



CERTIFICATION AND FINANCING PROPOSAL

BORDER-WIDE ENERGY INFRASTRUCTURE FOR COMISIÓN FEDERAL DE ELECTRICIDAD IN MEXICO

Published: September 18, 2026



CONTENTS

EXECUTIVE SUMMARY.....	1
1. CERTIFICATION CRITERIA	5
1.1. Technical Criteria.....	5
1.1.1. Project Description.....	5
1.1.2. Technical Feasibility	10
1.1.3. Land Acquisition and Right-of-Way Requirements.....	13
1.1.4. Project Operations.....	13
1.2. Environmental Criteria.....	15
1.2.1. Environmental and Health Effects/Impacts	15
A. Existing Conditions.....	15
B. Expected Environmental/Human Health Outcomes	18
C. Other Project Benefits.....	19
D. Transboundary Impacts	19
1.2.2. Compliance with Applicable Environmental Laws and Regulations.....	20
A. Environmental Studies or Consultations	20
B. Environmental Clearance and Permitting	22
C. Mitigation Measures	22
D. Pending Environmental Tasks and Authorizations	24
1.2.3. Safeguards & Performance Risk (S&PR) Due-diligence Review.....	24
A. Performance Risk Management System Scoring.....	24
B. S&PR Due Diligence Conclusions.....	24
C. Summary of Proposed Mitigation Measures.....	25
1.3. Financial Criteria.....	25
2. PUBLIC ACCESS TO INFORMATION.....	25
2.1. Public Consultation	25
2.2. Outreach Activities	25

EXECUTIVE SUMMARY

BORDER-WIDE ENERGY INFRASTRUCTURE FOR COMISIÓN FEDERAL DE ELECTRICIDAD IN MEXICO

The Federal Electricity Commission (CFE) plays a critical role in providing, reliable and affordable electricity throughout Mexico. Growing demand for electricity, particularly in northern Mexico, is driving the need for investments in generation, transmission, and distribution infrastructure that strengthens the electric system, improves operational reliability, reduces emissions, and supports economic growth.

To address these needs, on August 26, 2026, CFE published its 2026-2030 Development Program outlining the strategic roadmap CFE will pursue over the next five years to meet growing demand and upgrade the electricity infrastructure in Mexico. The Program is also aligned with the Electricity Sector Development Plan (PLADESE), the official medium- and long-term planning tool issued by the Mexican Ministry of Energy (SENER) with 15-year projections updated annually for coordinating the expansion, modernization, and reliability of Mexico's National Electric System (SEN). Under the Program, CFE intends to invest US\$37.53 billion, most of which will be in northern Mexico, including areas within NADBank's geographic jurisdiction. According to SENER, more than 60% of new generation capacity projected through 2039 will be in that region.

The need for these investments is especially evident in Baja California, a region that operates largely as an isolated electric system with limited generation capacity. Population growth, industrial expansion, and rising temperatures have driven a sustained increase in electricity demand, creating reliability challenges during periods of peak consumption. As a result, CFE has resorted, in part, to using less efficient mobile generation peaking units to maintain service during those times. Investments in modern generation technologies are expected to strengthen system reliability and reduce fuel consumption and related emissions by replacing mobile peaking plants with, more efficient plants. These investments are also expected to improve operational flexibility and overall system efficiency.

To support CFE's investment program in the border region, NADBank proposes providing up to US\$200 million in financing for eligible generation, transmission, and distribution projects that improve environmental performance and grid reliability. The proposed financing includes a framework to support eligible infrastructure investments within CFE's planned investments and provides the flexibility to utilize a lookback-period mechanism under which eligible expenditures associated with assets that satisfy the proposed financing framework may be considered for financing. Eligible projects may include efficient generation assets and transmission and distribution infrastructure that improve efficiency, reliability, resiliency, and the reduction of technical and non-technical losses. Eligible investments would be selected in accordance with the criteria described in this document.

