

# 2016

THE

# VALUE

OF

# ENERGY



SUSTAINABILITY REPORT  
+ FINANCIAL REPORT

# GRI CONTENT INDEX



STANDARD NUMBER	DISCLOSURE	PAGE OR DIRECT RESPONSE	OMISSIONS	NDEPENDENT ASSURANCE
<b>GRI 102 GENERAL DISCLOSURES</b>				
102-1	Name of the organization	Infraestructura Energética Nova S.A.B. de C.V. (IEnova)		
102-2	Activities, brands, products, and services	24		
102-3	Location of headquarters	Mexico City		
102-4	Location of operations	22, 26		
102-5	Ownership and legal form	IEnova is a public stock corporation with variable capital (S.A.B. de C.V.) established under the laws of Mexico.		
102-6	Markets served	22-26, 77, 78		
102-7	Scale of the organization	74		
102-8	Information on employees and other workers	92-99		Yes, page 156
102-9	Supply chain	76-78		
102-10	Significant changes to the organization and its supply chain	24		
102-11	Precautionary principle or approach	56, 57		
102-12	External initiatives	Inside front cover page, 324		
102-13	Membership of associations	66, 67		
102-14	Statement from senior decision-maker	15, 16		
102-15	Key impacts, risks, and opportunities	15, 16, 56-57		
102-16	Values, principles, standards and norms of behavior	58, 65, Inside front cover page		Yes, page 156
102-17	Mechanisms for advice and concerns about ethics	58, 59, 65		Yes, page 156
102-18	Governance structure	60-63 <a href="https://www.bmv.com.m/docs-pub/infoanua/infoanua_747948_2016_1.pdf">https://www.bmv.com.m/docs-pub/infoanua/infoanua_747948_2016_1.pdf</a> page 204-212		
102-19	Delegating authority	33-34		

STANDARD NUMBER	DISCLOSURE	PAGE OR DIRECT RESPONSE	OMISSIONS	NDEPENDENT ASSURANCE
102-20	Executive-level responsibility for economic, environmental and social topics	33-34 The Chief Corporate Affairs & HR Officer chairs the Sustainability Committee, which in turn reports to the highest governance body, as per its bylaws.		
102-22	Composition of the highest governance body and its committees	60, 61 <a href="https://www.bmv.com.m/docs-pub/infoanua/infoanua_747948_2016_1.pdf">https://www.bmv.com.m/docs-pub/infoanua/infoanua_747948_2016_1.pdf</a> page 204-212		
102-23	Chair of the highest governance body	60, 61 Carlos Ruiz Sacristán serves as Chairman of the Board of Directors and CEO of IEnova.		
102-24	Nominating and selecting the highest governance body	61 <a href="https://www.bmv.com.m/docs-pub/infoanua/infoanua_747948_2016_1.pdf">https://www.bmv.com.m/docs-pub/infoanua/infoanua_747948_2016_1.pdf</a> page 204-212		
102-25	Conflicts of interest	58, 59, 61 <a href="https://www.bmv.com.m/docs-pub/infoanua/infoanua_747948_2016_1.pdf">https://www.bmv.com.m/docs-pub/infoanua/infoanua_747948_2016_1.pdf</a> page 204-212		
102-26	Role of the highest governance body in setting purpose, values, and strategy	IEnova Bylaws <a href="http://media.corporateir.net/media_files/IROL/25/251830/cg/ESTATUTOS%20IENOVA%20FINAL%202016.pdf">http://media.corporateir.net/media_files/IROL/25/251830/cg/ESTATUTOS%20IENOVA%20FINAL%202016.pdf</a>		
102-28	Evaluating the highest governance body's performance	60-64 The members of the Board of Directors annually evaluate their performance.		
102-29	Identifying and managing economic, environmental, and social impacts	56, 57 <a href="https://www.bmv.com.m/docs-pub/infoanua/infoanua_747948_2016_1.pdf">https://www.bmv.com.m/docs-pub/infoanua/infoanua_747948_2016_1.pdf</a> page 204-212		
102-30	Effectiveness of risk management processes	IEnova Bylaws <a href="http://media.corporateir.net/media_files/IROL/25/251830/cg/ESTATUTOS%20IENOVA%20FINAL%202016.pdf">http://media.corporateir.net/media_files/IROL/25/251830/cg/ESTATUTOS%20IENOVA%20FINAL%202016.pdf</a>		
102-31	Review of economic, environmental, and social topics	33, 34, 56, 62		
102-32	Highest governance body's role in sustainability reporting	33, 34, 62		
102-33	Communicating critical concerns	34		
102-35	Remuneration policies	<a href="https://www.bmv.com.m/docs-pub/infoanua/infoanua_747948_2016_1.pdf">https://www.bmv.com.m/docs-pub/infoanua/infoanua_747948_2016_1.pdf</a> page 213		
102-36	Process for determining remuneration	<a href="https://www.bmv.com.m/docs-pub/infoanua/infoanua_747948_2016_1.pdf">https://www.bmv.com.m/docs-pub/infoanua/infoanua_747948_2016_1.pdf</a> page 213		
102-40	List of stakeholder groups	35, 36, 37		Yes, page 156
102-41	Collective bargaining agreements	3.4% of our employees are unionized		Yes, page 156

