



# **GASODUCTO DE MORELOS** **S.A.P.I. de C.V.** **TECHNICAL DUE DILIGENCE**

COMPLIANCE WITH ENVIRONMENTAL AND  
SOCIAL STANDARDS

PERIOD 2024

## **REPORT FOR FINANCIAL INSTITUTIONS:**

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# GASODUCTO DE MORELOS, S.A.P.I. DE CV. TECHNICAL DUE DILIGENCE

## COMPLIANCE WITH ENVIRONMENTAL AND SOCIAL STANDARDS - PERIOD 2024

### 1 INTRODUCTION

The "STGNM - Gasoducto de Morelos<sup>1</sup>" project (the "Project") aims to provide natural gas transportation services to the Comisión Federal de Electricidad (CFE) at the Centro I Combined Cycle Power Plant, located in the community of Huexca, municipality of Yecapixtla, State of Morelos. The Project is in Mexico, crossing the states of Tlaxcala, Puebla, and Morelos.

The primary purpose of this report is to verify that the Project, operated by Gasoducto Morelos, S.A.P.I. de C.V. ("GDM" or the "Project Company"), is in full compliance throughout 2024 with the **Equator Principles**, the **IFC Environmental and Social Performance Standards** and the **Environmental, Health, and Safety Guidelines for Onshore Oil and Gas Development**. These standards were established and endorsed by a group of financial institutions, committing to finance only those projects that meet these stringent requirements.

This document outlines GDM's compliance with international environmental and social standards. The Project demonstrates a commitment with sustainable development, rigorous regulatory adherence, and transparent reporting. Below, the Project's compliance with each standard is detailed.

### 2 EQUATOR PRINCIPLES

The Equator Principles constitute a globally recognized framework guiding financial institutions in identifying, assessing, and managing environmental and social risks inherent to investment projects. GDM has fully adopted these principles, embedding them within its internal policies, procedures, and standards to ensure responsible and transparent management.

The following is a description of the Equator Principles and their verification of compliance by GDM. These principles form an internationally recognized framework for financial institutions to identify, assess, and manage the environmental and social risks inherent in investment projects. This framework highlights the Project's commitment to the Sustainable Development Goals (SDGs) through targeted sustainability initiatives and ongoing transparency in reporting.

#### 2.1 Principle 1: Review and Categorization

The principle establishes:

*"When a Project is proposed for financing, the Equator Principles Financial Institution (EPFI) will, as part of its internal environmental and social review and due diligence, categorize the Project based on the magnitude of potential environmental and social risks and impacts, including those*

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<sup>1</sup> Gasoducto de Morelos.

*related to Human Rights, climate change, and biodiversity. Such categorization is based on the International Finance Corporation's (IFC) environmental and social categorization process."*

### **Compliance verification**

The Project was categorized using the Regional Environmental Impact Assessment (MIA-R ", *by its acronym in Spanish*) filed before the Secretariat of the Environment and Natural Resources ("SEMARNAT", *by its acronym in Spanish*), which evaluated the anticipated risks and impacts. This assessment thoroughly evaluated environmental and social risks, including impacts on local communities, biodiversity, and human rights. According to the legal guidelines, the project was classified as Category B, indicating limited, localized, mostly reversible impacts, mitigated through the measures outlined in the MIA-R. To substantiate this categorization, GDM relies on:

- The **Sustainability Policy**, which sets internal criteria for risk prioritization and outlines the corporate commitment to environmental and social management.
- The **Double Materiality framework**, integrates environmental, social, and financial impact assessments, offering a comprehensive perspective on both risks and opportunities from the standpoint of sustainability and business value perspective.

**Related SDGs:** SDG 13 (Climate Action), SDG 15 (Life on Land).

## **2.2 Principle 2: Environmental and Social Assessment**

The principle establishes:

*"The EPFI will require the client to conduct an appropriate Assessment process to address, to the EPFI's satisfaction, the relevant environmental and social risks and scale of impacts of the proposed Project (which may include the illustrative list of issues found in Exhibit II). The Assessment Documentation should propose measures to minimize, mitigate, and where residual impacts remain, to compensate/offset/remedy for risks and impacts to Workers, Affected Communities, and the environment, in a manner relevant and appropriate to the nature and scale of the proposed Project.*

*A Climate Change Risk Assessment is required:*

- *For all Category A and, as appropriate, Category B Projects, and will include consideration of relevant physical risks as defined by the TCFD".*

### **Compliance verification**

In compliance with Mexican law, the Project was also submitted to the environmental risk assessment procedure in accordance with the Environmental Protection Law ("LGEEPA", *by its acronym in Spanish*) and its Regulations with Respect to Environmental Impact Assessments ("REIA", *by its acronym in Spanish*).

As informed in the 2022 Compliance Report, the SEMARNAT (*by its acronym in Spanish*), through the Environmental Impact and Risk Directorate ("DGIRA", *by its acronym in Spanish*), conditionally authorized the natural gas pipeline as environmentally viable, through Resolution No. S.D.P.A./DGIRA/DG/7361 dated September 26, 2011 (the "Environmental Impact Authorization").

According to the environmental authority (SEMARNAT), the **reports on compliance with the Terms and Conditions** of the Environmental Impact Authorization **were submitted annually by the Project Company for a period of five (5) years<sup>2</sup>**, by means of the following documents:

- MORELOS-SAPI-DGI-0006 - November 26<sup>th</sup>, 2012
- MORELOS-SAPI-DGI-0015 – October 25<sup>th</sup>, 2013
- MORELOS-SAPI-DGI-0048 – November 11<sup>th</sup>, 2014
- MORELOS-SAPI-ASEA-0084 – August 31<sup>st</sup>, 2015
- MORELOS-SAPI-ASEA-0126 – December 7<sup>th</sup>, 2016

According to the specific measures taken to minimize, mitigate, and, if residual impacts remain, to compensate/offset, the creditor reports the information described below.

#### **A. Environmental aspects**

The following is a description of the actions taken by the Loan holder in relation to environmental compliance.

As part of the Mexican Environmental Policy, SEMARNAT has established the Pollutant Release and Transfer Register (“**RETC**”, *by its acronym in Spanish*), which has an objective to stimulate the industry to improve its environmental performance, innovate its industrial processes and act responsibly to reduce the release of pollutants. Thus, projects such as Gasoducto de Morelos must file the **Mandatory Annual Reporting through the Annual Operation Card before SEMARNAT (“COA”, by its Spanish acronym)**.

The COA must be submitted from March 1<sup>st</sup> to June 30<sup>th</sup> of each year (Article 21 of the Regulations to the Environmental Protection Law with Respect to the Prevention and Control of Air Pollution) and the format with the information must be submitted according to Article 10 of the Regulations to the Environmental Protection Law with Respect to Registration of Emissions and Transfer of Pollutants.

According to the information shared by GDM, the Project Company submitted the annual COA between 2017 and 2023. The 2024 report will be submitted at the end of the period required by SEMARNAT.

##### *1. Air pollution control*

In addition to routine maintenance activities, it is important to highlight that the Project Company is also carrying out a series of adaptations and projects aimed at replacing process gas with environmentally friendly fluids, thereby reducing the release of pollutants into the atmosphere. In this context, the company implemented an Air Pollution Policy in 2024, which sets out the guidelines and commitments for managing atmospheric emissions. This policy includes the following key actions:

- Monitoring the implementation of the Methane Emissions Prevention and Control Program to meet established reduction targets.
- Verifying the main sources of methane emissions, including equipment, piping, and components.

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<sup>2</sup> In terms of the Ninth Condition of the Environmental Impact Authorization.

- Identifying maintenance activities that involve venting or displacing natural gas, to prioritize mitigation efforts at critical emission points.