While NADBank financing may be allocated across a portfolio of eligible assets, NADBank has identified the Parque Industrial Internal Combustion Power Plant ("Parque Industrial ICPP"),

located in San Luis Río Colorado, as a priority candidate for financing (the “Project”). The 200-megawatt (MW) facility entered commercial operation in March 2025 and provides fast response generation to help meet peak demand in Baja California and portions of Sonora. The facility incorporates highly efficient natural gas-fired technology and advanced emission controls, supporting the replacement of less efficient mobile peaking units historically used for reliability support in that region. By utilizing NADBank funding for this project, CFE could redirect resources toward additional investments within its broader infrastructure modernization plan.

NADBank's financing would provide long-term funding aligned with the useful life of the assets being financed and support CFE's ongoing efforts to strengthen and modernize the electric system in northern Mexico. The proposed financing is expected to improve reliability, greater system efficiency, lower emissions, and contribute to a more resilient electric system in northern Mexico, benefiting local communities and the economy.

Table 1 highlights key facts regarding the eligibility, objective and outcomes of the Project, as well as the financing proposed by NADBank.

Table 1
PROJECT OUTLINE

Project Eligibility

Sector (Type):	Energy
Location:	Northern border states of Mexico.
Sponsor:	<i>Comisión Federal de Electricidad (CFE)</i>

Project Summary

Objective:	The proposed project consists of implementing infrastructure identified in CFE’s investment portfolio for power generation, transmission and distribution in the border region. The proposed financing includes a framework to support eligible investments planned by CFE. NADBank has identified the Parque Industrial ICPP, with 200 MW of capacity in the state of Sonora, as the primary asset to be financed and serves as an indicative type of eligible investment to be financed under the proposed framework. The general objective of the Project is to strengthen the overall efficiency and reliability of the Mexican National Electric System (SEN) in the border region through strategic investments. Specifically, the Parque Industrial ICPP is expected to support this objective by providing cleaner, more reliable and dispatchable generation capacity that supports system reliability and operational flexibility in the Baja California and Sonora control area. The Parque Industrial ICPP is also expected to reduce reliance on temporary and less efficient mobile peaking power generation
-------------------	--

	plants that have historically been deployed during periods of high demand and emergencies, thus improving environmental performance by reducing NO _x , SO ₂ , and PM ₁₀ emissions.
Expected Outcomes:	The CFE investments identified by NADBank will provide cleaner, more efficient power generation or improve efficiency by reducing losses in the transmission and distribution (T&D) system. Eligible projects are expected to generate environmental benefits associated with avoiding emissions of criteria pollutants, including NO_x, SO₂, and PM₁₀. In particular, the Parque Industrial ICPP incorporates efficient natural gas-fired internal combustion engines and advanced emissions-control systems, which result in higher thermal efficiency, lower fuel consumption, and less related emissions when compared to temporary mobile peaking power generation units commonly used to support summer reliability needs in the Baja California electric system. Therefore, the Parque Industrial ICPP is expected to reduce natural gas consumption by 22.6 million cubic meters/year, generate approximately 481,000 MWh of electricity annually and avoid the emission of approximately:¹ ▪ 154 metric tons/year of NO_x ▪ 2.12 metric tons /year of SO₂ ▪ 23 metric tons/year of PM₁₀ The environmental benefits presented above are indicative estimates derived from comparing the Parque Industrial ICPP to less efficient generation resources that have historically operated within the region. The analysis assumes natural gas is the primary fuel and recognizes that actual results may differ depending on operational conditions.
Population to Benefit:	3.9 million. ²

¹ Estimated benefits were determined by comparing the gas-fired internal combustion engine technology installed at the Parque Industrial ICPP with representative mobile gas-fired peaking units commonly deployed during summer reliability events. The comparison assumes the same annual electricity generation of approximately 481,000 MWh for both technologies, based on the installed capacity, average annual capacity factor and plant availability reported by CFE. Fuel consumption and emission estimates were calculated using technology-specific thermal efficiency, heat rates, fuel consumption, and emission factors expressed on a per-MWh basis.