STANDARD NUMBER	DISCLOSURE	PAGE OR DIRECT RESPONSE	OMISSIONS	NDEPENDENT ASSURANCE
102-42	Identifying and selecting stakeholders	36, 37, 40 The IEnova Model to Manage Stakeholders is a process in which the members of the Sustainability Committee participate. The model is reviewed annually to ensure that the most relevant stakeholders are included in the company's sustainability strategy. The members also monitor compliance with the annual goals of the Sustainability Commissions, including addressing those expectations that have been deemed a priority. For more information, please view our Sustainability Policy at: <a href="http://ienova.com.mx/sustentabilidad/informes-politicas.html">http:// ienova.com.mx/sustentabilidad/informes-politicas.html</a>		Yes, page 156
102-43	Approach to stakeholder engagement	36, 37		Yes, page 156
102-44	Key topics and concerns raised	38		Yes, page 156
102-45	Entities included in the consolidated financial statements	74, inside front cover page The data published refers to the Gas and Power business segments in which IEnova participates through companies that offer natural gas, LPG, and ethane transportation and storage services, as well as storage for liquefied natural gas; companies that distribute natural gas; and companies that produce electricity. Within the Gas segment, unless otherwise specified, the consolidated performance data for IEnova does not include information on the assets belonging to Gasoductos de Chihuahua, a company in which, in September 2016, we purchased the 50% share we didn't previously own from Pemex Transformación Industrial (TRI). In the Power segment, the Report does include data on Energía Sierra Juárez, a cross-border wind farm that we built and now operate as part of our joint venture with InterGen, in which we have a 50% stake. The Report does not include data on our Ventika wind farm, which we acquired in December 2016.		
102-46	Defining report content and topic Boundaries	24, 33, 40		Yes, page 156
102-47	List of material topics	41		Yes, page 156
102-48	Restatements of information	40 A footnote has been used in cases where there were restatement exists.		
102-49	Changes in reporting	324, About this Report.		
102-50	Reporting period	324, About this Report		
102-51	Date of most recent report	The last report was published on May 31 <sup>st</sup> 2016, and it covered the period between January 1 <sup>st</sup> and December 31 <sup>st</sup> 2015		
102-52	Reporting cycle	The report has been published annually for the past four years. 324, About this Report		
102-53	Contact point for questions regarding the report	Corporate Headquarters Paseo de la Reforma 342, Piso 24 Colonia Juárez Delegación Cuauhtémoc Ciudad de México, 06600 Phone (5255) 91380100		

STANDARD NUMBER	DISCLOSURE	PAGE OR DIRECT RESPONSE	OMISSIONS	NDEPENDENT ASSURANCE
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: essential option. 324, About this Report		
102-56	External assurance	156, 324, About this Report		
<b>GRI 103 MANAGEMENT APPROACH</b>				
103-1	Explanation of the material topic and its Boundary	33, 36, 40, 41, 324		Yes, page 156
103-2	The management approach and its components	40-49, 96, 108, 118, 128		Yes, page 156