As part of the Project's **Annual Maintenance Program**, predictive and preventive activities are included not only for the natural gas pipeline, but also for other equipment located in different areas such as valves, pressure relief devices, analyzers or extinguishers and gas detectors, which are located on the gas pipeline stations.

These reports are made in accordance with Clause 9.3 of the Transportation Services Agreement, which requires Carrier to provide a monthly report on the operation and maintenance of the System.

*i. Methane emission control*

- The Project Company filed on February 3, 2022, its Program for the Prevention, and Integral Control of Methane Emissions from the Hydrocarbon Sector ("**PPCIEM**", by its acronym in Spanish) before the National Agency for Industrial Safety and Environmental Protection in the Hydrocarbons Sector<sup>3</sup> ("**ASEA**", by its acronym in Spanish).
- In addition, on July 3, 2024, and March 26, 2025, the Project Company filed before ASEA the **Annual Compliance Reports to the PPCIEM**, for years 2023 and 2024, respectively. The foregoing is in accordance with the Administrative-Law Regulations establishing the Guidelines for the Prevention and Integral Control of Methane Emissions from the Hydrocarbon Sector ("**DACG**", by its acronym in Spanish), established by ASEA. Also, it is aligned with NOM-007-ASEA-2016 on Leak Detection and Repair for Natural Gas Transmission.
- The report shows the results of the **PPCIEM's** implementation for both years (2023 and 2024). Both reports were validated by an ASEA-authorized third party<sup>4</sup>.

The report shows the results of the year 2024 regarding the implementation of the **PPCIEM**. It has been prepared in coordination with **GDM** jointly **Consultoría G2H**, as external consultants, supporting the Project Company in compliance with the applicable regulatory framework.

*ii. Waste*

In a groundbreaking move, the Project Company implemented the **Waste Policy** in 2024, setting a new standard for sustainable development. This ambitious initiative is not just about managing waste, it's about driving a Circular Economy Plan that's both innovative and transformative.

*a. Solid Waste*

The Circular Economy Plan is an exciting project that will see the Project Company taking action to collect, minimize, separate, store and dispose of solid waste. In 2024, the total weight of materials produced was 915 kg, which equates to approximately 29.3 kg per employee. However, it is important to note that only 4% of these were recovered.

*b. Hazardous Waste*

For hazardous waste management, two waste collection events were carried out during the year: the first, in **May 2024, involved 2,400 kg** and was managed by RECOCERO; the second, in December **2024, involved 3,073.8 kg**. According to the Delivery, Transportation, and Reception of Hazardous Waste Manifest filed on January 20th, 2025, these wastes were stored and

<sup>3</sup> A non-concentrated body of SEMARNAT.

<sup>4</sup> The 2023 report was prepared by DNV Energy Systems México, S. de R.L. de C.V., while the 2024 report was prepared by Ecoservicios, Construcciones y Suministros Industriales y Comerciales, S.A. de C.V.

subsequently sent for final disposal. GEN Industrial, S.A. de C.V. was responsible for transportation, while Sociedad Ecológica Mexicana del Norte, S.A. de C.V. handled final disposal, under authorization numbers 15-ASEA-T-RP-60-19 and 05-ASEA-DF-RP-001-19, respectively.

Hazardous waste generated throughout 2024 was stored according to the corresponding electronic logbook. The main categories of waste included:

- - Used batteries and fluorescent lamps.
- - HC-contaminated filters.
- - HC-contaminated sludge.
- - HC-contaminated oxides and solids.

### *iii. Water*

During 2024, the water consumption was 257.87 m<sup>3</sup>. This data represents 8.6 m<sup>3</sup> per employee. By 2025, it is expected that consumption will be reduced by 10%, and by 2030, this reduction is projected to be 30% less than in 2024.

To accomplish these goals, the Project Company established a Water Policy in 2024.

### *iv. Energy and GHG*

The Project Company defined its Energy and Greenhouse Gases Policy in 2024. The objectives of this policy are as follows:

- Prevent and control atmospheric emissions of methane and carbon dioxide from the hydrocarbon sector related to natural gas pipeline transportation
- Establish mechanisms for quantification, measurement, reporting and monitoring of emissions and mitigation actions
- Contribute to the achievement of Sustainable Development Goals (SDGs) 7: Ensure access to affordable, secure, sustainable and modern energy and 13: Take urgent action to combat climate change and its impacts.

## **B. Safety and Health aspects**

### *i. Training*

The Project Company established an **Annual Training Plan** for 2024, which considers three training strategies:

- Strategy 1. Face-to-face training on selected topics.
- Strategy 2. Distribution of posters and pamphlets
- Strategy 3. Distribution of brochures and online materials

Training topics include:

- Training is carried out for the GDM Internal Management Committee in compliance with the 2024 SASISOPA external audit NC.

- An audit team is being formed to carry out an internal audit of the 18 elements of GDM's SASISOPA in compliance with the 2024 SASISOPA external audit NC
- The updating of the mechanisms that make up the GDM Operation and Maintenance Manual continues.

During the year under review, training was provided to GDM's administrative, financial and operations & maintenance personnel, as well as to contractors and suppliers who carry out activities in the company's facilities. As part of the activities related to occupational safety, the training included the identification of occupational and health risks.

The **SAFESTART** program was officially launched in December 2023, with full implementation and operation carried out throughout 2024 across the entire company. As part of its rollout, a comprehensive orientation session was held for middle management under the "Leading SAFESTART" initiative. Additionally, a Program Implementation and Follow-up Committee was established to oversee progress and ensure alignment with objectives. During the year, company personnel also received reinforcement training on the Integrated Management System (IMS) and its compliance requirements, aimed at strengthening their understanding and ability to apply the system effectively in daily operations.

#### *ii. Work Permits*

Based on the information reported on a monthly basis by the Project Company, in 2024, 342 work permits were issued for routine activities, corresponding to activities identified in the Annual Maintenance Program. In addition, 67 work permits were issued for non-routine activities, including the Work Hazard Analysis (WRA) derived from a corrective or memorable malfunction, resulting in one extraordinary or non-routine permit.

#### *iii. Noise exposure to the workers*

In 2024, the Project Company has performed noise tests by Tecnología en Seguridad Integral, S.A. de C.V., an EMA accredited testing laboratory number AL-1101-083/2019 since 15/04/2019 and a Ministry of Labor ("STPS" by its acronym in Spanish) approved laboratory since September 27, 2019, with the approval number LPSTPS- 143/2019.

These tests were conducted to determine the noise exposure to which workers are exposed during their workday in accordance with NOM-011-STPS-2001. According to the report, the noise levels evaluated in the filter, measurement, control room and analyzer areas are according to the standard.

This study is valid for 2 years unless the equipment is replaced. However, it is important to maintain predictive, preventive, and corrective maintenance programs.

#### *iv. Wellness programs*

WHSQ Strategy aims to protect and guarantee the safety and health, both physical and mental, of workers and contractors, through the identification and prevention of risks, which allows us to ensure quality in the processes.

#### *v. Internal civil protection programs*

The Project Company has three (3) Internal Civil Protection Programs (“**PIPC**”, by its acronym in Spanish), under high-risk modality<sup>5</sup>:

- State of Morelos: Approved on August 2<sup>nd</sup>, 2023, by official document number SG/CEPCM/DPI/SN/DPS/7848/2023 and NRPC: GMO111103T7-222.<sup>6</sup>
- State of Puebla: Approved March 20th, 2025, by official document number SG/CGPCGRD/0883/2025.
- State of Tlaxcala PIPC: Approved March 03rd, 2025, by official document number C.E.P.C./735/2025.

