communicate our intentions and express our disagreements in a constructive and honest manner, and neither follow nor enable unethical practices.

3. Teamwork. Working as a team to achieve our goals by making the most of everyone's capabilities is what makes us stronger. We maintain constant communication and support within all the Company's departments. We promote an empathetic and cooperative work environment, where all opinions are considered, and feedback is always welcome.
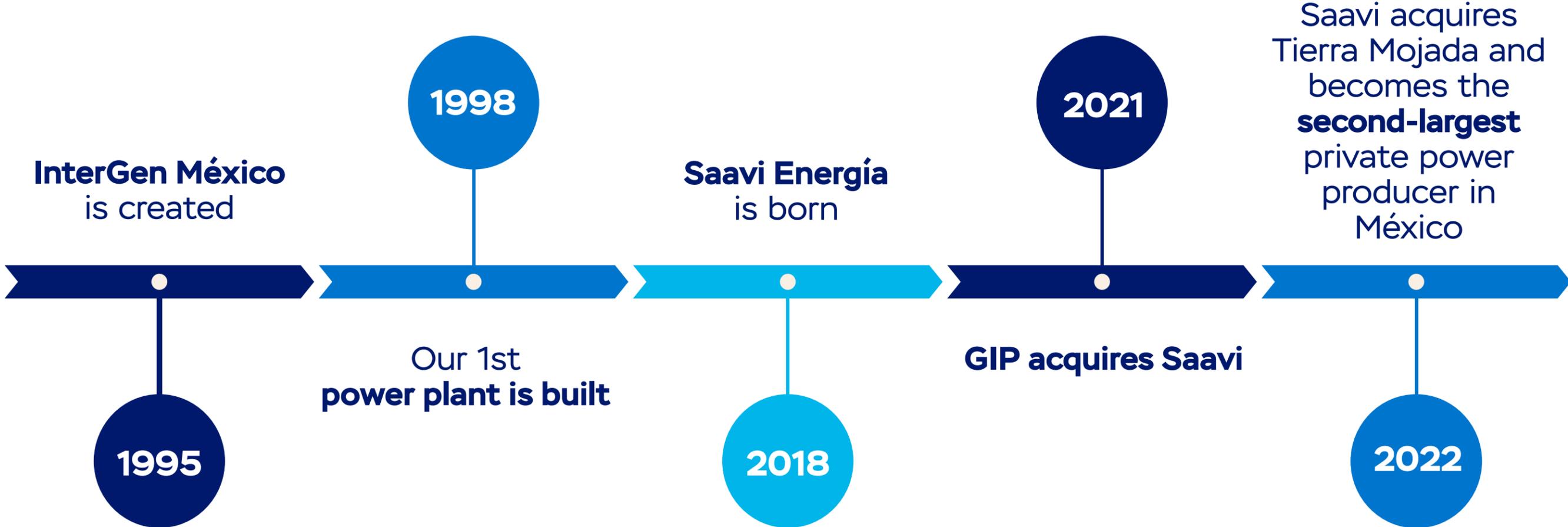
4. Commitment. We are proactive and disciplined in each of our assignments and with the use of resources, adhering to the Company's goals and policies. We deliver our tasks on time and monitor our results, ensuring that our decisions are in the best interest of our stakeholders and the environment.

5. Passion. We enjoy what we do and make it our life's project. We always look for the best way to achieve our personal and corporate goals with enthusiasm and the help of effective feedback. We want everyone to have a sense of belonging and pride within the Company while pursuing our goals.

6. Customer oriented. We deliver to our customers specialized solutions and services for the satisfaction of their unique requirements, while keeping continuous contact to discuss mutual expectations and identify areas for improvement.

4.3 Our governance framework:

Saavi has over 20 years of experience operating in Mexico, since its founding in 1995, under the name of InterGen. Global Infrastructure Partners (GIP), a US based leading global independent infrastructure fund manager acquired Saavi in 2021.

1998

InterGen México
is created

Saavi Energía
is born

2021

Saavi acquires Tierra Mojada and becomes the **second-largest** private power producer in México

Our 1st
power plant is built

GIP acquires Saavi

1995

2018

2022

Saavi's Governance framework is led by our **Board of Directors and five Committees, supported by the entire management team. Our Board of Directors consist of seven members: three directors from shareholding institutions, two representing Saavi's management and two independent. 29% of our Board's composition is female.**

In addition, there are five committees to the Board that oversee specific aspects of the business:

- **· ESG Committee**
- **· Audit Committee**
- **· Operations Committee**
- **· Commercial Committee**
- **· Remunerations Committee**

Environmental, Social and Governance Committee.

- Review, monitor and report to the committee Saavi's activities for compliance with the applicable legislation on health, safety and environmental matters.

- Monitors industry trends and analyses benchmark targets and/or indicators suggested or recognized by industry-related organizations for Saavi's environmental, social and governance matters.

- Suggest on lessons learned and experiences to improve Saavi's efforts to protect the environment.

- Prepare, present, monitor and report to the Board the integral community relations plan.

- Monitor, assess and suggest actions to address issues raised by the community.

- Prepare and submit to the Board proposals to reduce Saavi's carbon footprint and emissions.

- Prepare and present an environmental, social and governance report to the Board, indicating the progress on the goals and milestones previously discussed with the Board.

Audit Committee.

- Review with the Board and the external auditor major issues regarding accounting policies and auditing practices, as well as major issues as to the adequacy of Saavi's internal controls and any special audit required to mitigate deficiencies that could impact Saavi's financials.

- Review and propose to the Board the audit plans of Saavi's internal auditor, cooperation with external auditors and decide the extent to which the planned audit scope will detect weaknesses in internal control, fraud, or another illegal act.

- Oversight of claims raised in connection with any non-compliance of Saavi's business and the ethics committee's directions.

- Monitor aand debrief to the Board on ongoing legal actions that involve, directly or indirectly, Saavi's controlled subsidiaries and that may have an impact on Saavi's financials.

Operations Committee.

- Review, , discuss and propose the operating plans for the short, medium, and long term, which shall be in line with the commercial assumptions and shall follow prudent operating practices.

- Review Saavi's operational performance of its assets through the established key performance indicators for each asset.

- Analyze, propose and/or suggest plans to resolve operating issues with impact on Saavi's controlled subsidiaries assets.

- Visit and observe key operating facilities and implement an efficient communication channel with the personnel of each facility.

Commercial Committee.

- Propose Saavi's commercial strategy for the short, medium and long term.

- Provide assessment to the Board with respect to Saavi's commodity risk position and its evolution.

- Provide market analysis and projections, including an assessment on the evolution of regulation, tariffs, wholesale prices, demand, and market benchmarks.

Remunerations Committee.

- Review and approve Saavi´s compensation programs to ensure attraction and retention of executives, alignment of interests of key leadership with the long-term interests of Saavi's stakeholders.

- Set targets for any performance related pay schemes, share incentive or share option schemes operated by Saavi and, when appropriate, ask the Board to seek approval for any long-term incentive arrangements.

- Review and discuss plans for executive corporate succession plans for the CEO and, to the extent applicable, other key executives.

Furthermore, Saavi's Governance framework is further guided by the obligations that Saavi has in connection with three 144a/Reg-S bonds (listed in the Singapore Stock Exchange) that the Company has issued in the past. These issuances are governed by Bond Indentures that include covenants setting out actions that the Issuer agrees to do (or to refrain from doing) as part of its day-to-day business, to protect different stakeholder's interests.

Related to these instruments, **Saavi produces quarterly reports that are released to investors, where the financial and operational performance of the Company is discussed.** These reports also disclose relevant ESG metrics and track their performance over time.

In addition, the notes are rated by the most important international credit rating agencies (Fitch Ratings, Moody's Investors Service, and S&P Global Ratings). In their assessments, they also include ESG criteria and produce independent ratings that reflect the performance of the issuer on these topics.

Additionally, all of Saavi's fleet undergo annual audits to assess compliance with Equator Principles, which are useful guidelines for the Company to manage its social and environmental risks.

These evaluations allow us to identify potential gaps in social and environmental risk management and create action plans accordingly.

Finally, the insurance Company that Saavi works with has recently strengthen the climate resilience of its clients by mapping out relevant risks to either the region the client operates in or to a specific client (or group of clients). Based on this analysis, it creates useful benchmarks for us to identify our current situation and areas of opportunity in climate resilience vis-à-vis our peers.

5. Enabling energy transition: leading transformation to a sustainable future

Material topics addressed: energy generation efficiency, clean energy generation, GHG emissions reductions, water scarcity, environmental risk assessment control.

United Nations SDG 2030:

Energy transformation to cleaner sources is one of the global challenges of our generation. To reach decarbonization targets on time and effectively fight climate change, energy systems all around the world, and especially in the North American region, are undergoing a rapid transformation, led by three drivers: massive mobilization of financial resources, extremely high execution capacity deployment and exponential technological innovation.

One of the most urgent tasks in this process is safeguarding the reliability and efficiency of power systems while substantial integration of renewable sources to the energy mix is taking place. Saavi Energía has a direct mandate from its investors to help enable energy transition by contributing to system reliability, and to diversify its portfolio with a relevant proportion of clean energy capacity.

In 2022 Saavi took two strong steps towards accomplishing this mandate: setting up, for the first time, its 2030 emissions intensity reduction target - which includes internal and external decarbonization strategies- and issuing the first edition of our Water Consumption Index. Both initiatives will be the baseline for communicating our current efforts and provide a tracking platform for further improvement.

In addition to these milestones, the Company ensured environmental regulatory compliance in all its facilities, assessed, and prevented environmental risks, and continued the biodiversity protection initiatives implemented in previous reporting periods.

Finally, to bolster our sustainability efforts, since July 2022, Saavi allocated resources to advance renewable energy and decarbonization in Mexico, through the presidency of the Mexican Solar Power Association (Asolmex), one of the leading power sector associations nationwide. Asolmex is not only engaged in promoting solar generation, but also in the regional policy discussion on how to guarantee clean, affordable, and reliable energy to fight climate change and promote economic growth.

5.1 Decarbonization strategy

The decarbonization strategy is a keystone of Saavi's corporate vision as an active agent in enabling the energy transition. Since 2019, the first year in which Saavi´s fully integrated its management team, efficiency protocols were set up throughout the generation fleet such as thermal performance improvement culture which uses monitoring systems and tools to conduct real-time performance evaluations. All of our generation facilities in the Interconnected Power System (SIN) and the Baja California System (BCA) are in the top quartile of economic dispatch merit order, with the exception of Campeche. In addition, LR2 is an important power plant in the California system as it provides firm capacity to CAISO and enables energy supply during peak demand periods.

After a careful assessment of our previous evolution, the company performed an in-house evaluation of various paths to design a 2030 emissions intensity reduction target incorporating four sources of information:

1) Analysis of emissions intensity by facility, defining 2019 as baseline year.

