



6 July, 2021

ENGIE'S RESPONSE TO COMMENTS MADE ON 26TH JULY 2020 CONCERNING THE NUEVA XCALA PROJECT

As provided in the Human Right Policy, ENGIE systematically analyzes the risks of negative impacts on human rights of all our activities and implement a due diligence process systematically to identify and manage the salient risks at the operational level and therefore according to the context of activities. This is why we have put in place several in-depth vigilance actions regarding human rights around this particular project.

Regarding the four allegations of abuse, we have decided to reply by structuring our answer in four parts: Ecology, Archeology, Community and Fairness.

Note that Ethics & Compliance and the CSR department follow all the project at the Group level and work closely with the local team.

I- ECOLOGY: Consideration of the ecological impact

ENGIE integrates environmental and social policies, guidelines and frameworks throughout the project lifecycle from project development to operations. These tools are established based on internationally recognized standards such as ISO 26000, AA 1000 and Equator Principles.

The assessment of positive environmental and social aspects of the solar projects are built during the preparation of the investment file. The CSR assessment of investment files/decisions is a process with a high delegation of responsibilities, which involves several functions. The process aims to ensure the quality and the transparency of the CSR information presented to the decision committees and to clearly identify the main risks and positive impacts, including ecological impact, related to the proposed new investments or contracts. The process plays an important role for the investment decision.

a) Preservation of the flora

First of all, ENGIE Mexico has all local and federal environmental permits.

Secondly, ENGIE Mexico carried out one-off actions to safeguard flora, based on the implementation of the following programs:

- **Rescue and transplant of wild flora.** This program allowed the rescue of more than 1,800 *Dasyliirion lucidum* plants and more than 400,000 cacti in the areas surrounding the Park in Tlaxcala and Hidalgo.
 - Rescue and relocation program of the typical "sotol" plant. 100% of the population found in the park's construction area was rescued and reproduction was carried out for later planting.

- Agave rescue and relocation program (magueyes). The environmental requirement established the obligation to rescue almost 38 thousand plants of this species. ENGIE in conjunction with the members of the ejido rescued more than 51 thousand specimens.
 - Oak Collection Program. ENGIE has committed to reforesting 30 hectares of this species in the perimeter around Nueva Xcala. It is worth mentioning that the program will start in July, optimal season for its development and growth.
- **White oak and sotol germplasm collection program.** ENGIE has produced a total of 22,800 oak and 4,000 sotol plants through germination. At the end of 2021, and because it is the optimal season for their development and growth, they will be planted on the area destined for reforestation. Activity with a 100% progress.
 - **Reforestation program.** ENGIE has planted, in an area of 30 hectares near Nueva Xcala, more than 17,600 species out of a total of 30,000 (oak, rosette and cacti). At the end of 2021, the planting of the remaining species will begin, from the white oak and sotol germplasm collection programs. Activity with a 58% progress, according to the implementation schedule.

b) Preservation of the wildlife

ENGIE Mexico carried out one-off actions to safeguard wildlife, based on the implementation of the following programs:

- **Rescue and preservation of wildlife near the project.** Nearly 600 specimens of reptiles, mammals, birds and amphibians have been rescued and relocated. In areas far from the project, animals were rescued that to the program endorsed by the Ministry of Environments and Natural Resources of Mexico (SEMARNAT). From June 2020 to June 2021, the number of species rescued doubled.
- **Implementation of a special brigade** of qualified technical personnel which was in charge of the prevention of any damage to these species prior to the start of work.

II- ARCHEOLOGY: Importance of archeology in Nueva Xcala's region

Regarding the related claim of an alleged attack on cultural and historical heritage, ENGIE implemented the following programs:

- **Notification to competent authorities.** As soon as possible traces of archaeological remains were detected, the National Institute of Anthropology and History of Mexico (INAH) was notified.
- **Modifications to the project.** ENGIE made the necessary modifications to the project, in order to preserve the areas indicated by INAH intact and free of activities.
- **Restriction of access.** Access to employees and contractors in said areas was permanently restricted

III- COMMUNITY: Respect of the human rights of the local community members

ENGIE Mexico carried out one-off actions to respect the human rights of the community members by the implementation of the following programs:

a) Whistleblowing system

- **Community Linking Plan.** Through this program, ENGIE maintains an open door policy to receive, address and resolve any complaints from neighboring communities of Nueva Xcala. Physical mailboxes are established in the towns, telephone lines and special attention mail account and visits of Social Responsibility staff in the municipalities.

b) Education and Communication

- **Visits and education on the project facilities.** ENGIE also provides the opportunity for the community to visit the project facilities and directly learn about the technology installed, the operation of solar panels and electrical substations, as well as the security measures and emergency care that are implemented within of the facilities.