#### vi. *Emergency Response*

The Project Company has an **Emergency Response Protocol (“PRE”, by its acronym in Spanish)** that establishes the mechanisms for coordinating the response actions defined in the Internal and External Emergency Response Plans to be implemented by the operational and administrative personnel of the facility. These plans must also be shared with this independent reviewer. **It is worth noting that 2025 is the scheduled year for the comprehensive review and update of the PRE**, to ensure its continued alignment with current operational conditions, risk scenarios, and applicable regulatory requirements.

- At the end of **December 2024**, there were no accidents/incidents to personnel that could be recorded, thus meeting the objective of **0 Accidents**.
- **8,105 h/h** were worked without accident during the month of **December**, accumulating a total of **99,469 h-H** during the **2024** fiscal year.
- Unit 5 of the **SAFESTART** program was delivered as part of the full training cycle provided to personnel in both **CDMX and Puebla**, reaching a total of **24 collaborators** who completed all five units of the program. In addition, the General Management team was certified as official SAFESTART instructors, reinforcing the internal capacity for ongoing training and implementation.
- There were no days lost due to incidents.
- We had the collaboration of 3 external contractors—for physical security, pest control, and noise monitoring—as well as the support of two Civil Protection advisors, who contributed to the facility’s safety and emergency preparedness measures.

Reports of unsafe acts, conditions, and near misses were recorded and addressed by the WHS Committee as follows:

- 10 unsafe acts,
- 34 unsafe conditions,
- 173 self-reported health cases,
- 3 near misses, and
- 0 HiPo (High Potential Incidents).

<sup>5</sup> These authorizations are due to be updated annually

<sup>6</sup> The PIPC for Morelos was submitted; however, its approval is expected during the second half of 2025.

All reports were managed in accordance with the established safety protocols and follow-up procedures.

- All 6 scheduled emergency drills for 2024 were successfully conducted, with the 6th drill receiving formal approval from the Morelos Civil Protection Coordination. These exercises formed part of the ongoing preparedness and compliance efforts led by the Project Company.

*vii. Accident Prevention Program (PPA)*

The Project Company's Accident Prevention Program ("PPA", *by its acronym in Spanish*) for the Gasoducto de Morelos was submitted by the Project Company before ASEA on March 17, 2016.

On June 9, 2016, ASEA approved GDM's PPA through official document No. ASEA/UGI/DGGTA/0546/2016. This program includes the Environmental Risk Study according to the modality of land pipelines issued by ASEA, as well as the information that supports and/or complements said study, included in the annexes of the General Report.

**Compliance Verification:**

GDM implemented a comprehensive suite of instruments under Principle 2, including:

- Annual Operation Card (COA): Submitted before SEMARNAT (March–June) per RETC and LGEEPA Articles 21 and 10, detailing air emissions (NOM-025-SSA1) and pollutant transfers.
- Annual Methane Compliance Report (PPCIEM): Following NOM-007-ASEA-2016 and ASEA DACG guidance, documenting LDAR outcomes, fugitive methane quantification, and regulatory targets.
- Cybersecurity Risk Analysis: SCADA and industrial control system vulnerability assessment under NIST SP 800-82, recommending segmentation, endpoint security, and incident response to safeguard operational continuity.
- Double Materiality Analysis: GRI and ESRS-based framework correlating ES risks with financial impacts to inform risk management.
- Noise Impact Study: Acoustic measurements at compressor and valve sites against NOM-011-STPS-2001 and WHO guidelines, prescribing acoustic barriers and shift rotations.
- Community Consultation Report: Free, prior, and informed consultations with four Nahua communities (Atlixco) per ILO Convention 169, documented in meeting minutes and integrated into the Social Action Plan.
- Stakeholder Engagement Policy: Defines stakeholder mapping and engagement protocols for ongoing dialogue with authorities, NGOs, and suppliers.
- ESG Risk & Impact Matrix: ISO 31000-aligned risk register capturing environmental, social, and governance risks with mitigation actions and assigned owners.

- Social Projects KPI Dashboard: Tracks local hiring, training hours, community investment, and grievance resolution metrics monthly against ESMP and IFC PS4.
- Lighting Assessment: Evaluates installation illuminance per NOM-025-STPS and CIE standards, recommending directional fixtures and time controls to reduce light pollution.
- Sustainable Community Development Master Plan: Participatory plan for water, health, and education infrastructure with impact indicators and timelines.
- Cybersecurity Policy: Governance framework for operational and IT system security, including access controls, patch management, and intrusion drills.
- Data Protection Policy: Lifecycle procedures per Mexico's Federal Data Protection Law, defining ARCO rights and breach notification protocols.
- Customer Service Policy: Multichannel grievance mechanism (hotline, WhatsApp, email) with 48-hour acknowledgment and a tracking log.
- Sustainability Policy: Corporate statement of ESG commitments aligned with IFC PS1, PS3, and Equator Principles, defining objectives and oversight structures.
- Energy & GHG Policy: Energy efficiency and CO<sub>2</sub>e reduction targets (-10% by 2025, -30% by 2030) with ISO 14064-compliant monitoring.
- Social Responsibility Policy: Governance and funding for social projects with public annual reporting and transparency safeguards.
- Biodiversity & Habitat Assessment: Ecological corridor mapping and species protection measures per NOM-059-SEMARNAT.
- Materials Procurement Standard: Sustainable sourcing criteria (ISO 20400) and labor clauses with emphasis on local content.
- Climate Physical Risk Assessment: RCP4.5/8.5 scenario analysis to identify vulnerability hotspots and adaptation measures.
- Water Management Plan: Withdrawal controls, metering, and reuse protocols coordinated with local authorities to safeguard aquifers.
- Soil Contamination & Waste Program: Hazardous waste handling (NOM-052) and soil sampling/bioremediation per NOM-138 standards.
- Air Quality Management Plan: Continuous emissions monitoring (CEMS) for SO<sub>2</sub>, NO<sub>x</sub>, PM<sub>10/2.5</sub> and preventive maintenance of combustion sources.
- Working Conditions Framework: Ergonomic standards, active break protocols (NOM-030-STPS) to promote worker well-being.

- Freedom of Association & Child Labor Policy: Ensures trade union rights and prohibits underage employment with age verification processes.
- Local Hiring, Compensation & Performance Evaluation: Prioritizes local workforce, transparent salary scales, and links annual reviews to ESG objectives.
- Diversity, Equity & Inclusion Policy: Training and representation targets measured via the ESG Dashboard.
- Executive Variable Compensation Policy: Incentives tied to key ESG metrics, aligning leadership rewards with sustainable performance.
- ESG Dashboard: Real-time platform aggregating E (GHG, water), S (community investment, grievances), and G (audit findings) indicators for transparent reporting.
- Governance Risk Framework: Ethical and compliance risk identification with a Code of Ethics and anonymous reporting channel.

**Key documents:** COA (Cédula de Operación Anual) 2017-2024, PPCIEM - RAC Reports, Noise Study, Lighting Study.

**Related SDGs:** SDG 7 (Affordable and Clean Energy), SDG 12 (Responsible Consumption and Production), SDG 13 (Climate Action).

### 2.3 Principle 3: Applicable Environmental and Social Standards

The principle establishes:

*“The Assessment process should, in the first instance, address compliance with relevant host country laws, regulations and permits that pertain to environmental and social issues. EPFIs operate in diverse markets: some with robust environmental and social governance, legislation systems and institutional capacity designed to protect their people and the environment; and some with evolving technical and institutional capacity to manage environmental and social issues. The EPFI’s due diligence will include, for all Category A and Category B Projects globally, review and confirmation by the EPFI of how the Project and transaction meet each of the Principles”.*

#### Compliance verification

According to the World Bank database, Mexico is classified as an upper-middle income country. Therefore, compliance with federal, state, and municipal social and environmental legislation must be considered. In this regard, the following is a list of the permits with which the Project Company complies.