2) Market benchmarking exercise, focusing on players with comparable portfolios and operations in Mexico and Latin America.
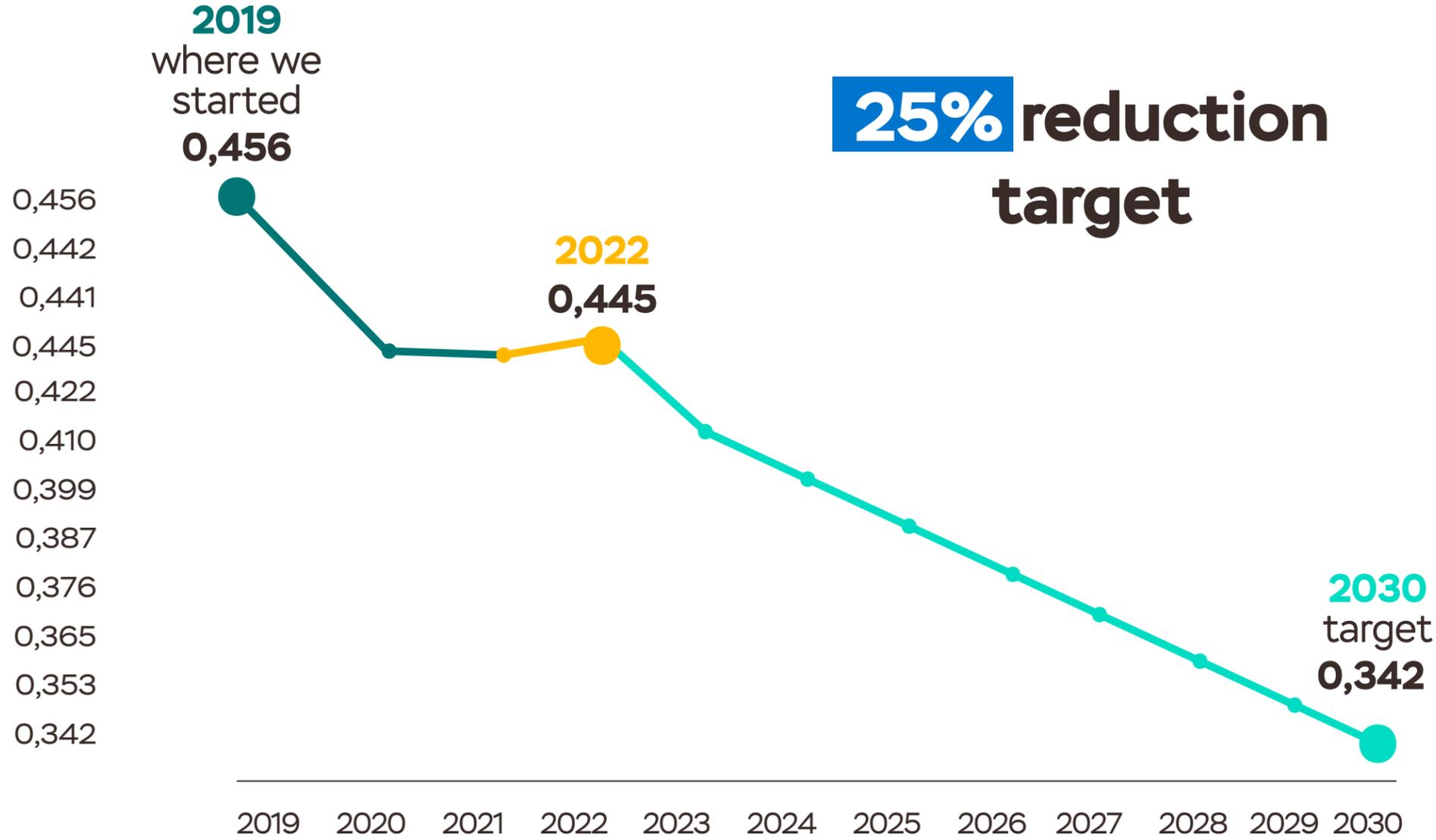
3) Identification of available optimization technologies in the market filtered by three criteria: cost-effectiveness parameters, implementation timeframe, and contribution to emissions intensity reduction.

4) Identification of renewable energy capacity integration scenarios that were both i) substantive for decarbonization targets and ii) feasible given market overview and Mexico's mid- and long-term perspectives.

Considering the Operational, Commercial and Financial perspectives, for the first time in the Company's history, we have set a 25% reduction target in emissions intensity from 2019 to 2030, aiming to move from 0.456 Co2 Tons per MW/h in 2019 to 0.342 Co2 Tons in 2030, exclusively through core infrastructure and efficiency initiatives, without use of carbon bonds or any additional offsetting measure.

Saavi's Scope 1 emissions intensity rate: evolution and target, 2019-2030[1]

Total Co2 emissions (Tons per Mwh)

2019
where we
started
0,456

25% reduction target

2022
0,445

2030
target
0,342

Y-axis values: 0,456 · 0,442 · 0,441 · 0,445 · 0,422 · 0,410 · 0,399 · 0,387 · 0,376 · 0,365 · 0,353 · 0,342

X-axis values: 2019 · 2020 · 2021 · 2022 · 2023 · 2024 · 2025 · 2026 · 2027 · 2028 · 2029 · 2030

[1] Index calculation does not include carbon bonds. In 2019, Saavi acquired 505,000 carbon bonds, in 2020, 350,000, in 2021, 300,000, and in 2022, 135,503. All purchases were made in compliance with California regulations in USA. Energía Sierra Juárez (ESJ) and SPMS included in calculations. Emissions intensity for years 2020,2021 and 2022 were audited by ANIQ (the chemical industry association).

The path towards our 2030 objective contemplates implementing a wide-ranging program of internal and external initiatives. On the internal front, Saavi built a broad portfolio of Heat Rate (HR) improvement measures with 25 potential initiatives, from which two were selected for short-term implementation, due to of their combined impact on emissions targets and rapid deployment timetable.

I. O&M efficiency technology:

- Efficiency Optimizer: Efficiency improvement software offered by different Original Equipment Manufacturers (OEM's) and third-party specialized suppliers will help the O&M division to calculate optimal operation settings for each unit and guarantee specific outcomes aligned to decarbonization targets. Features of this kind of efficiency optimizer software are:

- Automated gas turbine combustion tuning. This system automatically sets engine operating parameters to maintain emissions and combustion dynamics within specified limits under changing ambient conditions, engine deterioration, and while using both natural gas or liquefied natural gas.

- Variable inlet guide vanes. Adjustment of gas turbine compressor inlet guide vanes for optimal combined cycle efficiency or output across the load range.

- Variable firing temperature. Adjustment of gas turbine operating temperatures for optimal combined efficiency or output across the load range.

- Load balancing feature. Adjustment of gas turbine load setpoints to improve combined cycle heat rate and/or multi-unit block load setpoint adjustments for optimal efficiency.

- Periodic energy audits: Developing and establishing a program to periodically assess high energy consumption processes at each generating unit, to better understand how energy is being used and help identify opportunities for improvement. Audit scope can vary from site to site, but will typically entail the following key systems:

Main systems: turbine generators and associated systems, Heath Recovery Steam Generators (HRSG), and associated systems, cooling system (water- or air-cooled condensers, cooling towers, and cooling water pumps), water pumping systems (boiler feed water pumps, condensate extraction pumps, demineralized water pumps, make-up water pumps, raw water pumps, etc.), power transformer and auxiliary transformers, steam piping network system (emphasis on steam leaks and thermal insulation).

Utility systems: compressed air system, air conditioning system, electric drives and motors, plant lighting system.
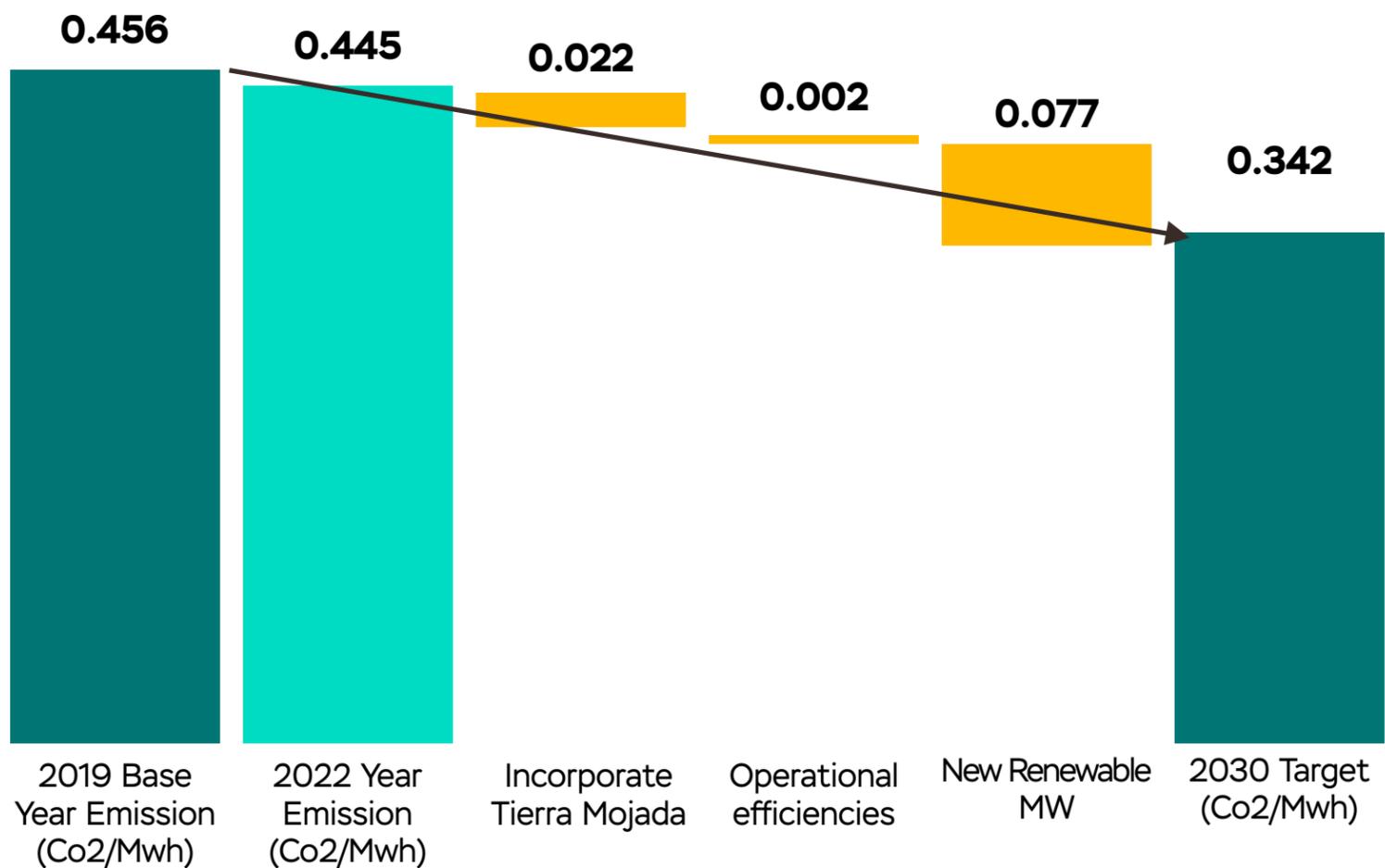
II. Sustainable growth strategy: On the external side, Saavi's growth plan incorporates the emissions reduction impact of any asset under evaluation to be integrated into our generation fleet or any project to be developed in the mid-term.