### TOPIC-SPECIFIC STANDARDS

#### GRI 200 ECONOMIC

201-1	Direct economic value generated and distributed	88		Yes, page 156												
201-3	Defined benefit plan obligations and other retirement plans	102-105														
201-4	Financial assistance received from government	The company received no financial assistance from government.														
203-1	Infrastructure investments and services supported	123-125 We currently monitor the results from social projects. We will work on defining the mechanisms that will allow us to measure the impact of our social programs in the mid-term. Today, charities benefited by Fundación IEnova submit quarterly reports as well as the supporting documentation needed to verify how the resources granted are being managed.		Yes, page 156												
203-2	Significant indirect economic impacts	76, 77														
204-1	Proportion of spending on local suppliers.	77														
205-1	Operations assessed for risks related to corruption	58														
205-2	Communication and training about anti-corruption policies and procedures	58, 59, 65 IEnova's Corporate Ethics Policy establishes that only those employees who have direct or indirect contact with authorities need to be certified in anti-corruption. In 2016, 100% of the employees who were identified as having this kind of contact received the corresponding training.		Yes, page 156												
		<table border="1"> <thead> <tr> <th>CATEGORY</th> <th>NUMBER OF EMPLOYEES</th> </tr> </thead> <tbody> <tr> <td>Vice Presidents</td> <td>10</td> </tr> <tr> <td>Directors</td> <td>18</td> </tr> <tr> <td>Managers</td> <td>79</td> </tr> <tr> <td>Staff and administrative</td> <td>315</td> </tr> <tr> <td>Total</td> <td>422</td> </tr> </tbody> </table>	CATEGORY	NUMBER OF EMPLOYEES	Vice Presidents	10	Directors	18	Managers	79	Staff and administrative	315	Total	422		
CATEGORY	NUMBER OF EMPLOYEES															
Vice Presidents	10															
Directors	18															
Managers	79															
Staff and administrative	315															
Total	422															
205-3	Confirmed incidents of corruption and actions taken	There were no corruption incidents during the year.														
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There were no claims regarding anticompetitive behavior.														

STANDARD NUMBER	DISCLOSURE	PAGE OR DIRECT RESPONSE	OMISSIONS	NDEPENDENT ASSURANCE
<b>GRI 300 ENVIRONMENTAL</b>				
302-1	Energy consumption within the organization	21,093,521.95 MMBTU (22,254.84 Terajoules) (99.05% from gas natural, 0.09% from gasoline and diesel, 0.87% from electric power, 0.0002% from LPG).		Yes, page 156
303-1	Water withdrawal by source	136, 137		Yes, page 156
303-2	Water sources significantly affected by withdrawal of water	136		
303-3	Water recycled and reused	136		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	138, 139 None of our operations are located on protected areas. However, as a good practice, we develop programs to protect, compensate, and reforest flora, and to protect and rescue wildlife.		Yes, page 156
304-2	Significant impacts of activities, products, and services on biodiversity	138, 139, 149-152 None of our operations are located in protected areas. However, we develop programs to protect, compensate, and reforest flora, and to protect and rescue wildlife.		Yes, page 156
304-3	Habitats protected or restored	138-146		
305-1	Direct (Scope 1) GHG emissions	132, 133		Yes, page 156
305-2	Energy indirect (Scope 2) GHG emissions	132, 133		Yes, page 156
305-3	Other indirect (Scope 3) GHG emissions	132, 133		
305-5	Reduction of GHG emissions	132		
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	132, 133		
306-1	Water discharge by quality and destination	136, 137		
306-2	Waste by type and disposal method	134, 135		Yes, page 156
306-3	Significant spills	134 There were no significant spills. Based on the criteria established by PROFEPA (Criteria for classifying environmental emergencies in member organizations of the National Environmental Audit Program), an event can be classified as minor if the volume spilled is less than 1m <sup>3</sup>		Yes, page 156
307-1	Non-compliance with environmental laws and regulations	There were no significant fines or sanctions for non-compliance with laws and regulations.		Yes, page 156

STANDARD NUMBER	DISCLOSURE	PAGE OR DIRECT RESPONSE	OMISSIONS	NDEPENDENT ASSURANCE
<b>GRI 400 SOCIAL</b>				
401-1	New employee hires and employee turnover		92 We do not report a break-down by region. Reason for the omission: All information is consolidated for IEnova not by operating unit.	
401-2	Benefits provided for full-time employees that are not provided to temporary or part-time employees	102-105		Yes, page 156
403-1	Workers representation in formal joint management-worker health and safety committees	111		
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	112, 113	Because of its relevance to our business, we report indicators based on the definition of the US government's Occupational Safety and Health Administration.	Yes, page 156
403-3	Workers with high incidence or high risk of diseases related to their occupation	112		
404-1	Average hours of training per year per employee	98, 99		Yes, page 156
404-2	Programs for upgrading employee skills and transition assistance programs	96, 97, 100		
404-3	Percentage of employees receiving regular performance and career development reviews	98		
405-1	Diversity of governance bodies and employees	61-63, 68-71, 92-95		
406-1	Incidents of discrimination and corrective actions taken	During 2016 there were no discrimination cases reported on the IEnova helpline.		Yes, page 156
408-1	Operations and suppliers at significant risk for incidents of child labor	There were no potential risks of incidents of child labor identified by the operation.		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	There were no potential risks of incidents of forced labor identified by the operation		
410-1	Security personnel trained in human rights policies or procedures	All corporate safety agents that offer their services to the IEnova companies are trained in human rights as part of their general training.		
411-1	Incidents of violations involving rights of indigenous peoples	There were no incidents of violations involving rights of indigenous peoples.		
412-2	Employee training on human rights policies and procedures	106, 107		