Authority	Permit	Expiration date
Energy Regulatory Commission (“CRE” <sup>7</sup> )	Natural Gas Transportation Permit Number G/292/TRA/2012 (granted for 30 years)	July 27, 2042

<sup>7</sup> By its acronym in Spanish.

Authority	Permit	Expiration date
<b>Civil Protection State Coordination</b> <b>(Tlaxcala, Puebla &amp; Morelos)</b>	State of Morelos PIPC <sup>8</sup> : Approved June 26, 2024, by official document number SG/CEPCM/DPI/SN/DPyS/6440/2024 and NRPC: GMO1111103T7-222. State of Puebla PIPC: Approved March 20 <sup>th</sup> , 2025, by official document number SG/CGPCGRD/0883/2025. State of Tlaxcala PIPC: Approved March 03 <sup>rd</sup> , 2025, by official document number C.E.P.C./735/2025.	During the first quarter of every year
<b>ASEA</b>	Environmental Impact Authorization Regional Modality No. S.G.P.A./DGIRA/DG/7361 <sup>9</sup> (granted for 25 years for the O&M phase <sup>10</sup> )	April 15, 2041
	LAU Number ASEA/UGI/DGGTA/0158/2016	N/A
	PPA Number ASEA/UGI/DGGTA/0546/2016	
	Health, Safety and Environmental Management System (“SASISOPA <sup>11</sup> ”) Number ASEA-GAM17030C/BDA2321	
	Registration of hazardous waste generator for activities in the Hydrocarbons Sector Number 21-ASEA-GRP-12646-2022	
	PPCIEM	Both permits will be updated this year 2025 <sup>13</sup>
	Hydrocarbons Sector Risk Assessment (“ARSH <sup>12</sup> ”)	
PRE		

**Key documents:** Environmental Authorization S.G.P.A./DGIRA/DG/7361, Environmental License (LAU) ASEA/UGI/DGGTA/0158/2016, Hazardous Waste Generator Registration ASEA-GRP-12646-2022, Approved Environmental Prevention Program (PPA) ASEA/UGI/DGGTA/0546/2016, SASISOPA ASEA-GAM17030C/BDA2321.

**Related SDGs:** SDG 6 (Clean Water and Sanitation), SDG 12 (Responsible Consumption and Production)

<sup>8</sup> The Internal Civil Protection Programs (PIPC) are submitted annually to the Civil Protection authorities of each applicable state—Morelos, Puebla, and Tlaxcala—in accordance with regulatory requirements. These programs are currently under review and pending formal approval by the respective authorities.

<sup>9</sup> Originally granted by SEMARNAT, before ASEA was created.

<sup>10</sup> The O&M phase started on the COD (April 15, 2016).

<sup>11</sup> By its acronym in Spanish.

<sup>12</sup> By its acronym in Spanish.

<sup>13</sup> In accordance with the corresponding regulations.

## 2.4 Principle 4: Environmental and Social Management System and Equator Principles Action Plan

The principle establishes:

*“For all Category A and Category B Projects the EPFI will require the client to develop and / or maintain an Environmental and Social Management System (ESMS). Further, an Environmental and Social Management Plan (ESMP) will be prepared by the client to address issues raised in the Assessment process and incorporate actions required to comply with the applicable standards. Where the applicable standards are not met to EPFI’s satisfaction, the client and the EPFI will agree to an Equator Principles Action Plan (EPAP). EPAP is intended to outline gaps and commitments to meet EPFI requirements in line with the applicable standards”.*

### Compliance verification

GDM’s ESMS is operational via the ASEA-approved **SASISOPA** (2022), which encompasses policies, procedures, and monitoring tools specifically focused on industrial safety, operational safety, and environmental protection. The SASISOPA does not include social aspects but is complemented by the Project Company’s **Social Management Plan** and **Net Zero Plan**, which address both the social and environmental dimensions of sustainability. Additionally, GDM developed a **Social Action Plan** using the logical framework approach, also referred to as the **Environmental and Social Management Plan (ESMP)**. This plan was created in collaboration with **Impacto Social Consultores**, prioritizing community needs and aligning project activities with the **Sustainable Development Goals (SDGs)**. These frameworks ensure continuous **ESG** risk management and the execution of corrective actions in collaboration with **EPFIs**.

**Key documents:** Manual SASISOPA, **Environmental and Social Management Plan (ESMP)** available in 2024

**Related SDGs:** SDG 3 (Good Health and Well-being), SDG 11 (Sustainable Cities and Communities), SDG 17 (Partnerships for the Goals).

## 2.5 Principle 5: Stakeholder Engagement

The principle establishes:

*“For all Category A and Category B Projects the EPFI will require the client to demonstrate effective Stakeholder Engagement, as an ongoing process in a structured and culturally appropriate manner, with Affected Communities, Workers and, where relevant, Other Stakeholders.*

*For Projects with potentially significant adverse impacts on Affected Communities, the client will conduct an Informed Consultation and Participation process.*

*To facilitate Stakeholder Engagement, the client will, commensurate with the Project’s risks and impacts, make the appropriate Assessment Documentation readily available to the Affected Communities, and where relevant Other Stakeholders, in the local language and in a culturally appropriate manner”.*

## Compliance verification

The Indigenous Consultation process was carried out by the Secretaría de Energía (SENER), the Secretaría de Gobernación (SEGOB), and the Comisión Federal de Electricidad (CFE), as the competent authorities. GDM's role was limited strictly to providing technical project information and attending one informative assembly. GDM did not participate in any meeting minutes with the Nahua communities nor in the decision-making or agreement processes.

GDM structures its stakeholder engagement under a Stakeholder Management Framework aligned with national regulatory requirements and international standards. The framework incorporates internal mechanisms for coordination with competent authorities and outlines procedures for transparent and culturally respectful engagement. GDM's engagement tools include its Stakeholder Policy, which defines roles, communication protocols, and structured meeting schedules, and sets forth the methodology for institutional dialogue with external stakeholders.

To further ensure compliance with social responsibility standards, GDM has developed and implemented the following policies:

- Social Responsibility Policy
- Local Workforce Policy
- Diversity, Equity and Inclusion Policy

These policies guide the company's operations in relation to community interaction, non-discrimination, equitable hiring practices, and respect for cultural identities. Additionally, GDM enforces a Code of Ethics, an Ethics Channel MX hotline for employees and third parties, and robust Cybersecurity and Data Protection Policies to safeguard the integrity and confidentiality of all communications and data related to stakeholder engagement.

**Key documents:** Community Consultation Report, Stakeholder Policy, Stakeholder Engagement Assessments stakeholders, Social Responsibility Policy, Local Workforce Policy, Diversity, Equity and Inclusion Policy.

**Related SDGs:** SDG 16 (Peace, Justice, and Strong Institutions).

## 2.6 Principle 6: Grievance Mechanism

The principle establishes:

*“For all Category A and, as appropriate, Category B Projects, the EPFI will require the client, as part of the ESMS, to establish effective grievance mechanisms which are designed for use by Affected Communities and Workers, as appropriate, to receive and facilitate resolution of concerns and grievances about the Project’s environmental and social performance. Grievance mechanisms are required to be scaled for the risks and impacts of the Project, and will seek to resolve concerns promptly, using an understandable and transparent consultative process that is culturally appropriate, readily accessible, at no cost, and without retribution to the party that originated the issue or concern. Grievance mechanisms should not impede access to judicial or administrative remedies. The client will inform Affected Communities and Workers about the grievance mechanisms during the Stakeholder Engagement process”.*

### **Compliance verification**

There is a **toll-free telephone number, 800 286 8589**, which operates 24 hours a day, every day of the year, to report any matter related to the pipeline. This telephone number will be answered from GDM's control center and complaints, questions or emergencies and their attention will be reported in the Project Company's monthly reports. The telephone is marked on all pipeline milestones for ease of use.