An example of decarbonization mandates in practice is the 2022 incorporation of Tierra Mojada, previously described in this report, which will become the largest leap forward in our decarbonization pathway until now.

While the acquisition of this facility will increase Saavi's overall carbon footprint, the inclusion of 874 MW newly constructed and highly efficient generation capacity will **favorably impact Saavi's emissions generation per MW/h by approximately 5% a year**, and its first impact will be visible during 2023.

The remaining reduction required to reach 2030 goals will come from **development and/or acquisitions of between 1.5 and 1.75 GW of renewable installed capacity,** mainly a mix between solar and wind.

We are confident that the combination of internal efficiency protocols and innovations in the following years, as well as Merges and Acquisitions (M&A) and Development efforts with sustainability guidelines, will allow the Company to achieve its targets in the desired timeframe. As reported when describing Saavi's Governance Framework, our ESG committee will track progress quarterly.

Waterfall chart data:
- 2019 Base Year Emission (Co2/Mwh): 0.456
- 2022 Year Emission (Co2/Mwh): 0.445
- Incorporate Tierra Mojada: 0.022
- Operational efficiencies: 0.002
- New Renewable MW: 0.077
- 2030 Target (Co2/Mwh): 0.342

"From 1.5 to 1.75 GW of renewable installed capacity"

5.2 Water consumption index

Combined cycle generation facilities use water for different purposes during power generation: for cooling of equipment used throughout the process, to activate the water-steam cycle, and as an emissions control resource. Water sourcing is from both local wastewater (which needs to go through a treatment process before entering generation plants) and fresh water sources, according to availability at each site. After the power generation process is completed, water is partially lost to evaporation and remains are treated to comply with environmental regulations before final discharge into a body of water or redirected to agricultural use.

During 2022, Saavi used a total of 8.6 million m3 of water for power generation: **97% came from wastewater generated from local communities, and only 3% from fresh water sources.** This is one of Saavi's most important environmental differentiators with current market practice.

From local wastewater:

La Rosita 1, La Rosita 2, Bajio and SLP used 97% of total Saavi's water consumption and the sourcing is entirely from local sewage systems.

· **Input:** wastewater is received from the state of Baja California through the Mexicali Local Public Utilities commission (CESPM), and through the Sewage and Potable Water Board (JAPASP) in the case of Guanajuato.

· **Treatment:** since these facilities started operations, La Rosita 1, La Rosita 2, Bajío and SLP installed Water Treatment Plants (WTP's) with capacity to process 1,720m3/hr. and 150 m3/hr of wastewater, respectively.

Saavi - Water consumption

3,0%

97,0%

■ Wastewater   ■ Fresh water
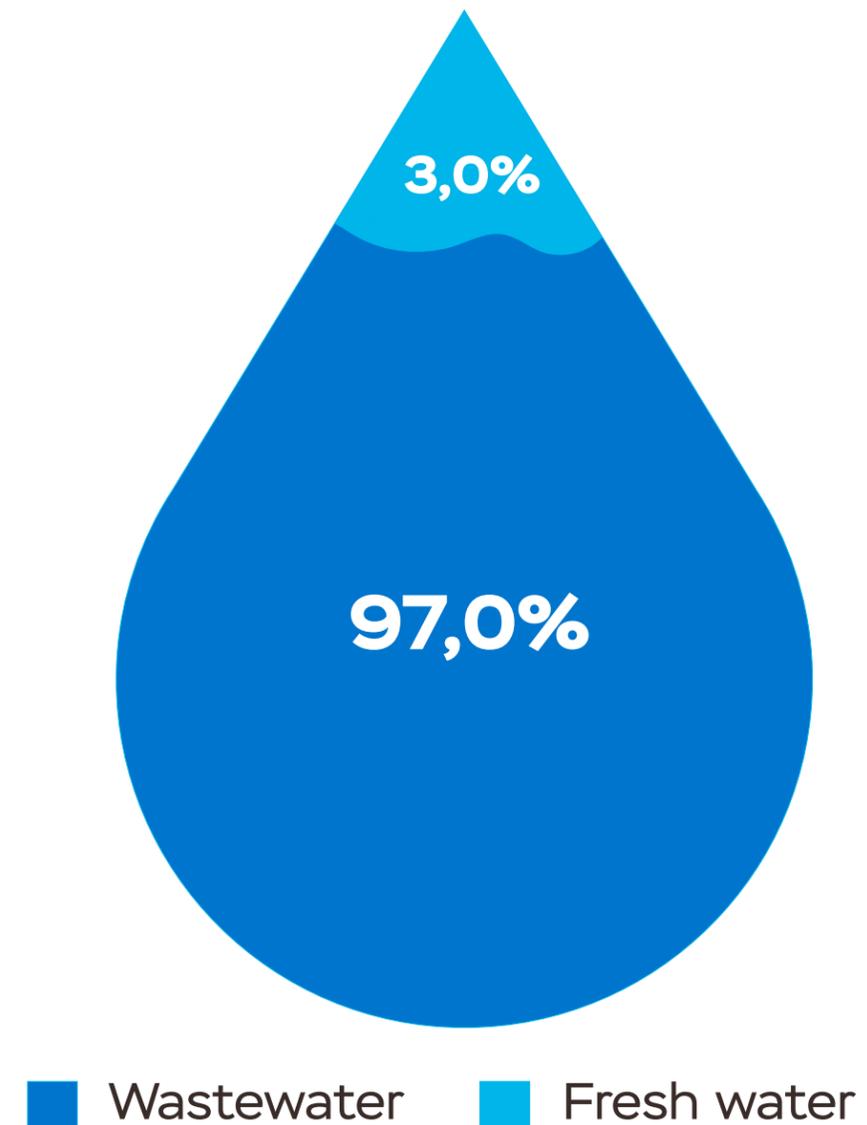
Water Treatment Plant (WTP) in La Rosita

Location	Reused Water Rate	Total Reused Water for Generation
LR1 & LR2	Reuse 100% of the water used for power generation.	7,801,758 m³ 70% for LR1 30% for LR2
Bajío & ESLP	Reuse 100% of the water used for power generation.	456,065m³*
SLP	Reuse 100% of the water used for power generation.	71,169m³

*Bajío @100% share

From fresh water sources.

During 2022, Saavi extracted only 3% of overall water usage from ground sources or local water networks.
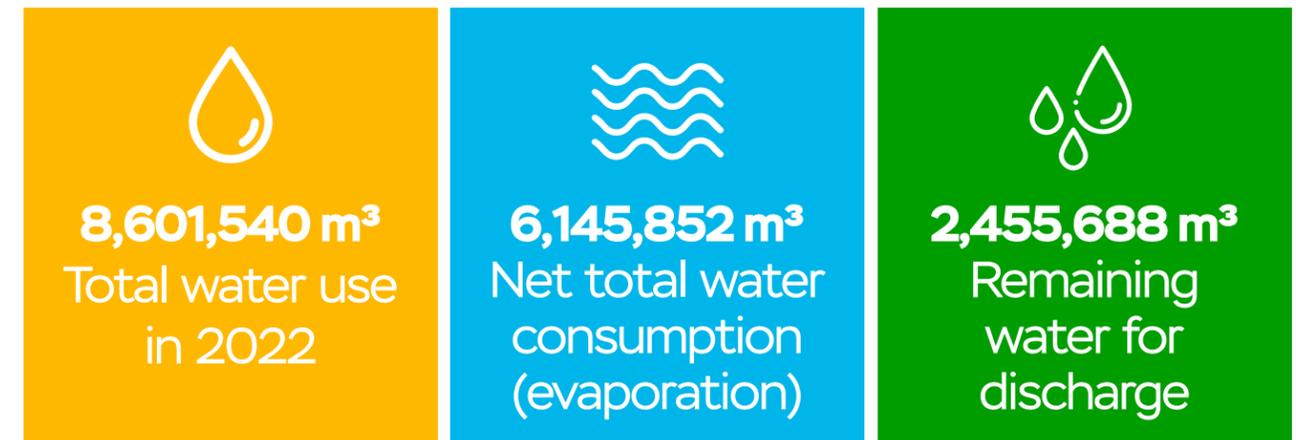
Campeche, Chihuahua, and Altamira withdrew water resource from deep-water wells, while Saavi Power Mobile Solutions (SPMS) sources water from public water networks in operation sites.

Water consumption (lost to evaporation), and remaining water for discharge:

Saavi uses 8.6 million of m3 of water throughout the generation process, from these, around 6.14 million m3 of water are effectively consumed or lost to evaporation (net total water consumption), equivalent to approximately 71% of all water use. Net water consumption, divided by the total energy generation volume in 2022 (11,556,4 MWh), equals an estimated water consumption index of **0.53 m3/MWh,** which is at the lower segment of regional benchmarks.

8,601,540 m³ Total water use in 2022	**6,145,852 m³** Net total water consumption (evaporation)	**2,455,688 m³** Remaining water for discharge

Remaining water, around 2.45 million m3, is conditioned to fully comply with environmental regulation (NOM-001-SE-MARNAT-1996), before final discharge to national or international drains, or specified bodies of water. **Approximately**.

223,050 m3, 9% of all remaining water from the Saavi fleet, is not discharged but redirected to agricultural or green areas use in communities neighboring Bajío and SLP. As a result, water use in these facilities is net positive, as they withdraw all water resources from local sewage systems, treat it through their own WTPs and later redirect clean remaining water to the community, complying with environmental treatment regulations.

N=8,601,540 m3

N=2,455,688 m3

71%
6,145,852 m3

29%
2,455,688 m3

91.9%
Other plants

9.1%

2,232,638 m3

Bajio
223,050 m3

Agriculture

96.6%

3.4 %
Watering green areas

Water loss to evaporation

Water discharge

Bajio - ESLP Water discharge destination
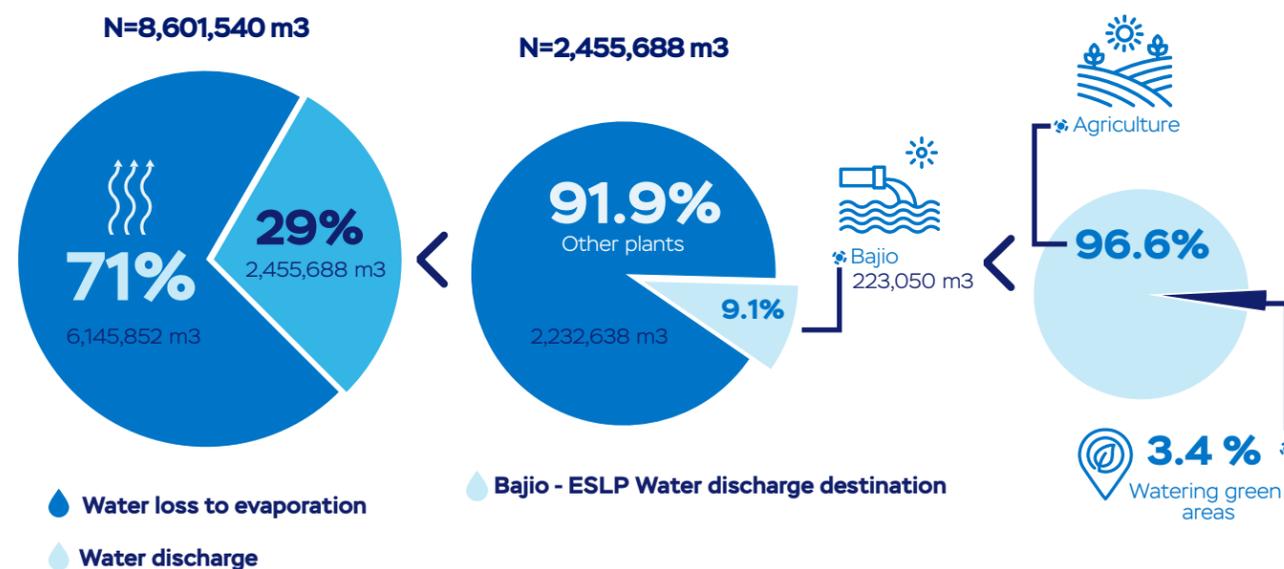
Besides the baseline efforts to reduce water consumption index rate in all our fleet, during 2023, the sustainability teams will also dedicate their efforts to identify alternatives to increase clean remaining water redirection for neighboring communities in Mexicali and Bajío, in coordination with local authorities and neighboring industries.

