

PUBLIC INFORMATION SUMMARY

IEnova

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| Host Country | Mexico |
| Name of Borrower(s) | Infraestructura Energética Nova, S.A.B. de C.V. |
| Project Description | Corporate unsecured loan to support the Borrower's development and construction of four solar power plants in Mexico totaling 426 megawatts of aggregate nameplate capacity. |
| Proposed DFC Loan/Guaranty | Up to USD \$241 million |
| Total Project Costs | \$441 million |
| Sponsor | Infraestructura Energética Nova, S.A.B. de C.V. |
| Policy Review | |
| Developmental Effects | The Project is expected to have a highly developmental impact through support for expanded private electric power supply in Mexico delivered by renewable power generation. The solar plants under the Project represent early private investment in electric generation under the electricity market reforms enacted by the government between 2015 and 2018. Mexico has a significant shortage of electric capacity relative to projected demand, with demand expected to increase by upwards of 50 percent by 2029. Additionally, much of the growth in supply will likely need to be from solar generation under the Mexican Government's targets for clean energy. |
| Environment and Social Assessment | <p>Screening: The Project has been reviewed against DFC's categorical prohibitions and has been determined to be categorically eligible. Projects involving mid-sized solar PV farms are screened as Category B projects under OPIC's environmental and social guidelines because impacts are site-specific and readily mitigated. The Project has also been reviewed against findings in the 2018 State Department Human Rights Report for Mexico. This review covers the commensurate human rights risks associated with solar power generation in Mexico.</p> <p>Applicable Standards: OPIC's environmental and social due diligence indicates that the Project will have impacts which must be managed in a manner consistent with the following of</p> |

the International Finance Corporation's (IFC) 2012 Performance Standards (PS):

- PS 1: Assessment and Management of Environmental and Social Risks and Impacts;
- PS 2: Labor and Working Conditions;
- PS 3: Resource Efficiency and Pollution Prevention;
- PS 4: Community Health, Safety and Security; and
- PS 6: Biodiversity Conservation and Sustainable Management of Natural Resources.

In addition to the Performance Standards listed above the following IFC Environmental, Health and Safety (EHS) Guidelines are applicable to this Project:

- (i) The IFC General EHS Guidelines (April 30, 2007); and
- (ii) The IFC EHS Guidelines for Electric Power Transmission and Distribution (April 30, 2007).

DFC's statutorily required language regarding the rights of association, organization and collective bargaining, minimum age of employment, and prohibition against the use of forced labor, will be supplemented with provisions concerning non-discrimination, hours of work, the timely payment of wages, and hazardous working conditions. Standard and supplemental contract language will be applied to all workers of the Project, including contracted workers.

The Borrower represents that all land required for the Project was acquired through negotiated settlement. In the case of acquisition from an Ejido, the negotiation was conducted in compliance with the Ejido's governance structures. No land is subject to expropriation, and there is no anticipated economic displacement; therefore, PS 5 is not triggered at this time.

All the assets have been evaluated by the Mexican Secretariat of Energy (Secretaria de Energia or "SENER") who has determined that there are no indigenous peoples impacted by any of the Projects; therefore, PS 7 is not triggered at this time. The Environmental and Social Impact Assessment (ESIAs) indicate there will be no impacts to cultural heritage; therefore, PS8 is not triggered at this time.

Environmental and Social Risks and Mitigation: In addition to typical impacts from construction activities, the primary environmental and social issues associated with the Project include the implementation of an adequate ESMS; appropriate management of the workforce, including occupational health

and safety; water management; and conservation of biodiversity.

Environmental and Social Management System

The Borrower's E&S related policies include: a Safety Policy, a Health Policy, an Acquisition Policy, an Environmental Policy, and a Sustainability Policy.

At the corporate level the Borrower has Environmental, Health and Safety, and Social Management divisions. These divisions have their own policies, procedures, and organizational structures, which are administered by functional systems at the subsidiary level, some of which have gone through international certification processes (e.g. ISO14001 or OHSAS18001). However, these different functions are not integrated into a single company-wide system. In order to help ensure consistency across the Project, the Borrower will be required to review its E&S corporate system against PS 1 and make any necessary changes to ensure compliance.

The Borrower has a local E&S team that includes an Environmental Officer, an OHS Manager, and a Social Liaison. These local teams apply the relevant corporate policies and procedures to the individual projects. The Borrower's Sustainability Policy designates the Sustainability Manager as responsible for developing, implementing, and monitoring the Sustainability Strategy. The Sustainability Policy also created a Sustainability Committee, with senior representatives (VPs, Directors, and Managers) from the different divisions, to oversee the Borrower's economic, social, and environmental sustainability activities.

All of the Project solar plants have approved Mexican environmental impact assessments and three have social impact assessments (one was exempt), and the related local licenses have been issued. These E&S impact assessments correctly identified key impacts and risks and proposed adequate mitigation measures aligned with PS requirements.

The Borrower has detailed corporate-level environmental guidelines that are applied to the Project. These management programs are mostly focused on occupational health and safety and pollution prevention and control. Each of the Borrower's business units is also required to have emergency response procedures and an Internal Civil Protection Program (PIPC) as required under Mexican regulation. On the social management

side, the Borrower has a structured set of management programs, which include procedures for Community and Stakeholder Engagement, Grievances, elaboration of Social Impact Assessments, Social Investments, and Indigenous Communities Procedure. The Social Impact Assessment Elaboration Procedure (AE-01-P04) requires the development of a Social Management Plan, which must include detailed mitigation measures for all identified social impacts and risks (e.g. fostering local employment), stakeholder engagement plan and grievance mechanism; social investment plan; and monitoring programs. These programs are considered adequate to meet PS requirements given the limited nature of the E&S impacts and risks associated with the Project.

All four project sites must provide annual compliance reports to the environmental authority, with evidence of implementation and monitoring of the applicable management programs. Additionally, the Borrower performs an annual assessment of key contractors and suppliers that includes reviewing compliance with E&S regulations, guidance and procedures, as well as employment practices.

Occupational Health and Safety

The Borrower has an OHS Management System that is guided by its corporate Safety and Health Policies, and that includes a Health and Safety Manual that describes requirements relating to the use of Personal Protection Equipment (PPE), work permits, road safety rules, training, and KPIs. Each business unit is required to establish an action plan to comply with these procedures. The Borrower has also implemented a set of guidelines that describe the minimal OHS requirements that contractors and suppliers must meet before starting any activity.

Water Management

Water needs for construction have not been significant and water has been trucked to sites or obtained from nearby wells with the owners' permission. The Borrower has not needed to wash the panels at the operational sites yet, as seasonal rains have cleaned the panels. The Borrower will prepare an O&M Water Management Plan that outlines concrete estimates of the quantity of water needed at the Project sites, water consumption targets and KPIs aligned with GIIP, and ways to minimize water use.

Biodiversity

The sites of the four solar projects are considered modified habitat, three of which have been used for cattle ranching and agriculture for many years. The environmental assessments for Rumorosa identified some flora and fauna species protected under Mexican laws. However, all species identified are classified as Least Concern (LC) on the IUCN Red List, with the exception of the Dessert Ironwood (*Olneya tesota*) which is considered Near Threaten (NT). The environmental licenses have requirements for fauna capture and release and the removal and replanting of selected plant species, which is considered aligned with good industry practices.