The above-mentioned mechanisms are maintained for complaints, questions, information, and emergencies, which are answered by the operators of the **Control Center**. In addition, the project company has activated a WhatsApp number that can be accessed from the website: <https://gasoductodemorelos.com.mx/contacto/>

GDM provides a multi-channel grievance mechanism, which is reinforced by the Customer Attention Policy. This includes a toll-free line available 24/7, and WhatsApp and email channels published on the website. The system ensures acknowledgment within 48 hours and utilizes monthly tracking logs. The Project has an Ethical Reporting Channel available, guaranteeing secure, confidential, and non-retaliatory reception of complaints or concerns. This system ensures prompt handling of stakeholder concerns without fear of reprisal.

**Key documents:** Customer Service Policy, Ethical Channel Procedure.

**Related SDGs:** SDG 16 (Peace, Justice, and Strong Institutions).

## **2.7 Principle 7: Independent Review**

The principle establishes:

*“For Category B Projects, an Independent Environmental and Social Consultant, will carry out an Independent Review of the Assessment process”.*

### **Compliance verification**

Independent review has included the analysis of RAC reports, COA, environmental audits, social audits, and internal ESG evaluations, ensuring an objective and documented assessment of compliance with each principle. GDM engaged an accredited independent engineer to thoroughly review the Environmental and Social Impact Assessment and ESMS documentation for 2024. This review included analysis of technical studies (MIA-R, PPCIEM, Noise and Lighting Studies), verification of mitigation measure implementation and indicator tracking, and issuance of a report with recommendations and validation of progress to EPFIs.

**Key document:** Independent Review Report by IDOM.

**Related SDGs:** SDG 12 (Responsible Consumption and Production), SDG 16 (Peace, Justice, and Strong Institutions).

## 2.8 Principle 8: Covenants

The principle establishes:

*“An important strength of the Equator Principles is the incorporation of covenants linked to compliance. For all Projects, where a client is not in compliance with its environmental and social covenants, the EPFI will work with the client on remedial actions to bring the Project back into compliance. If the client fails to re-establish compliance within an agreed grace period, the EPFI reserves the right to exercise remedies, including calling an event of default, as considered appropriate”.*

### **Compliance verification**

In accordance with the Credit Agreement, the Loan holder (*through the Project Company*) is required to:

- Comply with local social and environmental laws, regulations, permits and licenses.
- Comply with the Environmental and Social Action Plan in all respects.
- Provide periodic reports on compliance with the Environmental and Social Action Plan and applicable laws.

According to the information received, the Project Company complies with the requirements, the verification and justification of which are described in this report.

Loan agreements enforce compliance with local laws and environmental-social obligations. GDM's Credit Agreement includes clauses requiring compliance with local environmental and social laws (permits, licenses, regulations), the agreed Environmental and Social Action Plan (ESAP) with EPFIs, and periodic reporting (monthly and annual) on progress and any outstanding issues. These commitments are documented in specific clauses and are supervised in the quarterly performance reports. GDM has submitted these reports on schedule and maintains all covenants in good standing.

**Key documents:** Credit Agreement, Environmental and Social Action Plan, Environmental and Social Compliance Contract Clauses, Quarterly Compliance Reports.

**Related SDGs:** SDG 16 (Peace, Justice, and Strong Institutions).

## 2.9 Principle 9: Independent Monitoring and Reporting

The principle establishes:

*“For all Category A and, as appropriate, Category B Projects, to assess Project compliance with the Equator Principles after Financial Close and over the life of the loan, the EPFI will require independent monitoring and reporting. Monitoring and reporting should be provided by an Independent Environmental and Social Consultant; alternatively, the EPFI will require that the client retain qualified and experienced external experts to verify its monitoring information, which will be shared with the EPFI in accordance with the frequency required in Principle 8b”.*

### **Compliance verification**

The Independent Engineer, who is the signatory of this report, is responsible for verifying the performance monitoring information provided by the Project Company during 2024 and sharing it with the Project's financial entities.

Post-financial close, GDM engaged an Independent Environmental and Social Consultant to provide annual verification of ESG measures to EPFIs. GDM reports key indicators using ESG dashboards and RAC and COA reports, which are externally audited, ensuring traceability and independent validation of the information. Deliverables include semi-annual monitoring reports on environmental and social indicators, on-site verifications at pipeline segments, and validation of operational data (LDAR, emissions, water use). Public disclosure strategies ensure access to social, environmental, and safety information.

**Key documents:** Independent Monitoring Reports, Dashboard ESG, Reports RAC 2023-2024, Cédula de Operación Anual (COA).

**Related SDGs:** SDG 13 (Climate Action), SDG 12 (Responsible Consumption and Production).

## 2.10 Principle 10: Reporting and Transparency

The principle establishes:

*“The following client reporting requirements are in addition to the disclosure requirements in Principle 5.*

*For all Category A and, as appropriate, Category B Projects:*

*The client will ensure that, at a minimum, a summary of the ESIA is accessible and available online and that it includes a summary of Human Rights and climate change risks and impacts when relevant 11”.*

### Compliance verification

The Independent Engineer who signed this report is responsible for issuing periodic reports on the Project's compliance with the principles, which should assist EPFI in its public reporting process.

GDM publishes on its web portal an executive summary of the Environmental and Social Impact Assessment (ESIA) and an annual ESG transparency report, also referred to as an annual ESG criteria compliance report. The communication strategy promotes the proactive publication of information through the official portal and mechanisms for accessing key social, environmental, and safety performance documents. These reports include a synopsis of human rights and climate change risks and impacts, targets and outcomes for E, S and G indicators, and contact information for transparency offices and grievance channels. These publications support accountability and transparency to EPFIs and other stakeholders.

**Key documents:** ESIA summary, annual ESG transparency report, Official Website GDM, Public Environmental and Social Impact Assessment Reports.

**Related SDGs:** SDG 16 (Peace, Justice, and Strong Institutions).

### 3 IFC PERFORMANCE STANDARDS ON ENVIRONMENTAL AND SOCIAL SUSTAINABILITY

IFC's Sustainability Framework articulates the Corporation's strategic commitment to sustainable development and is an integral part of IFC's approach to risk management. The Sustainability Framework comprises IFC's Policy and Performance Standards on Environmental and Social Sustainability, and IFC's Access to Information Policy. The Policy on Environmental and Social Sustainability describes IFC's commitments, roles, and responsibilities related to environmental and social sustainability. IFC's Access to Information Policy reflects IFC's commitment to transparency and good governance in its operations and outlines the Corporation's institutional disclosure obligations regarding its investment and advisory services.

The Performance Standards provide guidance to clients on how to identify risks and impacts, and are designed to help avoid, mitigate, and manage risks as a way of doing business in a sustainable manner. The standards are intended to support effective stakeholder engagement and disclosure obligations in project-related activities. For the year 2024, GDM has updated and aligned its compliance instruments in line with the revised regulatory environment in Mexico and international benchmarks. These include improvements to the Environmental and Social Management System, submission of new RAC reports, stakeholder consultation assessments, and integration of its Community Sustainable Development Master Plan with Sustainable Development Goals (SDGs).

The following sections detail how the Project complies with each of the eight Performance Standards based on the updates made through 2024.