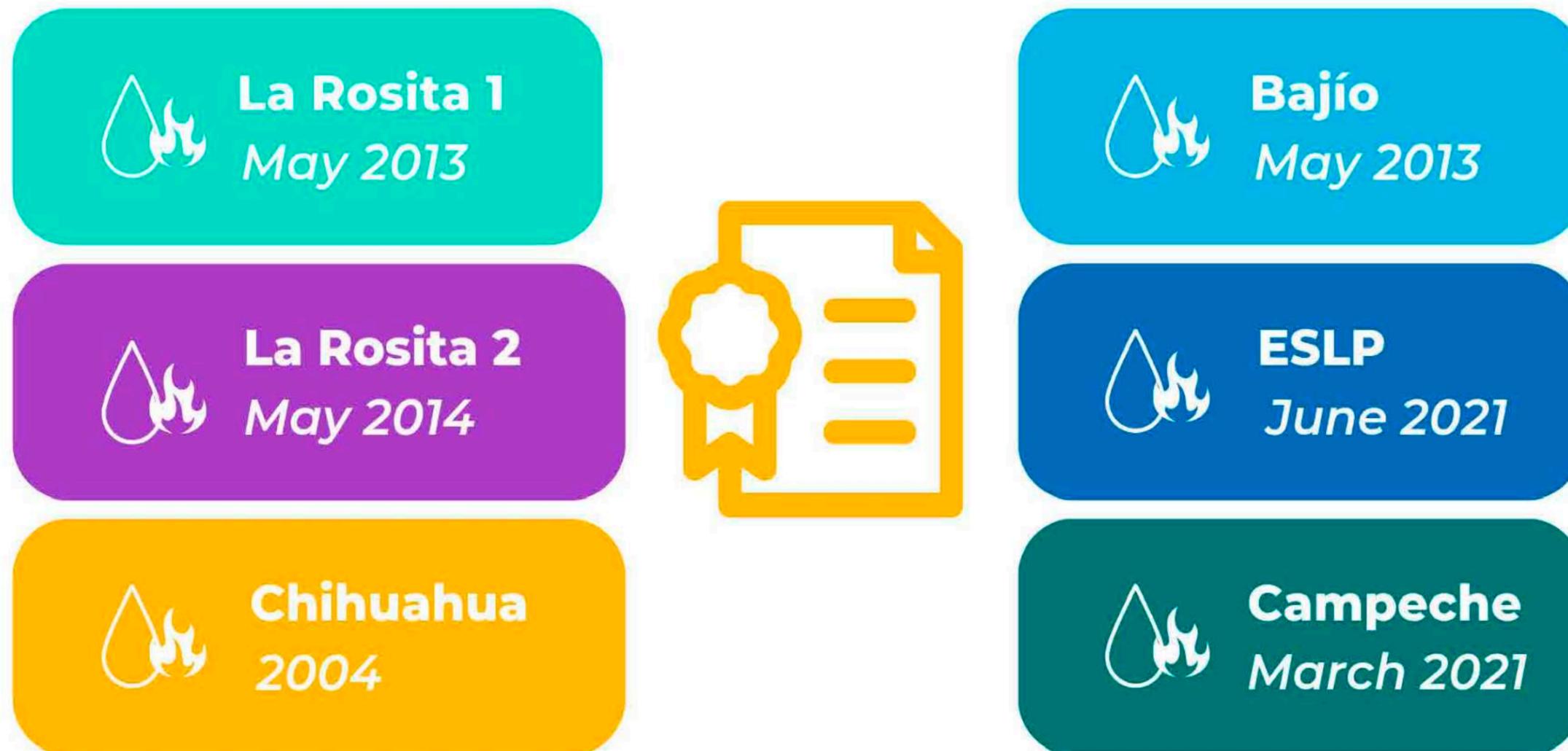## 5.3 Environmental risk assessment and control

Each facility in Saavi's generation fleet operates under strict compliance with national environmental laws and regulations, which include certifications and/or programs issued by Mexican authorities to prevent, contain and/or mitigate environmental impact. To this objective, all facilities report on an Environmental Management Systems (EMS) based on the ISO 140011:2015 Norm, which is structured around four operating pillars: planning, doing, verifying, and acting (PDVA). All processes and guidelines are directed to reduce environmental risk probability related to:

- Emissions to air
- Releases to water
- Waste management
- Land contamination
- Community impact
- Raw materials and natural resources use.

As an indicator of effective environmental management, during 2022 Saavi was not assessed with any environmental fines. In addition to compulsory regulations, our generation facilities also comply with the voluntary environmental audit program Industria Limpia which includes environmental audits under the Mexican Norm NMX-AA-162-SCFI-2012, focused on improving efficiency in internal processes to comply with national and international environmental standards, and identify areas for improvement.

The authority in charge of the voluntary environmental audit program is the Federal Attorney General for Environmental Protection (PROFEPA).

Industria limpia certification date by facility

La Rosita 1
May 2013

La Rosita 2
May 2014

Chihuahua
2004

Bajío
May 2013

ESLP
June 2021

Campeche
March 2021

5.4 Biodiversity protection: Reforestation, local fauna, and volunteering

Since 2021, Saavi has implemented a Reforestation **Program that involves local authorities, local communities, and collaborators from our facilities. In 2022, more than 1,600 trees were planted and 779 more were protected,** three flora conservation initiatives were sponsored, and our local species surveillance increased by 80%.

- Chihuahua: Donation of material needed for the preservation of 779 trees in Ciudad Juárez.

- Bajío: 450 new trees planted in the municipality, continuation of a cactus conservation program that is reported annually to the Mexican environmental authority (SEMARNAT) as part of the project's Environmental Conditions, sponsorship of the Botanical Garden in San Miguel de Allende with positive impact on +1,000 species and 250 m2.

- ESLP: Forest cleanup program implemented and reported annually to SEMARNAT on the power plant's interconnection line with the CFE Las Delicias electrical substation.

- Campeche: 450 new trees planted in Palizada, Campeche, a total of 1400 linear meters along the Palizada river in Tila.

- El Sauz: 400 new trees were planted in Pedro Escobedo, Querétaro, while a cactus conservation program for 550 species was implemented in the El Sauz plant.

- Altamira: 300 new trees planted in the municipality.

Area	KPI	Unit	2020	2021	2022
Environment	Total GHG Emissions	Tons/MWh	0.417	0.420	0.437
	Total NOX Emissions	Kg/MWh	0.695	0.664	0.663
	Total Energy Consumption	MWh	298k	291k	303k
	Total Hazardous Waste	Kg/MWh	0.011	0.008	0.007
	Number of Environmental Fines	Qty	-	-	0
	Amount of Environmental Fines	$	-	-	0

6. Reliability and efficiency: building trust in and out of the Company.

Material topics addressed: diversity and inclusion, well-being of collaborators and their families, organization climate and culture, occupational health and safety, governance.

United Nations SDG 2030:

Through its 3.5 GW of installed capacity, Saavi has contributed to the reliability of power systems in Mexico as well as the US for the past 20 years. Throughout our operation, and in the Company's relationship with its key stakeholders- employees, clients, communities, authorities, and shareholders- Saavi demonstrates shared values, clear objectives, and guiding policies. It is our core business to guarantee our clients reliable and competitive power supply, while we comply with strict regulations and guarantee a safe and supportive work environment for our employees.

Corporate culture is a keystone in the process of building reliability over time; as long as we can provide a common standard for daily behavior and a long-term aspiration within Saavi, we can increase the stability, efficiency, and strategic focus of the organization. Culture is people sharing an experience and a vision, and that's why our talent management model is based on the Human Experience Management framework that focuses on enabling individuals to constantly contribute to the organization and society in the most significant possible way.

With that perspective, Saavi creates opportunities for its collaborators to learn, grow, develop, and value diversity, so that their wellbeing improves productivity, commitment, and innovation for all. During 2022 we made progress in improving work climate, collaborators wellbeing, commitment and diversity and inclusion rates, but we also identified priority areas for Health Safety Security and Environment (HSSE) betterment to continue to ensure a safe work environment.

Regarding external engagement, relationships with neighboring communities were effectively managed to further public value of our operations while guaranteeing transparency and sustainable long-term relations. Corporate philanthropy was regulated by a three-pillar policy – commitment, closeness, and solidarity-, and sponsored initiatives were distributed among our operation sites, while our STEM scholarships program for women was expanded, in order to cover all our operating sites. Finally, to build reliability and efficiency in our stakeholder management model, we completed the first implementation phase of the Compliance framework, updated our risk prevention protocol – Know Your Customer (KYC)- to assess and manage reputation risk linked to commercial operations, and implemented the baseline action plan on cybersecurity and supply chain optimization.

6.1 Organizational culture, wellness, diversity and inclusion

The Work Climate Survey has been conducted each year since 2019[2]. **The December 2022 edition satisfaction rate, our main KPI, reached 73.2%.**

Results show improvement compared to 2021, particularly with respect to: **i) job satisfaction**, as collaborators perceive that they can apply their skills and knowledge to perform their functions, **ii) trust in the organization,** where people perceive strength and future stability in the Company, **iii) compensation and benefits,** related to emotional salary and flexible policies for economic and non-economic remuneration, **iv) long term stability,** as the survey registers a relevant increase in the percentage of people that considered staying in the Company for the long term, while the percentage of those planning to look for other options declined.

Besides these positive signs of cultural consolidation, 2022 results also pointed to areas where more attention should be paid in the short-term, such as **work- life balance,** professional development, communication between leadership and teams, professional development and identity and commitment.

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[2] *2020 edition was not conducted because of the Covid 19 pandemic.*

VIVE Saavi[3] takes on the task of addressing these areas of opportunity and assumes the responsibility for adding tangible value to our employee's daily lives through specific programs. VIVE Saavi deployment follows four pathways:

1. Balance Living (VIVE con balance). We pursue work wellness by improving work-life balance.

- Flex-Working: A hybrid scheme, staggered hours, flexible office locations.

- Planning and Organization: Tools to improve internal processes through digitalization and automation.