² The population of Baja California and San Luis Rio Colorado, Sonora, will benefit from the Parque Industrial ICPP, which is expected to deliver system-wide environmental and operational benefits by improving generation efficiency, reliability, and operational flexibility in the electric system serving Baja California and part of Sonora. Through the deployment of efficient dispatchable generation capacity, the plant will support resource adequacy, service continuity, and reductions in criteria pollutant emissions (NO_x, SO₂, and PM₁₀), benefiting approximately 3.9 million people served by the regional grid.

(<https://www.ceieg.bajacalifornia.gob.mx/wp-content/uploads/2023/11/Programa-Estatal-de-Energia-modificado.pdf>).

NADBank Additionality:	NADBank brings a combination of energy sector expertise, long tenor financing, and technical rigor that is well suited to help fill an important need in CFE's investment program as it continues strengthening its portfolio of generation, transmission and distribution assets.
-------------------------------	--

Financing Summary

NADBank Loan Amount:	Up to US\$200.0 million.
Loan Type:	Senior loan.
Borrower:	<i>Fideicomiso de Proyectos de Generación Convencional 10673.</i>
Guarantor:	<i>Comisión Federal de Electricidad.</i>

CERTIFICATION AND FINANCING PROPOSAL

BORDER-WIDE ENERGY INFRASTRUCTURE FOR COMISIÓN FEDERAL DE ELECTRICIDAD IN MEXICO

1. CERTIFICATION CRITERIA

1.1. Technical Criteria

1.1.1. Project Description

Project Location

The Project will be implemented within the northern border states of Mexico, in accordance with the investment portfolio and planning priorities of the CFE. Its plans for expanding transmission, distribution, and generation infrastructure are focused on regions with major urban centers and large metropolitan areas with high power demand in the states of Baja California, Sonora, Chihuahua, Coahuila, Nuevo León, and Tamaulipas, all of which fall within NADBank's 300-kilometer (186-mile) border jurisdiction in Mexico. While NADBank funds may be allocated across the CFE's eligible infrastructure portfolio, NADBank has identified the Parque Industrial ICPP as a priority candidate for financing. The facility is located in San Luis Rio Colorado, Sonora, approximately 3 miles southwest of the U.S.-Mexico border at the following coordinates; latitude 32°25'4.74"N and longitude 114°42'51.31"W. Figure 1 shows the geographic location of the Parque Industrial ICPP within NADBank's border region.

Figure 1
PARQUE INDUSTRIAL ICPP LOCATION MAP



The municipality of San Luis Río Colorado receives electricity from a Regional Generation Control system that is interconnected with the Baja California system and forms part of the integrated economic and energy landscape in the region. Electricity demand is driven by large manufacturing and export-oriented industries, border-crossing infrastructure, water conveyance systems, healthcare facilities, commercial centers, and residential loads, particularly during the summer months when extreme temperatures significantly increase electricity consumption.

Project Scope

The Project consists of funding eligible CFE infrastructure investments in power generation, transmission, and distribution in the border region.

All proposed projects will be evaluated based on technical, regulatory and environmental factors, including the ability to improve operations and reliability, consistency with applicable sector planning instruments, and compliance with environmental and regulatory requirements. For example, proposed generation projects will be evaluated based on improvements in efficiency, fuel utilization, emission intensity, and emission control systems. Proposed transmission and distribution projects will be evaluated based on their contribution to grid modernization, reduction of technical and non-technical energy losses and associated environmental benefits.³ Table 2 presents the eligibility framework and criteria that will be used for potential investments using the proposed financing. The framework establishes the types of infrastructure that may be considered eligible, the expected results associated with each investment category, and the corresponding indicators.