#### 3.1 Performance Standard 1. Assessment and Management of Environmental and Social Risks and Impacts

The standard establishes:

*“Performance Standard 1 underscores the importance of managing environmental and social performance throughout the life of a project. An effective Environmental and Social Management System (ESMS) is a dynamic and continuous process initiated and supported by management, and involves engagement between the client, its workers, local communities directly affected by the project (the Affected Communities) and, where appropriate, other stakeholders”.*

#### **Compliance verification**

GDM has implemented a robust management system composed of distinct components to address environmental, safety, and social matters. The SASISOPA, approved by ASEA in 2022, is a management system that focuses exclusively on industrial safety, operational safety, and environmental protection, as required by the regulatory framework. It does not include social management aspects.

Social risks and impacts are managed separately through the Environmental and Social Management System (ESMS), which includes instruments such as the Social Management Plan, the Net Zero Plan, and the ESG Risk and Impact Matrix. These tools allow for the identification, monitoring, and mitigation of social and governance risks, in alignment with sustainability objectives. In addition, GDM operates a formal grievance mechanism composed of a Code of Ethics, a bribery and corruption prevention model, an ethics hotline, and a corresponding internal reporting policy.

**Key documents:** SASISOPA Manual, ESG Risk and Impact Matrix, RAC and COA Reports.

**Related SDGs:** SDG 13 (Climate Action), SDG 12 (Responsible Consumption and Production).

### 3.2 Performance Standard 2. Labor and Working Conditions

The standard establishes:

*“Performance Standard 2 recognizes that the pursuit of economic growth through employment creation and income generation should be accompanied by protection of the fundamental rights of workers. For any business, the workforce is a valuable asset, and a sound worker-management relationship is a key ingredient in the sustainability of a company. Failure to establish and foster a sound worker-management relationship can undermine worker commitment and retention and can jeopardize a project. Conversely, through a constructive worker-management relationship, and by treating the workers fairly and providing them with safe and healthy working conditions, clients may create tangible benefits, such as enhancement of the efficiency and productivity of their operations”.*

#### **Compliance verification**

The Project Company has 29 employees and 18 contractors. For its own employees, the Project Company showed the Opinion on Compliance with Social Security Tax Obligations issued by the Mexican Social Security Institute (IMSS), as well as Payment of Employee Payments, Contributions and Amortizations to the same Institute.

The project fully complies with national and international labor standards. Policies on Working Conditions, Diversity, and Occupational Health and Safety (WHS indicators) ensure fair treatment and protection of workers. This includes a Labor Conditions Policy, the implementation of the SAFESTART Program to promote a safety culture, and internal evaluations of staff performance and well-being. Freedom of association, non-discrimination, and the prohibition of child labor are guaranteed.

**Key documents:** Working Conditions Policy, SAFESTART Program, 2024 Performance Reviews, WHS (Workplace Health and Safety).

**Related SDGs:** SDG 8 (Decent Work and Economic Growth), SDG 5 (Gender Equality).

### 3.3 Performance Standard 3. Resource Efficiency and Pollution Prevention

The standard establishes:

*“Performance Standard 3 recognizes that increased economic activity and urbanization often generate increased levels of pollution to air, water, and land, and consume finite resources in a manner that may threaten people and the environment at the local, regional, and global levels.1 There is also a growing global consensus that the current and projected atmospheric concentration of greenhouse gases (GHG) threatens the public health and welfare of current and future generations. At the same time, more efficient and effective resource use and pollution prevention2 and GHG emission avoidance and mitigation technologies and practices have become more accessible and achievable in virtually all parts of the world”.*

#### **Compliance verification**

GDM has implemented policies and programs that prioritize resource efficiency and pollution prevention. The annual COAs and the PPCIEM RAC report demonstrate pollution prevention and resource efficiency efforts. The PPCIEM Program and the Waste Management Plan ensure compliance with national environmental standards and the adoption of circular economy strategies to minimize waste and emissions.

**Key documents:** PPCIEM and RAC Reports, Waste Management Policy and Circular Economy.

**Related SDGs:** SDG 12 (Responsible Consumption and Production), SDG 13 (Climate Action).

### 3.4 Performance Standard 4. Community Health, Safety, and Security

The standard establishes:

*“Performance Standard 4 recognizes that project activities, equipment, and infrastructure can increase community exposure to risks and impacts. In addition, communities that are already subjected to impacts from climate change may also experience an acceleration and/or intensification of impacts due to project activities. While acknowledging the public authorities’ role in promoting the health, safety, and security of the public, this Performance Standard addresses the client’s responsibility to avoid or minimize the risks and impacts to community health, safety, and security that may arise from project related activities, with particular attention to vulnerable groups”.*

#### **Compliance verification**

Protection of community health and safety is managed through the Internal Civil Protection Programs (PIPC), the Emergency Response Protocol (PRE), and the Accident Prevention Program (PPA). Internal Civil Protection Programs (PIPCs) and the Emergency Response Protocol (PRE) safeguard communities along the pipeline route. Three (3) State PIPCs, one (1) PRE and one (1) PPA are in place as described in the point 4.2.2 Occupational Health and Safety corresponding at EHS Guidelines.

**Key documents:** Internal Civil Protection Programs, Emergency Response Protocol, Accident Prevention Program (PPA).

**Related SDGs:** SDG 3 (Good Health and Well-being), SDG 11 (Sustainable Cities and Communities)

### 3.5 Performance Standard 5. Land Acquisition and Involuntary Resettlement

The standard establishes:

*“Performance Standard 5 recognizes that project-related land acquisition and restrictions on land use can have adverse impacts on communities and persons that use this land. Involuntary resettlement refers both to physical displacement (relocation or loss of shelter) and to economic displacement (loss of assets or access to assets that leads to loss of income sources or other means of livelihood<sup>1</sup>) as a result of project-related land acquisition<sup>2</sup> and/or restrictions on land use. Resettlement is considered involuntary when affected persons or communities do not have the right to refuse land acquisition or restrictions on land use that result in physical or economic displacement”.*

#### **Compliance verification**

The project does not affect the communities located through the gas pipeline route (*underground*); therefore, no resettlement or economic displacement has taken place because of the construction nor the operation of the Project.

**Related SDGs:** SDG 11 (Sustainable Cities and Communities).

### 3.6 Performance Standard 6. Biodiversity Conservation and Sustainable Management of Living Natural Resources

The standard establishes:

*“Performance Standard 6 recognizes that protecting and conserving biodiversity, maintaining ecosystem services, and sustainably managing living natural resources are fundamental to sustainable development. The requirements set out in this Performance Standard have been guided by the Convention on Biological Diversity, which defines biodiversity as “the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are a part; this includes diversity within species, between species, and of ecosystems”.*

#### Compliance verification

The Project is not expected to impact protected natural areas and/or natural resource management areas, and specific measures for biodiversity protection, habitat restoration, and post-construction environmental monitoring have been implemented. The project avoided protected areas and implemented habitat restoration measures.

**Key documents:** Policy on the Protection of Biodiversity and Habitats.

**Related SDGs:** SDG 15 (Life on Land).

### 3.7 Performance Standard 7. Indigenous Peoples

The standard establishes:

*“Performance Standard 7 recognizes that Indigenous Peoples, as social groups with identities that are distinct from mainstream groups in national societies, are often among the most marginalized and vulnerable segments of the population. In many cases, their economic, social, and legal status limits their capacity to defend their rights to, and interests in, lands and natural and cultural resources, and may restrict their ability to participate in and benefit from development. Indigenous Peoples are particularly vulnerable if their lands and resources are transformed, encroached upon, or significantly degraded. Their languages, cultures, religions, spiritual beliefs, and institutions may also come under threat. Consequently, Indigenous Peoples may be more vulnerable to the adverse impacts associated with project development than nonindigenous communities. This vulnerability may include loss of identity, culture, and natural resource-based livelihoods, as well as exposure to impoverishment and diseases”.*

#### Compliance verification

The indigenous consultation process led by SENER, SEGOB and CFE has been completed, but the social action plans and mitigation measures for the four (4) Nahua communities of Atlixco have not yet been implemented, as SENER must establish them in a resolution that has not yet been issued.