- Performance: Comprehensive performance management models based on capabilities, potential and KPIs.

- Development: Promote professional growth "Saavi Has Talent" program to consult, apply or refer an acquaintance to fill existing vacancies; and a culture of continuous learning with the 70-20-10 model and the "Leaders developing Leaders" program.

- Recognition: With "Saavi Acknowledges" we honor the collaborators who exhibit outstanding behavior upholding the Company's values, improving their immediate surroundings, or offering fresh ideas. We also celebrate unique moments in our collaborators' personal and family lives.

- Personnel Care: Through the "Saavi Listens to You" survey, employees can express their needs or suggestions; and with the "Saavi with You" program we look after our newest collaborators during the onboarding process and redirect efforts if necessary.

2. Healthy Living (VIVE saludable). We seek to provide personal wellness by promoting healthier lifestyles.

- Physical Health: Activation, nutrition, active breaks.

- Mental Health: 24/7 online psychological support for collaborators and their families.

- Social Health: Spaces for interaction and greater physical and virtual integration.

- Financial Health. Promote savings mechanisms and personal finance management.

- Preventive Health. Health awareness campaigns.

3. Better Living (VIVE mejor) – we seek to provide family well-being by improving the quality of life while working at Saavi.

- Benefit and services endomarketing for our collaborators best use and enjoyment.

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[3] The program's Spanish acronym stands for: Live illuminating your life and be extraordinary (Vive Iluminando tu Vida y sé Extraordinario).

#EnergíaConEquidad

- Discount agreements for special prices to Saavi's personnel.

- Additional personal days beyond those mandated by Mexican law and paid leaves when needed.

-Beneflex program to address the collaborators' main needs identified in our Emotional Salary survey. We design our compensation approach to provide monetary as well as non-monetary rewards.

- Social development calendar to celebrate special occasions.

4. Sustainable Living (VIVE sustentable). We look to promote community wellbeing by generating individual awareness of responsibilities as stewards of our communities in terms of both environmental protection, inclusion and diversity.

- Trainee Development

- Conferences and counseling

- Donations

Within our culture and workplace wellness efforts, the promotion of diversity, and inclusion (D&I) plays a strategic role, as higher diversity rates help broaden problem-solving and creativity skillsets, driving up productivity and commitment. To this end, we have incorporated the following policies and guidelines, with the best DEI practices, and we have tracked their evolution overtime.

- D&I indicators incorporated into our annual organizational mappings and individual KPIs.

- Key talent development programs and well-being with a D&I perspective for individual need.

- D&I perspective in the Talent Recruitment Process, to ensure gender equality in our recruitment efforts.

- D&I awareness campaign to consolidate the concept as keystone of corporate culture: lectures, webinars, and commemoration of important D&I dates to raise awareness within the organization.

- D&I incorporation into Saavi's Code of Conduct to ensure respect for diversity.

As a result, since 2019 Saavi has been turning into a stronger community every year, from the age generation mix, gender, and family life dimensions.

· Millennial participation in age demographics went from 39% to 48%.

2019
- 5% Baby Boomer
- 56% Gen X
- 0% Gen Z
- 39% Millennial

2022
- 3% Baby Boomer
- 2% Gen Z
- 48% Millennial
- 46% Gen X
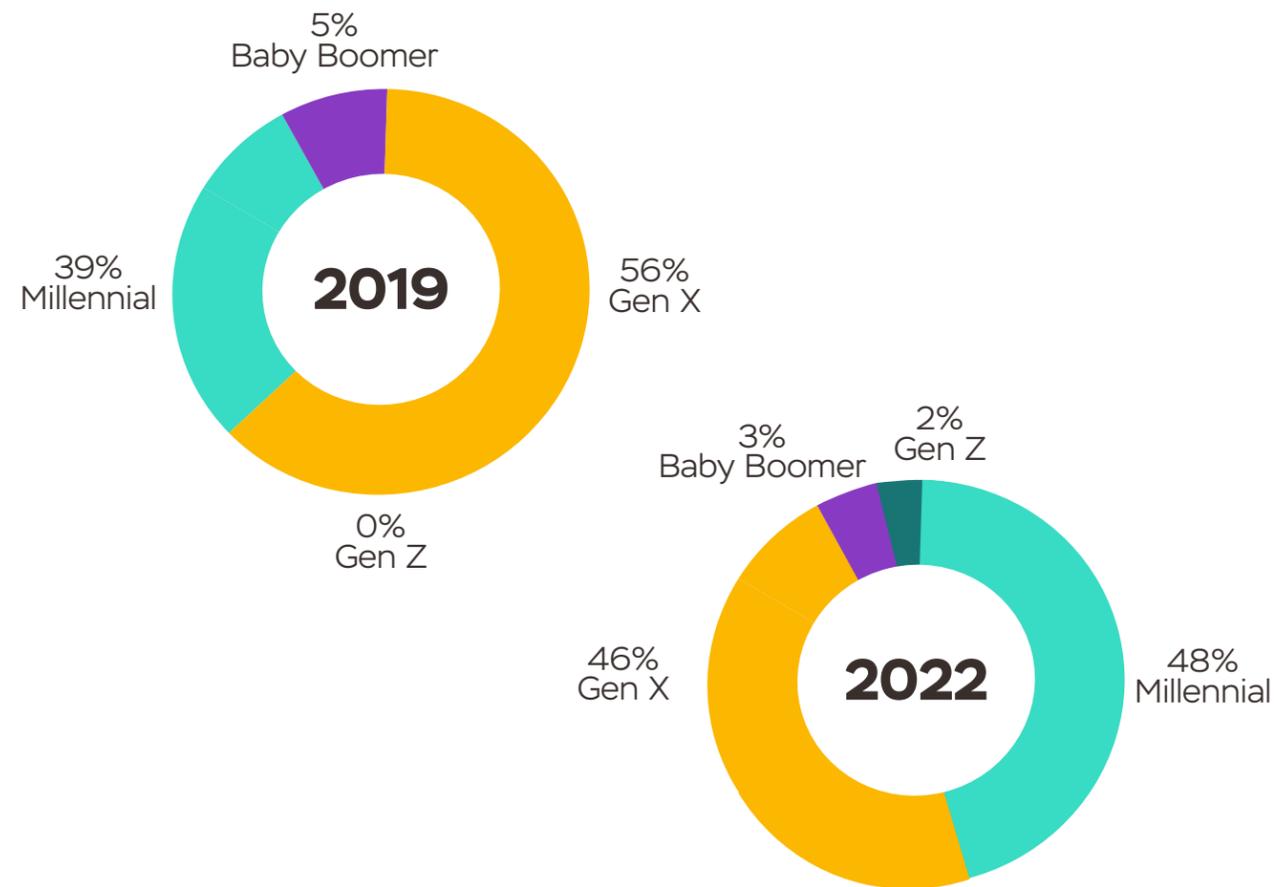
· Married and single employees remained relatively stable: around 57% married and 42% single.

· Female participation increased from 16% to 20% throughout the Company, and from 34% to 43% in Corporate HQ.

Female participation throughout the company

Year	Male	Female
2019	84%	16%
2020	84%	16%
2021	82%	18%
2022	80%	20%

Female participation in Corporate HQ

Year	Male	Female
2019	66%	34%
2020	63%	37%
2021	61%	39%
2022	57%	43%
2030	Goal 50%	50%
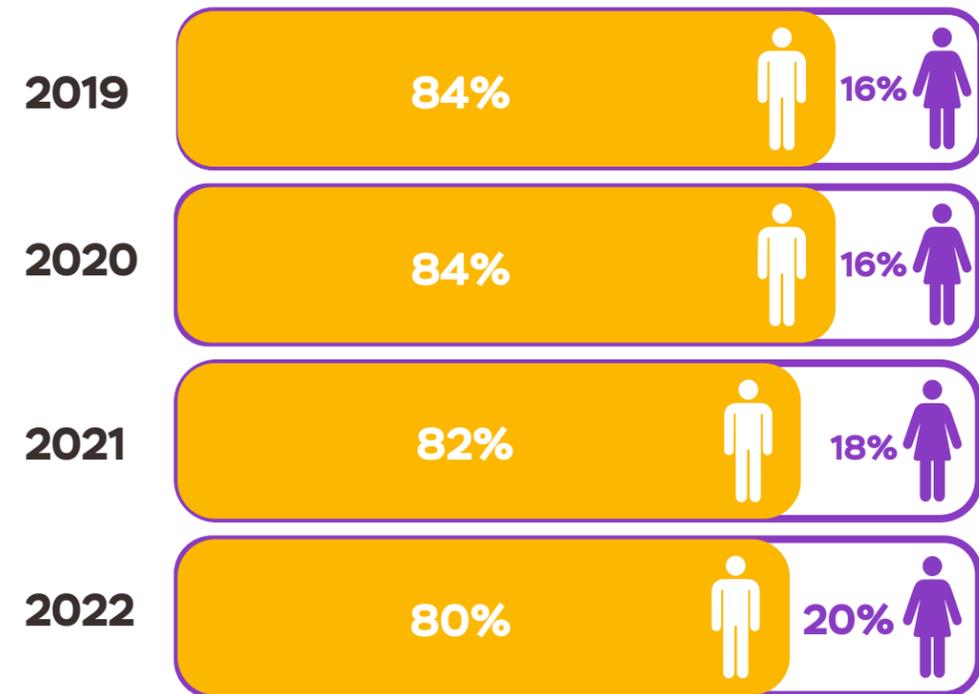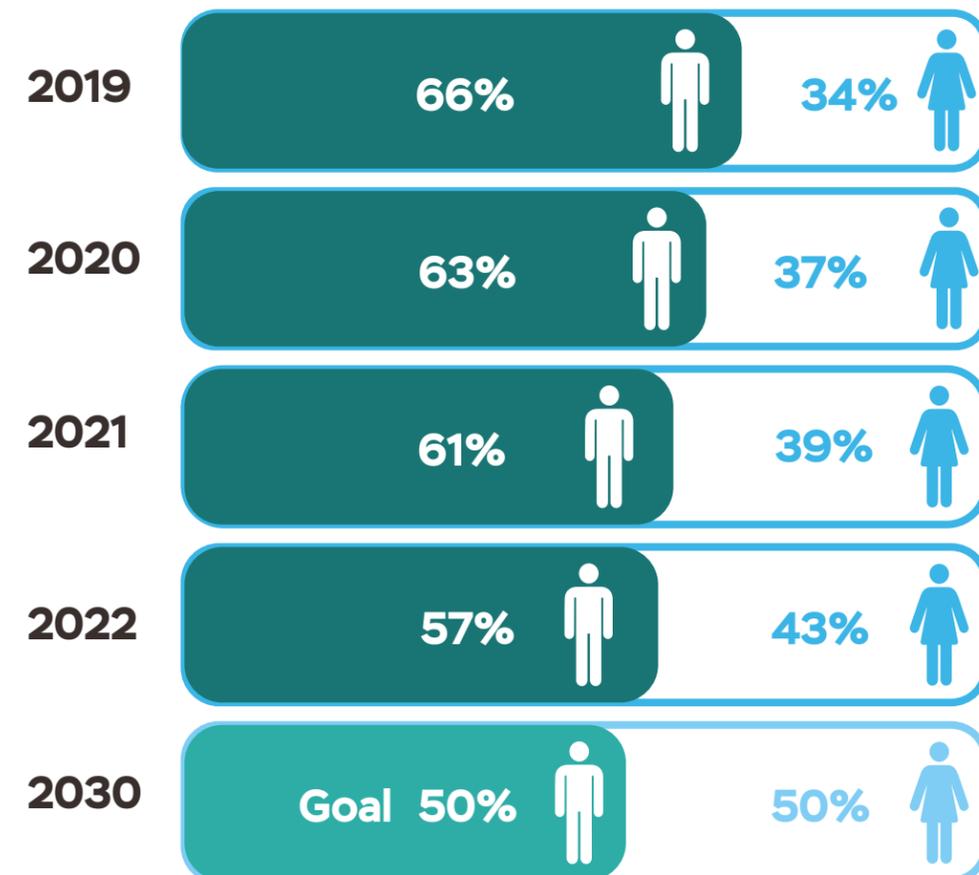
Gender diversity in leadership increases long-term value creation, boosts innovative solutions, and creates a more collaborative work culture. We are dedicated to further increase transversal women's integration in the company, and specially in leadership positions. With that purpose, **we have set a 50% gender integration target in Corporate HQ by 2030,** that will be achieved through recruiting, developing, and retaining female talent in key roles. Talent management strategy for greater inclusion will be based on the following actions.