# GLOBAL COMPACT



STANDARD NUMBER	DISCLOSURE	PAGE OR DIRECT RESPONSE	OMISSIONS	NDEPENDENT ASSURANCE
413-1	Operations with local community engagement, impact assessments, and development programs	114, 118, 123, 124 We currently monitor the results from social projects. We will work on defining the mechanisms that will allow us to measure the impact of our social programs in the mid-term. Today, charities benefited by Fundación IEnova submit quarterly reports as well as the supporting documentation needed to verify how the resources granted are being managed.		Yes, page 156
415-1	Political contributions	There were no financial or in-kind contributions made to any political parties.		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	81		
417-2	Incidents of non-compliance concerning product and service information and labeling	There were no incidents of non-compliance concerning product and service information and labeling in 2016.		
419-1	Non-compliance with laws and regulations in the social and economic area	There were no significant fines or sanctions for non-compliance with laws and regulations.		

## SECTOR SUPPLEMENT INDICATORS

<b>OG2</b>	Total amount invested in renewable energy	<p><a href="https://www.bmv.com.m/docspub/infoanua/infoanua_747948_2016_1.pdf">https://www.bmv.com.m/docspub/infoanua/infoanua_747948_2016_1.pdf</a></p> <p>page 17</p> <p>Energía Sierra Juárez (ESJ) is a wind farm located in Baja California, whose initial phase implied a total investment of approximately USD\$318 million.</p> <p>Ventika, one of the largest wind farms in Mexico, located in the state of Nuevo León. We paid USD\$434.7 million for this asset.</p> <p>IEnova will develop, build and operate the solar parks Tepezalá II Solar and Rumorosa Solar, with a 100 MW and 41 MW capacity, respectively. Total investment in these parks is estimated at USD\$150 million.</p>		
<b>OG3</b>	Total amount of renewable energy generated by source.	24, 25 <a href="https://www.bmv.com.m/docspub/infoanua/infoanua_747948_2016_1.pdf">https://www.bmv.com.m/docspub/infoanua/infoanua_747948_2016_1.pdf</a> page 17		
<b>OG4</b>	Number and percentage of significant operating sites in which biodiversity risk has been assessed and monitored.	138, 139		
<b>OG13</b>	Number of process safety events, by business activity.	85, 86		Yes, page 156

TOPIC	PRINCIPLES OF THE GLOBAL COMPACT	GRI STANDARD NUMBER	RELATED SUSTAINABLE DEVELOPMENT GOALS	
<b>HUMAN RIGHTS</b>	1. Businesses should support and respect the protection of internationally proclaimed human rights; and	412-2, 410-1, 411-1, 103-2, 413-1	<b>4</b>	
	2. Businesses should make sure that they are not complicit in human rights abuses.	412-2, 406-1, 407-1, 408-1, 409-1, 410-1, 411-1, 412-1, 414-1, 414-2, 103-2		
<b>LABOR STANDARDS</b>	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	102-41		
	4. Businesses should uphold the elimination of all forms of forced and compulsory labor.	409-1		
	5. Businesses should uphold the effective abolition of child labor.	408-1		
	6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.	102-8, 401-1, 401-2, 404-1, 404-3, 406-1		
<b>ENVIRONMENT</b>	7. Businesses should support a precautionary approach to environmental challenges.	302-1, 303-1, 305-1, 305-2, 305-3, 305-7	<b>14, 15</b>	
	8. Businesses should undertake initiatives to promote greater environmental responsibility.	301-2, 302-1, 303-1 a 303-3, 304-1 a 304-3, 305-1 a 305-5, 305-7, 306-1 a 306-3, 307-1		<b>6</b>
	9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	302-1, 305-5		
<b>ANTI-CORRUPTION</b>	10. Businesses should work against corruption in all its forms, including extortion and bribery.	102-16, 102-17, 205-1 a 205-3, 415-1	<b>16</b>	



[www.ienova.com.mx](http://www.ienova.com.mx)