**Key documents:** Indigenous Consultation Report, Pending SENER Resolution.

**Related SDGs:** SDG 10 (Reduced Inequalities), SDG 16 (Peace, Justice, and Strong Institutions).

### 3.8 Performance Standard 8. Cultural Heritage

The standard establishes:

*“Performance Standard 8 recognizes the importance of cultural heritage for current and future generations. Consistent with the Convention Concerning the Protection of the World Cultural and Natural Heritage, this Performance Standard aims to ensure that clients protect cultural heritage during their project activities. In addition, the requirements of this Performance Standard on a project’s use of cultural heritage are based in part on standards set by the Convention on Biological Diversity”.*

#### Compliance verification

According to the Regional Environmental Impact Assessment (MIA-R) and the route mapping, no impacts on tangible or intangible cultural heritage were identified. The project did not affect cultural heritage sites according to the Environmental Impact Assessment.

**Key documents:** Community Sustainable Development Master Plan

**Related SDGs:** SDG 11 (Sustainable Cities and Communities).

## 4 ENVIRONMENTAL, HEALTH, AND SAFETY GUIDELINES FOR ONSHORE OIL AND GAS DEVELOPMENT

The EHS Guidelines for Onshore Oil and Gas Development include information relevant to seismic exploration; exploration and production drilling; development and production activities; transportation activities including pipelines; other facilities including pump stations, metering stations, pigging stations, compressor stations and storage facilities; ancillary and support operations; and decommissioning.

Compliance with the IFC's Environmental, Health, and Safety Guidelines for Onshore Oil and Gas Development reinforces GDM commitment to the Sustainable Development Goals (SDGs), consolidating an operating model that prioritizes risk management, environmental protection, and the safety of workers and communities.

### 4.1 Industry-Specific Impacts and Management

The guidelines establish:

*“This section provides a summary of EHS issues associated with onshore oil and gas development, along with recommendations for their management. These issues may be relevant to any of the activities listed as applicable to these guidelines. Additional guidance for the management of EHS issues common to most large industrial facilities during the construction phase is provided in the General EHS Guidelines”.*

#### Compliance verification

##### 4.1.1 Environment

The following environmental issues should be considered as part of a comprehensive assessment and management program that addresses project-specific risks and potential impacts. Potential environmental issues associated with onshore oil and gas development projects include the following:

- **Air emissions**

As mentioned in Equator Principle 2, GDM has presented on time the Annual Operation License (COA), through which it reports atmospheric emissions, waste generation, and water consumption. COA reports, PPCIEM implementation, and the Circular Economy Plan demonstrate pollution prevention and waste management. Specific measures for controlling fugitive methane emissions were implemented through the PPCIEM Program, with its respective Annual Compliance Report (RAC).

The 2024 results from the Methane Emissions Prevention and Control Program (PPCIEM) demonstrated a 10.63% reduction in fugitive emissions compared to 2023, aligning with NOM-007-ASEA-2016 standards. Key actions included prioritizing critical equipment for venting mitigation and enhancing maintenance protocols.

**Related SDGs:** SDG 12 (Responsible Consumption and Production), SDG 13 (Climate Action).

- **Wastewater/effluent discharges**

There are no water discharges from the Project Company. Consumption in 2024 was recorded at 257.87 m<sup>3</sup>, with significant progress toward the 10% reduction goal set for

2025. Measures such as water recycling and real-time metering contributed to this achievement.

- **Solid and liquid waste management**

Municipal solid waste is managed by the corresponding local government. In 2024, the annual volume generated was 29.3 kg per employee, and it was collected by the municipal cleaning service. The Project Company has implemented best practices such as waste separation and recovery, and specific handling of organic and sanitary waste.

As part of its sustainability strategy, the Project Company also developed a **Circular Economy Plan**, which includes a target to increase solid waste **recovery rates to 10% by 2026**.

Regarding hazardous waste management, two collection events were carried out during 2024. The first, in May, involved 2,400 kg and was managed by RECOCERO. The second, in December, involved 3,073.8 kg. According to the Delivery, Transportation, and Reception of Hazardous Waste Manifest filed on January 20th, 2025, these wastes were properly stored and subsequently sent for final disposal. GEN Industrial, S.A. de C.V. was responsible for transportation, and Sociedad Ecológica Mexicana del Norte, S.A. de C.V. handled final disposal, under authorization numbers 15-ASEA-T-RP-60-19 and 05-ASEA-DF-RP-001-19, respectively.

- **Noise generation**

A test was conducted to monitor the noise to which workers are exposed to areas near equipment that can generate high levels. This test showed that the standard was met, so it remains in effect for a period of 2 years. If the equipment is changed, this measurement must be repeated.

- **Terrestrial impacts and project footprint**

This section does not apply because natural gas transportation has no terrestrial impacts, and its carbon footprint is minimal.

- **Spills**

This section does not apply because natural gas is transported through pipelines and does not spill.

#### 4.1.2 Occupational Health and Safety

*Occupational health and safety issues should be considered as part of a comprehensive hazard or risk assessment, including, for example, a hazard identification study [HAZID], hazard and operability study [HAZOP], or other risk assessment studies. The results should be used for health and safety management planning, in the design of the facility and safety working systems, and in the preparation and communication of safe working procedures.*

The **Monthly Report & Operations Log** reports on the monitoring of the activities carried out by the company's employees, as described in Equator Principle 2.

Occupational health and safety management in 2024 included the implementation of the SAFESTART Program, the Internal Civil Protection Programs (PIPC) in Morelos, Puebla (including the Municipality of Cuautlancingo, State of Puebla *operational facilities*), and Tlaxcala, as well as the application of the Emergency Response Protocol (PRE), which is integrated into local

contingency plans. Additionally, Noise Exposure Studies were conducted to protect workers' auditory health.

The SAFESTART Program contributed to achieving 99,469 working hours without a single accident during the year. This program emphasized training on Integrated Management System compliance and emergency preparedness across all facilities, reinforcing a culture of safety and prevention among personnel.

**Related SDGs:** SDG 3 (Good Health and Well-being), SDG 8 (Decent Work and Economic Growth)

#### 4.1.3 Community Health and Safety

*Community health and safety impacts during the construction and decommissioning of facilities are common to those of most other industrial facilities and are discussed in the General EHS Guidelines. Potential health and safety issues associated with onshore oil and gas development projects include the following: physical hazards, hydrogen sulfide and security.*

Respecting this issue, the Project Company has carried out activities to mitigate and avoid the impacts that could occur during the construction of the pipeline, which is currently in operation.

As part of the operation, gas quality is monitored along the pipeline. Thus, if a value outside the standard, such as **hydrogen sulfide (H<sub>2</sub>S)**, is detected by the gas supplier (CENAGAS), the FCV-100 valve is closed for about 3 hours, period the event lasts. The situation is reported to the CRE and the CFE for consideration. After this time, the valve is opened, and the gas is released without any contamination.

To maintain safety, the Project Company carried out **patrols and monitoring of the 172.400 km of the Gasoducto de Morelos**, as required by the NOM-007-ASEA-2016 standard, to maintain safety of the right of way and to avoid any anomalies that could jeopardize its integrity and operation. Continuous patrols and monitoring of the 172 km pipeline ensured compliance with NOM-007-ASEA-2016, safeguarding community well-being through timely identification and mitigation of potential hazards

## 4.2 Performance Indicators and Monitoring

The guidelines establish:

*“This section provides key performance indicators and guidelines for monitoring and assessing the environmental and health impacts of onshore oil and gas development operations. These indicators and guidelines are designed to help companies and regulators identify and manage the environmental and health risks associated with these operations, and to ensure that international environmental and social performance standards are met”.*

### 4.2.1 Environment

*Addresses the assessment and management of specific environmental impacts related to onshore oil and gas development operations. The topics covered are:*

- *Emissions and Effluent Guidelines*
- *Environmental Monitoring*

This section does not apply because the Project Company is engaged in the transportation of natural gas.