1) Provide **equal leave programs** for various needs such as maternity and paternity leave allowances for birth and adoption, elderly care and care for household members with disabilities.

2) Increase the **resources available to women** to accelerate inclusion in leadership positions.

3) **Create alliances with leading institutions** in DEI matters to consolidate our efforts.

Saavi's organizational culture, wellness and DI strategies have provided tangible benefits to our employees and have had a rapid positive impact in the overall talent turnover rate, decreasing it from 11% in 2019 to 7.6%

in 2022 - amidst the "Great Resignation" trend-, providing consistency and improvement to the workplace environment (the sense of belonging and engagement) and enhancing organizational potential.

Overall talent turnover rate

2019	2020	2021	2022
11%	7.9%	9%	7.6%
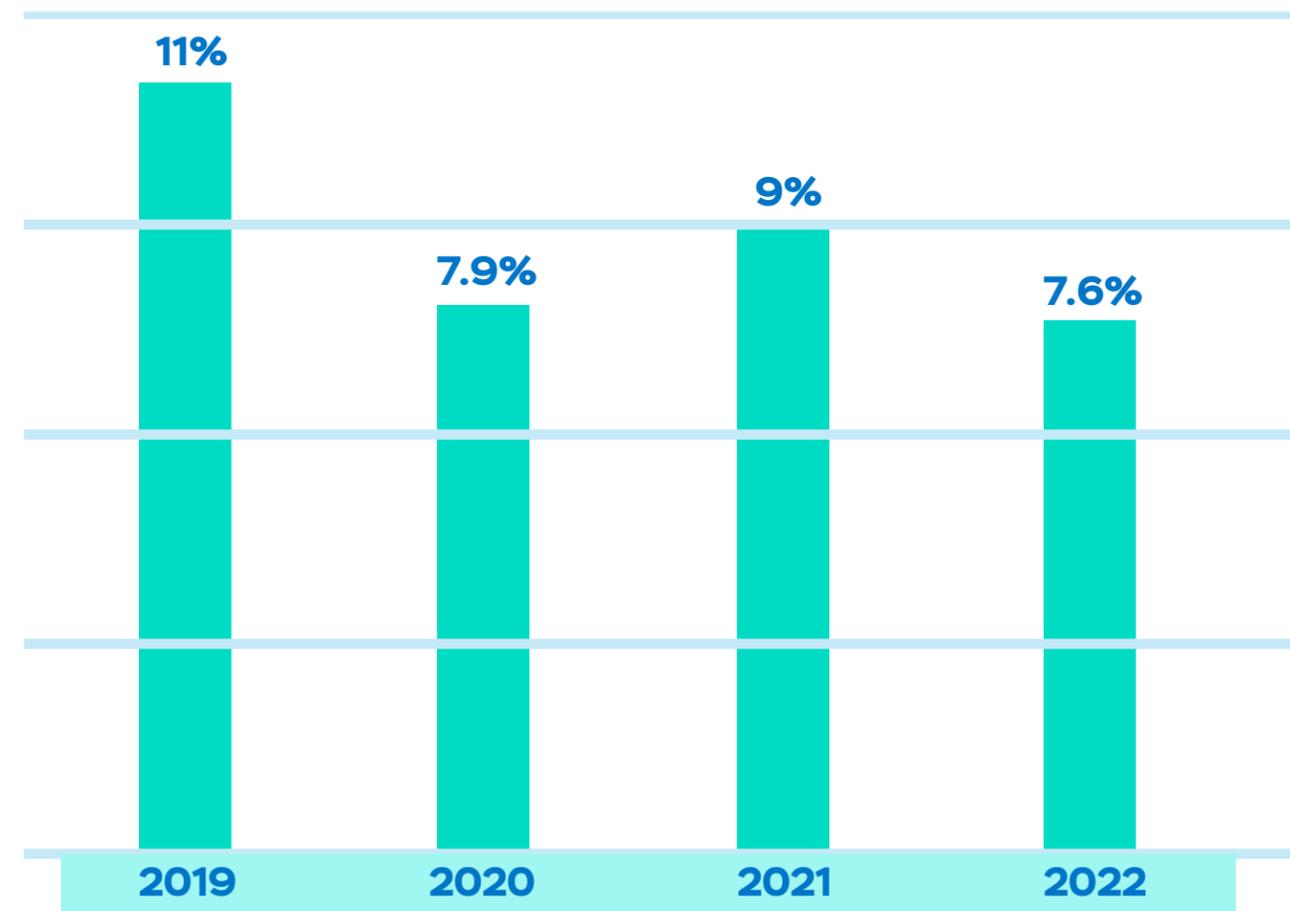
Area	KPI	Unit	2020	2021	2022
Social-Human Capital	Female Employees	%	16%	18%	20%
	Corporate Female Employees	%	37%	39%	43%
	Male Employees	%	84%	82%	80%
	Corporate Male Employees	%	63%	61%	57%
	Women in Management positions	%	12%	18%	19%
	Men in Management positions	%	88%	82%	81%
	Women in Board positions	%	-	29%	29%
	Men in Board positions Independent	%	100%	71%	71%
	Independent Board members	%	57%	29%	29%
	Total Employees	Qty	306	334	335

6.2 Occupational Health and Safety

Health and Safety in the workplace is paramount to Saavi Energía. Our internal standard is based on a No Lost Time Incidents vision, built up over a preventive safety culture, and complemented with rapid response protocols and adaptation plans when needed.

To guarantee safe and secure operations in all our assets, Saavi's Safety Management framework has been focused on two lines of action:

i. Safety protocols for Saavi's employees throughout business-as-usual operations, integrated by:

· **Continuous training on health and safety:** more than 132 safety training courses were conducted across our entire fleet during 2022.

· **Best-practices and lessons-learned sharing mechanisms:** our incidents investigation tools require event reconstruction, classification, timeline reconstruction, root cause identification, and description of corrective measures. All incidents' files are registered in the Company's database and shared though a lessons-learned program.

· **Monitoring and evaluation to guarantee constant improvement:** internal and external audits of ISO 9001, ISO 18001 and ISO 45001 standards were carried out in all our portfolio assets.

· **Safety walks:** compulsory safety rounds to identify potential safety risks or non-compliance events in all facilities.

ii. Contractors' safety management, especially during major maintenance works

· **Prequalification of potential contractors for major maintenance activities.** Definition of requirements by Operations and Maintenance, HSSE, Legal and Finance departments within the companies.

• **Permanent health and safety risk assessment and management:** Work-permit filing -including risk and potential hazards evaluation- is required before any relevant job performed within our facilities.

• **Verification of competencies and evaluation of previous performance records.** Weighting system to evaluate experiences with pre-selected contractors and add it to prequalification records.

• **Immediate action plans in case of incidents:** remediation protocols to be followed to guarantee immediate medical attention and prevent further accidents.

In 2022, even though accident rates were below industry averages during the reporting period, results were in excess of internal targets. Unfortunately, we had two LTI to report, both occurred during major maintenance work and involved personnel of contractors.

As immediate response, HSSE defined a comprehensive plan to impact the safety management model through four lines of action constantly monitored in all our facilities:

i. Visible leadership: the HSSE area will report directly to Saavi's CEO.

ii. Safety culture update: Implementation of a Zero Accident Vision, a preventive culture approach based on: 1) Safety always!, 2) I know the hazards and risks of my job, 3) I stop unsafe acts and conditions, 4) I do not act in haste, fatigue, frustration or complacency to avoid accidents 5) I use appropriate personal protective equipment and tools and 6) I respect safety signs, guidelines, procedures and policies.

iii. Safety in outages: strengthen implementation contractor safety management described above.

iv. Operational discipline and metrics: inclusion of accident severity indicators with an annual target, and disciplinary measures in accordance with each incident.

Area	KPI	Unit	2020	2021	2022
Safety	Fatalities	Qty	-	-	0
	Lost Time Incident Frequency (LTIF)	Rate	0.26	0.14	0.25
	Total Recordable Cases (TRC)	Rate	0.26	0.29	0.49
	Restricted Work Cases (RWC)	Qty	-	1	2
	Medical Treatment Cases (MTC)	Qty	-	-	0
	First Aid	Qty	11	5	5
	Near Misses	Qty	22	8	13
	Safety Walks	Qty	18	1,757	1,533
	Safety Contractors Day	Qty	3	4	6
	Number of Road Indidents	Qty	-	-	0

Covid-19 Protocol

Saavi's health and safety context has been marked by the pandemic, mandating an adaptation of our preventive culture specifically to contain Covid 19 contagion rate, and facilitate proper health attention in case needed. Thus, since the beginning of the contingency we have established prevention protocols as follows.

1. Access control
2. Infrastructure, health distance and health brigade
3. Collective transport
4. Business Travels
5. Positive case handling
6. Promotion and information of vaccination campaign

Throughout 2022, the respiratory prevention campaign continued, mainly in high contagion seasons, and was efficient in containing health risk for our employees.

Area	KPI	Unit	2020	2021	2022
Health	Frequency Rate Health	Rate	-	-	0
	Severity Index Health	Rate	-	-	0
	Number of Cases of Illnesses Related to Work	Qty	-	-	0
	% of Medical Exams	%	98%	%100	%100

Security

In the reporting period, Saavi reinforced patrimonial security of all its assets through a vulnerability assessment of all sites, and security services auditing protocols to guarantee proper implementation of operating standards throughout the fleet. During 2022, Saavi's fleet accounted for three security incidents: all of them were overnight intrusion and warehouse robbery attempts. Company's protocol mandates a rapid response action plan, integrated by:

- Perimeter protection improvement
- Surveillance video system update
- Due diligence performed on security services companies and replacement if necessary.
- Permanent communication and coordination with local authorities.