For the reported period, five visits were made to the facilities of the Nueva Xcala solar project, with the participation of government authorities, teachers of all educational levels and university students.

ENGIE provided information suitable for children and adolescents who live in the areas surrounding the project, on the general characteristics of renewable energies, their relationship with climate change and aspects of solar energy.

- **Communication of the characteristics of the projects.** The Social Communication Plan allows the possibility to inform the population of the municipalities in detail the characteristics of Nueva Xcala: objectives, technology, risks and impacts during the construction and operation stages, as well as the security measures implemented by ENGIE.

c) Integration of the community

- **Social Investment Plan.** The plan's goal is to work together with the community and identify projects of community benefit, aligned to the sustainable local development, by investing human, economic and material resources to drive such projects.

19 meetings and work tables were held between ENGIE and various interest groups, with the following purposes:

- Answer doubts and questions about the environmental impact regarding the development of the project. The flora and fauna relocation programs, as well as reforestation for the construction phase and the first five years of operation, were explained in detail. Also, the ejidal authorities and ENGIE agreed on the location of the surface where the reforestation activities are carried out.
- Define the internal roads of the project that ENGIE built or rehabilitated, in order not to affect the transfer of ejidatarios and their machinery from their homes to their farmland or pasture land.

- Reach an agreement on the definitive location of nine 23 cone-shaped poles of the transmission line, in accordance with the requests of the residents who live in the areas near the project as well as some ejidatarios, to transit, with their machinery work, on the main road that gives access to their lands. Through meetings with the protesters, the local and state authorities reached agreements that made it possible to move forward with the placement of the nine truncated cone posts, in the second half of 2020.
- Jointly define social investment projects for the benefit of the inhabitants of the communities, mainly to benefit women, the youth and children. For the delivery of the most representative investment (Centro Recreativo Coecillos), the participation, as honorary witnesses, of the governor of the state of Tlaxcala, as well as state and local authorities, was counted. Photos are included at the end of the report.

The plan has allowed to:

- Rehabilitate local roads
- Improve community facilities (such as schools and sports spaces).
- Rehabilitate homes near the project
- Repair the drainage system
- Support 1,000 families, during the COVID-19 pandemic, through the biweekly donation of food packages, for a period of three months;
- Provide solar energy to recreational spaces;
- Build recreational spaces by providing the inhabitants of the communities with swimming pools, wading pools, changing rooms and sports and recreation areas illuminated with solar energy.

In the following months ENGIE shall keep performing additional works, defined by the hand of the community, for the benefit of the inhabitants of the communities and the ejido.

IV- JUSTICE: Lawful integration of the project

ENGIE Mexico carried out one-off actions to respect the lawful approbation and implementation of the project by taking such steps :

- **Conclusion of renting contract.** A contract was concluded for the rental of ejidal lands for the construction and commissioning of Nueva Xcala with 939 ejidatarios of San Antonio Calpulalpan.
- **Registration of the contract with the National Agricultural Register.** The contract for the usufruct of ejido land was registered with the National Agricultural Register, the institution responsible for the control of the possession of the ejidal and communal land and which provide legal certainty to ejids and communities.
- **Respect of protected natural area.** According to the technical opinion of the corresponding authorities (SEMARNAT) the land of the project are not forest land and are not within some protected natural area.
- **Payment due for the renting contract.** ENGIE has paid the amount of the rent agreed to the ejido on time, according to the current legal contract.

- **Respect of annual commitments.** ENGIE continues to comply with each of the annual commitments established in the contract for the rental of ejidal lands for the construction and commissioning of the Nueva Xcala solar park

Please note that all documents are available if necessary.