#### 4.2.2 Occupational Health and Safety

*This section focuses on protecting the health and safety of workers in onshore oil and gas development operations. This includes measures to prevent accidents, injuries, and occupational diseases, as well as to ensure safe and healthy working conditions. The topics covered are:*

- **Occupational Health and Safety Guidelines**

As part of the safety and health aspects that the Project Company has implemented, there is the Emergency Response Protocol (PRE) and the Accident Prevention Program (PPA), which were described in Equator Principle 2.

- **Occupational Health and Safety Monitoring**

The **Monthly Report & Operations Log** reports on the monitoring of the activities carried out by the Project Company's employees, as described in the Equator Principle 2.

- **Accident and Fatality Rates**

According to the **Monthly Report & Operations Log**, in 2024, there were no occupational injuries:

- *Lost Time Injuries (LTIs)* - Accidents with sick leave.
- *Lost Workdays due to Accidents* - Lost workdays.
- *Non-Lost Time Injuries (Non LTI's)* - Injuries not resulting in days away from work.

Reports of unsafe acts, conditions, and near misses were recorded and addressed by the WHS Committee as follows:

- *10 unsafe acts,*
- *34 unsafe conditions,*
- *173 self-reported health cases,*
- *3 near misses, and*
- *0 HiPo (High Potential Incidents).*

## 5 Conclusions and Recommendations

According to the review of the information provided by the Project Company, compliance with the various environmental and social standards analyzed under the Equator Principles, the IFC Norms and the World Bank Standards is observed.

The technical evaluation of the Project confirms that it satisfactorily complies with the **Equator Principles**, the **IFC Environmental and Social Performance Standards**, and the **Environmental, Health, and Safety Guidelines for Onshore Oil and Gas Development**. The existence and effective implementation of key instruments such as the Environmental Impact Assessment (MIA-R), the Industrial Safety, Operational Safety, and Environmental Protection Management System (SASISOPA), the Annual Operating License (COA), the Methane Emissions Prevention and Control Program (PPCIEM), the Internal Civil Protection Programs (PIPC), and the Sustainability Policy were verified. In addition, the project shows strong alignment with the Sustainable Development Goals (SDGs), demonstrating its commitment to environmental sustainability, social inclusion, and management transparency. The documentation presented, including RAC reports, COAs, external audits, waste management plans, biodiversity strategies, and social performance evaluations, fully supports regulatory compliance and the adoption of the best international practices.

Table 1 shows the project's compliance results as assessed under the Equator Principles, the IFC Environmental and Social Performance Standards and the Environmental, Health, and Safety Guidelines for Onshore Oil and Gas Development during 2024.

The present report shall be signed in Mexico City on the 30<sup>th</sup> day of April 2025.



**Laura Betzabeth Rosales Clemente**  
**From IDOM, as an independent engineer**

Table 1. Gasoducto de Morelos Environment and Social Compliance, 2024

EQUATOR PRINCIPLES	COMPLY/ NON-COMPLIANCE	IFC ENVIRONMENTAL AND SOCIAL PERFORMANCE STANDARDS	COMPLY/ NON-COMPLIANCE	ENVIRONMENTAL, HEALTH, AND SAFETY GUIDELINES FOR ONSHORE OIL AND GAS DEVELOPMENT	COMPLY/ NON-COMPLIANCE
Principle 1: Review and categorization	<b>Comply</b>				
Principle 2: Environmental and Social Assessment	<b>Comply</b>	Performance Standard 1. Assessment and management of environmental and social risks and impacts.	<b>Comply</b>	1.0 - Industry Specific Impacts and Management 1.1 Environment - Atmospheric impacts - Waste management - Hazardous materials management - Spills - Noise	<b>Comply</b>
		Performance Standard 3. Resource efficiency and pollution prevention.	<b>Comply</b>	1.2 Occupational health and safety - Fire and explosions - Air quality - Hazardous Materials - Transportation	<b>Comply</b>
		Performance Standard 8. Cultural Heritage	<b>No Apply</b>	- Emergency Preparedness and Response	
				2.1 Environment - Environmental Monitoring  2.2 Occupational Health and Safety - Occupational Health and	<b>Comply</b>

EQUATOR PRINCIPLES	COMPLY/ NON- COMPLIANCE	IFC ENVIRONMENTAL AND SOCIAL PERFORMANCE STANDARDS	COMPLY/ NON- COMPLIANCE	ENVIRONMENTAL, HEALTH, AND SAFETY GUIDELINES FOR ONSHORE OIL AND GAS DEVELOPMENT	COMPLY/ NON- COMPLIANCE
				Safety Monitoring - Accident and Fatality Rates	
Principle 3: Applicable environmental and social standards	<b>Comply</b>	Performance Standard 3. Resource efficiency and pollution prevention.  Performance Standard 4. Community health and safety.  Land acquisition and involuntary resettlement.	<b>Comply</b>  <b>Comply</b>  <b>No Apply</b>	1.1 Environment - Fugitive emissions  2.0 Performance and Monitoring Indicators 2.1 Environment - Emissions and Effluents Guidelines  2.2 Occupational Health and Safety - Occupational Health and Safety Guidelines	<b>Comply</b>  <b>Comply</b>  <b>Comply</b>
Principle 4: Environmental and Social Management System and Equator Principles Action Plan	<b>Comply</b>	Performance Standard 1. Assessment and Management of Environmental and Social Risks and Impacts (Environmental and Social Assessment and Management System) (Environmental and social assessment and management system (iii) Management programs)	<b>Comply</b>		

EQUATOR PRINCIPLES	COMPLY/ NON- COMPLIANCE	IFC ENVIRONMENTAL AND SOCIAL PERFORMANCE STANDARDS	COMPLY/ NON- COMPLIANCE	ENVIRONMENTAL, HEALTH, AND SAFETY GUIDELINES FOR ONSHORE OIL AND GAS DEVELOPMENT	COMPLY/ NON- COMPLIANCE
Principle 5: Stakeholder Engagement	<b>Comply</b>	Performance Standard 1. Assessment and management of environmental and social risks and impacts (Environmental and social assessment and management system - Consultations).  Performance Standard 7. Indigenous Peoples	<b>Comply</b>          <b>Comply</b>	1.3 Community Health and Safety - Physical hazards - Hydrogen sulfide - Safety hazards	<b>Comply</b>
Principle 6: Grievance mechanism	<b>Comply</b>	Performance Standard 1. Assessment and management of environmental and social risks and impacts (Environmental and social assessment and management system - External communications and grievance mechanisms)	<b>Comply</b>		
Principle 7: Independent Review	<b>Comply</b>				

EQUATOR PRINCIPLES	COMPLY/ NON- COMPLIANCE	IFC ENVIRONMENTAL AND SOCIAL PERFORMANCE STANDARDS	COMPLY/ NON- COMPLIANCE	ENVIRONMENTAL, HEALTH, AND SAFETY GUIDELINES FOR ONSHORE OIL AND GAS DEVELOPMENT	COMPLY/ NON- COMPLIANCE
Principle 8: Contractual Commitments	<b>Comply</b>	Performance Standard 2: Labor and Working Conditions  Performance Standard 5: Land Acquisition and Involuntary Resettlement	<b>Comply</b>  <b>No Apply</b>		
Principle 9: Independent monitoring and reporting	<b>Comply</b>				
Principle 10: Reporting and Transparency	<b>Comply</b>				