In addition, a crisis management protocol was developed to face potential security breaches. Protocol provides guidelines to establish a crisis management committee, in charge of decision making regarding legal, operative and communication actions to protect Saavi's employees and guarantee full legal compliance with local and federal authorities.

AREA	KPI	UNIT	2020	2021	2022
Security	Number of Security Incidents	Qty	-	1	3
	Number of Crisis Management Drills	Qty	8	8	7

6.3 Community engagement: philanthropy and social investment

At Saavi Energía, compliance with legal and regulatory obligations is as important as guiding our ethical behavior by the principles that define us as a Company. Within that framework, our Philanthropy Policy was designed to improve the wellbeing of neighboring communities while we effectively manage corporate risk and foster transparency and accountability in our external engagement. During 2022, we had no community complaints or social risk to our operations, and we processed 15 donations requests following three principles:

1. Commitment. Social engagement teams should immediately address any community claim or requirement, also be transparent on problem evaluation and potential solutions.

2. Closeness. Communication channels with neighboring communities are permanently open and philanthropy protocols are proactively socialized.

3. Solidarity. Philanthropy policy is flexible and can easily adapt to singularities in each site, always favoring public impact initiatives and community development.

DONATION BY LOCATION		
Samalayuca, Chihuahua	4 requests	Donations for schools, sports, and local traditions. Maintenance of mobile infrastructure of the fire brigade.
Tabasco and Campeche	5 requests	Donations of school supplies, improvements for local schools and support of local traditions.
La Rosita, Baja California	2 requests	Improvements of the community's playgrounds.
Altamira, Tamaulipas	2 requests	Sponsorship for collaborator's sports uniforms.
San Luis de la Paz, Guanajuato	2 requests	Donation and planting of trees in community parks.

In 2023, Saavi will allocate resources to update its social investment policy, in order to i) set a specific social investment budget by facility, ii) identify potential Saavi flagship social initiatives to target energy poverty in marginalized communities neighboring our assets, iii) improve our proactivity in socializing corporate philanthropy protocols and our alliance building skills with neighboring industries to escalate community impact of social investment projects.

Energy with Equality Program – fostering STEM careers for woman.

As described in Saavi's 2021 sustainability report, Mexico's energy sector workforce is composed of 80% men and 20% women. In addition, only 14% of STEM graduates are women. To address this imbalance, especially in the power sector, is critical to promote greater participation of young women in STEM careers.

The "Energy with Equality program" was launched in August 2021 as a scholarship program aimed at supporting young female students in STEM careers, who have high probability of not completing their studies due to financial shortcomings. Our scholarship, in addition to providing financial support of USD$500 per month to recipients, also includes professional development activities, such as mentoring sessions, plant visits, and students' participation in Saavi's activities.

Scholarships are granted to economically disadvantaged women candidates who recently graduated from high school and enrolled in the first semester of six engineering degrees[4], all directly related to the electricity sector operation. In order to maintain scholarships, beneficiaries should prove academic excellence by maintaining a GPA score of at least 9.0/10.0 throughout their undergraduate studies.

After design and first implementation in 2021, during 2022 the program had the following results:

· Expansion from 2 to 5 scholarships granted and maintained in all our operating sites: Mexicali, Chihuahua, Querétaro, Tamaulipas, and Campeche.

· Mentoring process for 5 students: 40 hours of mentoring activities: 25 work meetings with STEM mentors and 6 meetings with FEM sponsors

· Site visits of scholars and families

· One 90+ high school students conference in Mexicali

· Two 120+ university students conference in Tamaulipas

· Internships in Saavi for recruiting purposes.

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[4] Mechanical engineering, renewable energy engineering, electrical engineering, mechatronics engineering, semiconductors engineering, microelectronics engineering.

Time Line & Progress

Q4 2021	Q1 2022	Q4 2022
Q4 2021 1 students in LRO done	**Q1 2022** 1 students in CHI and 1 in BAJ; done (3 in total)	**Q4 2022** 1 students per site achieved
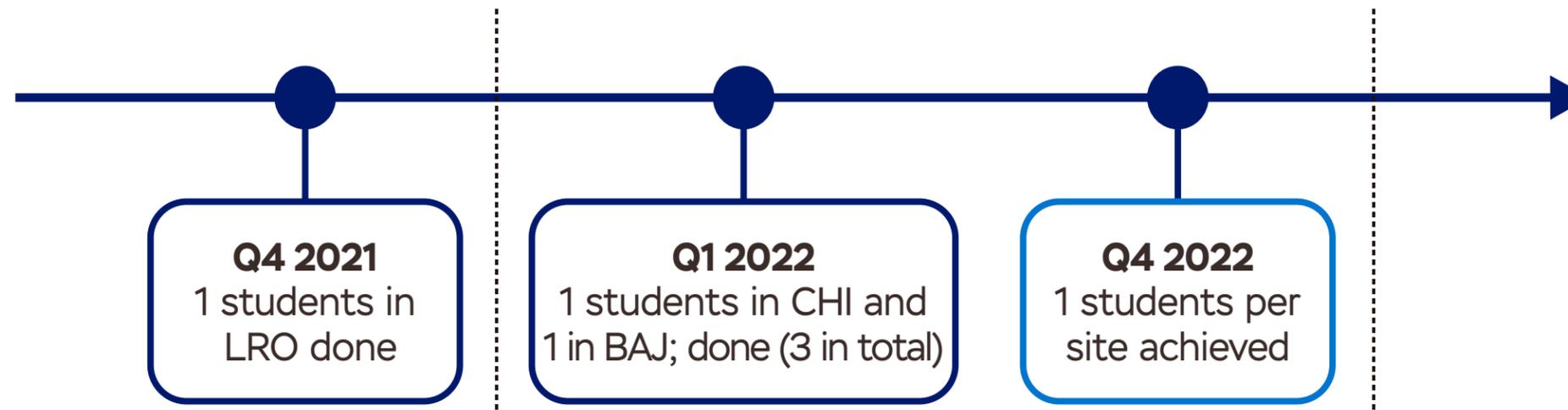
In the next reporting period, sustainability report will show an assessment of the Energy with Equality Program results until 2023, and plans for its adequation in order to a) improve support for current beneficiaries throughout their career, and b) bolster our impact in facilitating young women's successful insertion in the Mexican power sector.

AREA	KPI	UNIT	2020	2021	2022
Social-Community	Number of Complaints from Communities	Qty	-	-	-
	Number of Inquiries to Communities	Qty	-	-	-
	Number of Operational Negative Impacts in Communities	Qty	-	-	-

6.4 Governance and compliance
Compliance framework

To guarantee full compliance with external regulations, Saavi has defined and implemented policies and guidelines not only to make all our employees aware of their legal and ethical responsibility, but also accountable for their ethical actions: we call it the Saavi Way.

Since 2021, Saavi Energía began a transition process from a reactive approach into a comprehensive and proactive Compliance Framework. This is oriented towards incentivizing risk assessment in operation plans, fostering awareness and conscious decision-making among collaborators during business-as-usual operation.

● Compliance Risk Management Framework: **the "Saavi Way"**

Activa el
SAAVI
Way

● **From**
· Siloed Compliance to *integrated Compliance*.
· Reactive Compliance to *proactive Compliance*.
· Passive leaders to *Compliance sponsors* and
· Indifferent employees to *engaged champions*.

The idea behind the Saavi Way was to move the organization into the next level of maturity in **Compliance culture.**

Throughout 2022, Saavi fully completed the first phase of the Compliance Framework implementation, including the update and standardization of internal control documents, and the Compliance and Ethics programs, we achieved an increased compliance awareness in the organization and a stronger adherence to our values. For 2023, our main goal is to consolidate Saavi Energía's culture of compliance and monitor the framework implemented last year.

In 2022, one of the ESG objectives was: implementation of the Compliance Management Framework (phase 1)

This commitment was achieved and exceeded:

Compliance Management Framework (Phase 1)

Additional elements implements as part of the Saavi Way:

Design Compliance Policy and Processes

%100

Documents* standardization

%100

+

Regulatory obligations documented & monitored (vCompliance)

%100

New Code of Conduct

%100

Conflict of Interest Policy

%100

Anti-Corruption Program improvements

%100

Publication of
- 1 Policy of Polices
- 3 Compliance Processes

Review and validation of 686 documents*:
- 407 Purged
- 219 Enhanced
- 60 Created

Polices, guidelines and procedures

Areas with regulatory obligations registered in vCompliance:
- Contractual
- Commercial
- HSSE
- HR

Includes Tierra Mojada Plant.

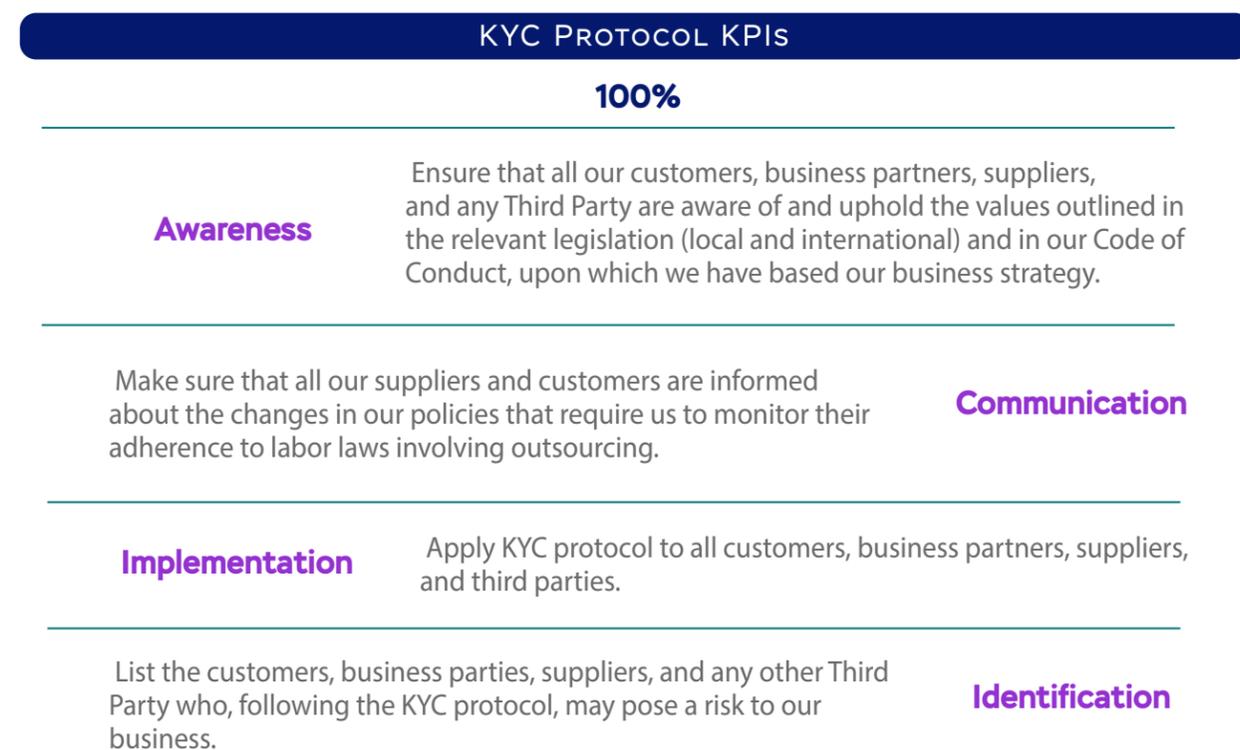Publication of the new Code of Conduc with a learning program which includes live training & E-learnings for the entire organization.

Publication of the Conflict of Interest Policy. It includes course trainings for the entire organization.

Publication of the Anti-Corruption Program. It includes:
- Anti-Corruption Policy
- Due Diligence Policy
- Ethics Line Policy

with its associated guidelines and procedures.

Know Your Customer Protocol

The KYC protocol helps Saavi to build transparent and trustworthy relationships with its customers over time. It is a mandatory procedure to evaluate our potential customers compliance with legal and financial obligations, as well as their risk profile with third parties (clients, business parties, suppliers), and reputational standards. The protocol identifies risks and opportunities through a standardized questionnaire conducted to all potential customers.

KYC Protocol KPIs	
100%	
Awareness	Ensure that all our customers, business partners, suppliers, and any Third Party are aware of and uphold the values outlined in the relevant legislation (local and international) and in our Code of Conduct, upon which we have based our business strategy.
Make sure that all our suppliers and customers are informed about the changes in our policies that require us to monitor their adherence to labor laws involving outsourcing.	**Communication**
Implementation	Apply KYC protocol to all customers, business partners, suppliers, and third parties.
List the customers, business parties, suppliers, and any other Third Party who, following the KYC protocol, may pose a risk to our business.	**Identification**

Supply chain optimization

In order to guarantee an optimal operation of our value chain, its internal and external components should be completely aligned toward long-term objectives and rules. To guarantee an ethical, transparent, and competitive procurement processes, our supply chain optimization policy aims at fostering adherence to Saavi's principles and values, through three main lines of action:

- Bolster personnel training in soft competencies and technical skills.

- Foster best practices adoption in our procurement policies.

- Promote all supplier's adoption of Saavi's code of ethics, and adherence to our safety, health, and environmental policies.

To that effect, during 2022 Saavi established two initiatives to inaugurate the optimization policy:

1. One on one encounters with all suppliers to build, evaluate and strengthen continuous improvement relationships.

2. Saavi Suppliers website setting up for information exchange, with 2023 expansion objectives.

SUPPLY CHAIN RELEVANT 2022 FIGURES		
1,118 Active suppliers	**85%** Local suppliers	**155** Suppliers with critical activities

6.5 Cybersecurity Governance

Our cybersecurity objective is to design, implement and improve a strategy that protects systems, services and information against unauthorized use -disclosure, modification, damage, and loss-, as well as guaranteeing information availability during emergencies.

Saavi's strategy aims at increasing cybersecurity levels based on third-party assessments in five dimensions:

1. Risk management and cybersecurity governance

2. Cyber intelligence

3. Human factor management

4. Digital infrastructure protection

5. Digital incident detection and response

During 2022, we carried out the following actions:

Strengthening regulatory framework	Publication policies and guidelines based on best practices such as those established in ISO 27001 about the required behavior of collaborators in cybersecurity.
Cybersecurity culture	Conducting webinars, socializing information internally, and organizing mandatory sessions to inform about the cybersecurity regulatory framework. Implementation of a cybersecurity awareness platform that assigns mandatory training modules to our collaborators and follows up on the skills to identify areas of opportunity.
Cybersecurity services	Security Operations Center launching with endorsement of FIRST and CERT and with ISO 27000, ISO 14000, and ISO 20000 certifications, to have an uninterrupted monitoring of our infrastructure. Cyber patrol service to identify threats and vulnerabilities impacting on our technological ecosystem and execute preventive mitigation actions, detect affectations to the brand or key personnel in social networks, and monitor the improper exploitation of our information in the Deep Web and the Dark Web.
Continuous improvement	Penetration tests, vulnerability analysis and threat searches to identify risks in our infrastructure and apply corrective actions. Tests are performed on the organization's assets and to our business partners' platforms to ensure proper treatment of our information assets.
New technologies	Use of EDR (Endpoint Detection and Response) software to increase an additional layer of security in computer equipment along with EPP (Endpoint Protection Platform) solutions to identify and neutralize advanced threats. Implementation of Multi-Factor Authentication (MFA) technology and conditional access rules to reduce the risk of identity theft.

7. Sustainability focus in 2023.

Saavi's 2022 focus on realignment between business rationale and sustainability commitment will be strategic in making constant progress towards 2030 goals. During this reporting period our sustainability platform was substantially enhanced due to three main achievements: the definition of 2030 scope 1 emissions intensity reduction targets, the publication of a water use efficiency index as guideline for future actions, and the definition of 2030 gender diversity targets.

During 2023, Saavi's team will focus on six priorities:

1. Heat Rate efficiency protocols implementation and portfolio diversification initiatives.

2. Identification of opportunities to increase redirection of remaining water to neighboring communities, in coordination with local authorities and industries.

3. Keep progress in women inclusion targets while expanding D&I initiatives to other target groups within the organization.

4. Assessment of STEM Scholarships effectiveness and definition of potential adjustments to increase their impact on young women inclusion in the power sector.

5. Update our social investment policy to: i) set a specific social investment budget by facility, ii) identify potential Saavi flagship social initiatives to target energy poverty in marginalized communities neighboring our assets, iii) increase our proactivity in socializing corporate philanthropy protocols and our alliance building skills with neighboring industries to escalate community impact of social initiatives.

6. Strengthen our internal safety and security protocols, guided by the four lines of action of the company´s safety management model.

As in previous years, evolution will be quarterly reported to our ESG Committee and our Board of Directors, and our progress will be thoroughly described in our 2023 sustainability report.

8. Global Reporting Initiative (GRI) index

GRI 1 used **GRI 1: Foundation 2021**

GRI STANDARD	DISCLOSURE	LOCATION
General disclosures GRI 2: General Disclosures 2021	2-1 Organizational details	4. About Saavi Energía: Vision, Values and Governance framework
	2-2 Entities included in the organization's sustainability reporting	4. About Saavi Energía: Vision, Values and Governance framework
	2-3 Reporting period, frequency and contact point	3. About this report: progress, structure, and dashboard
	2-4 Restatements of information	Not applicable
	2-5 External assurance	3. About this report: progress, structure, and dashboard
	2-6 Activities, value chain and other business relationships	6.4 Governance and compliance
	2-7 Employees	6.1 Organizational culture, wellness, diversity and inclusion
	2-8 Workers who are not employees	6.2 Occupational Health and Safety
	2-9 Governance structure and composition	4.3 Our governance framework.
	2-10 Nomination and selection of the highest governance body	4.3 Our governance framework.
	2-11 Chair of the highest governance body	Jaime Tupper
	2-12 Role of the highest governance body in overseeing the management of impacts	4.3 Our governance framework
	2-13 Delegation of responsibility for managing impacts	1. CEO Message
	2-14 Role of the highest governance body in sustainability reporting	1. CEO- Message , 3. About this report: progress, structure, and dashboard
	2-15 Conflicts of interest	6.4 Governance and compliance
	2-16 Communication of critical concerns	6.2 Occupational Health and Safety, 6.3 Community engagement: philanthropy and social investment, 6.4 Governance and compliance Know Your Customer Protocol.
	2-17 Collective knowledge of the highest governance body	4.3 Our governance framework
	2-18 Evaluation of the performance of the highest governance body	4.3 Our governance framework
	2-19 Remuneration policies	6.1 Organizational culture, wellness, diversity and inclusion
	2-22 Statement on sustainable development strategy	6.3 Community engagement: philanthropy and social investment, 7. Sustainability focus in 2023.
	2-23 Policy commitments	5. Enabling energy transition: leading transformation to a sustainable future
	2-24 Embedding policy commitments	5. Enabling energy transition: leading transformation to a sustainable future
	2-25 Processes to remediate negative impacts	5. Enabling energy transition: leading transformation to a sustainable future
	2-26 Mechanisms for seeking advice and raising concerns	6. Reliability and efficiency: building trust in and out of the Company
	2-27 Compliance with laws and regulations	Occupational Health and Safety (S)
	2-28 Membership associations	Enabling energy transition: leading transformation to a sustainable future
	2-29 Approach to stakeholder engagement	1. CEO Message

General disclosures

GRI STANDARD	DISCLOSURE	LOCATION
Material Topics GRI 3: Material Topics 2021	3-1 Process to determine material topics	3. About this report: progress, structure, and dashboard
	3-2 List of material topics	3. About this report: progress, structure, and dashboard
Procurement practices GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	6.4 Governance and compliance
Anti-corruption GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	6.4 Governance and compliance
	205-2 Communication and training about anti-corruption policies and procedures	6.4 Governance and compliance
Water and effluents GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	2. Saavi highlights for 2022; 5.2 Water consumption index
	303-2 Management of water discharge-related impacts	5.2 Water consumption index
	303-3 Water withdrawal	5.2 Water consumption index
	303-4 Water discharge	5.2 Water consumption index
	303-5 Water consumption	5.2 Water consumption index
Biodiversity GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	5.4 Biodiversity protection: Reforestation, local fauna, and volunteering
	304-3 Habitats protected or restored	5.4 Biodiversity protection: Reforestation, local fauna, and volunteering
Emissions GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	5.4 Biodiversity protection: Reforestation, local fauna, and volunteering
	305-4 GHG emissions intensity	5.4 Biodiversity protection: Reforestation, local fauna, and volunteering
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	5.4 Biodiversity protection: Reforestation, local fauna, and volunteering
Waste GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	5. Enabling energy transition: leading transformation to a sustainable future
	306-2 Management of significant waste-related impacts	5. Enabling energy transition: leading transformation to a sustainable future
	306-3 Waste generated	3. About this report: progress,structure, and dashboard, 5.4 Biodiversity protection: Reforestation, local fauna, and volunteering
Employment GRI 401: Employment 2016	401-1 New employee hires and employee turnover	6.1 Organizational culture, wellness, diversity and inclusion
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	6.1 Organizational culture, wellness, diversity and inclusion
	401-3 Parental leave	6.1 Organizational culture, wellness, diversity and inclusion
Occupational health and safety GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	6.2 Occupational Health and Safety
	403-2 Hazard identification, risk assessment, and incident investigation	6.2 Occupational Health and Safety
	403-3 Occupational health services	6.1 Organizational culture, wellness, diversity and inclusion
	403-4 Worker participation, consultation, and communication on occupational health and safety	6.2 Occupational Health and Safety
	403-6 Promotion of worker health	6.1 Organizational culture, wellness, diversity and inclusion
	403-9 Work-related injuries	6.2 Occupational Health and Safety
	403-10 Work-related ill health	6.2 Occupational Health and Safety
Training and education GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	6.1 Organizational culture, wellness, diversity and inclusion
	404-3 Percentage of employees receiving regular performance and career development reviews	6.1 Organizational culture, wellness, diversity and inclusion
Diversity and equal opportunity GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	6.1 Organizational culture, wellness, diversity and inclusion
Local communities GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	6.3 Community engagement: philanthropy and social investment

This report has been prepared and presented in accordance with the Global Reporting Initiative (GRI) guidelines, based on the indicators currently applicable to the company.