Table 2
PROJECT ELIGIBILITY FRAMEWORK

Investment Category	Type of Investment	Expected Results	Outputs / Indicators to Measure
Efficient Generation	- Installation, modernization, repowering, replacement or selective expansion of efficient natural gas generation assets to improve thermal and operational performance - Generation assets equipped with emission-control systems and technologies designed to reduce emission intensity	- Reduced fuel consumption per unit of electricity generated and improved thermal efficiency - Emissions avoided (NO_x, SO₂, PM₁₀) - Improved operational flexibility, dispatchability, and reliability	- Reduction in fuel consumption (m³/MWh) achieved by improving thermal efficiency relative to less efficient generation utilized in the region - PM₁₀ avoided (kg/year) - SO₂ avoided (kg/year) - NO_x avoided (kg/year) - Efficient generation capacity installed (MW)

³ Technical losses arise from the inherent resistance of electrical conductors and transformers in transmission and distribution systems, which causes a portion of the electrical energy to be released as heat during power delivery. Non-technical losses are associated with electricity consumption that is not accurately measured or recorded. These losses can occur due to unauthorized use, issues with metering equipment or administrative processes affecting data collection and billing.

Investment Category	Type of Investment	Expected Results	Outputs / Indicators to Measure
Transmission Infrastructure	Modernization, expansion, replacement or rehabilitation of transmission lines, substations, transformers, communication systems, protection systems, automation systems, and associated infrastructure connected to the National Transmission Network	- Help reduce system losses from the current baseline of 10.7% to the long-term target of 6.0% * - Improved reliability and service continuity - Indirect environmental benefits by avoiding generation and emissions (NO_x, SO₂, PM₁₀)	- Transmission infrastructure built or upgraded (km) - PM₁₀ avoided (kg/year) - SO₂ avoided (kg/year) - NO_x avoided (kg/year)
Distribution Infrastructure	Modernization, expansion, replacement, rehabilitation, automation, advanced metering, smart-grid technologies, transformers, feeders, conductors, and associated distribution system infrastructure.	- Help reduce system losses from the current baseline of 10.7% to the long-term target of 6.0%* - Improved reliability and service continuity - Indirect environmental benefits by avoiding generation and emissions (NO_x, SO₂, PM₁₀)	- Distribution infrastructure built or upgraded (km) - PM₁₀ avoided (kg/year) - SO₂ avoided (kg/year) - NO_x avoided (kg/year)

*The current baseline refers to 2024 data for the entire national transmission and distribution network. Current losses of 27.5 MWh per km are calculated for both systems based on available data. Approximately 90% of the total length of the system consists of distribution lines and approximately 10% of transmission lines.

As part of the proposed infrastructure, the 200-MW Parque Industrial ICPP equipped with emission-control systems is currently identified as the priority candidate for financing. The facility supports the integration of modern, efficient generation technologies that reduce fuel consumption, improve thermal efficiency, and enhance operational flexibility. The plant has contributed to the replacement and decommissioning of less efficient and higher-emission temporary mobile generation units historically used during summer emergency reliability events in the Baja California electric system. The facility represents one of CFE's strategic investments and is designed to operate with natural gas as its primary fuel, while retaining the capability to operate on diesel under emergencies, backup or contingency conditions.

The Parque Industrial ICPP is designed to provide dispatchable generation capacity and support reliable system operation during periods of peak demand and limited available generation capacity, addressing recurring reliability challenges and emergency operating conditions that have been occurring in the Baja California electric system during periods of high summer demand since 2019. The Sponsor obtained all necessary authorizations for the implementation of the power plant, which began commercial operation on March 26, 2025. Since then, the Parque Industrial ICPP has become an important source of dispatchable capacity for the regional electric system, reducing the need for extraordinary reliability measures, including the Emergency Corrective Operating Protocol historically implemented

during summer peak demand conditions.⁴ As part of the testing, commissioning, and full integration to the grid, the power plant participated in the Emergency Corrective Protocol, providing dispatchable generation capacity to support the electric system during critical demand periods.

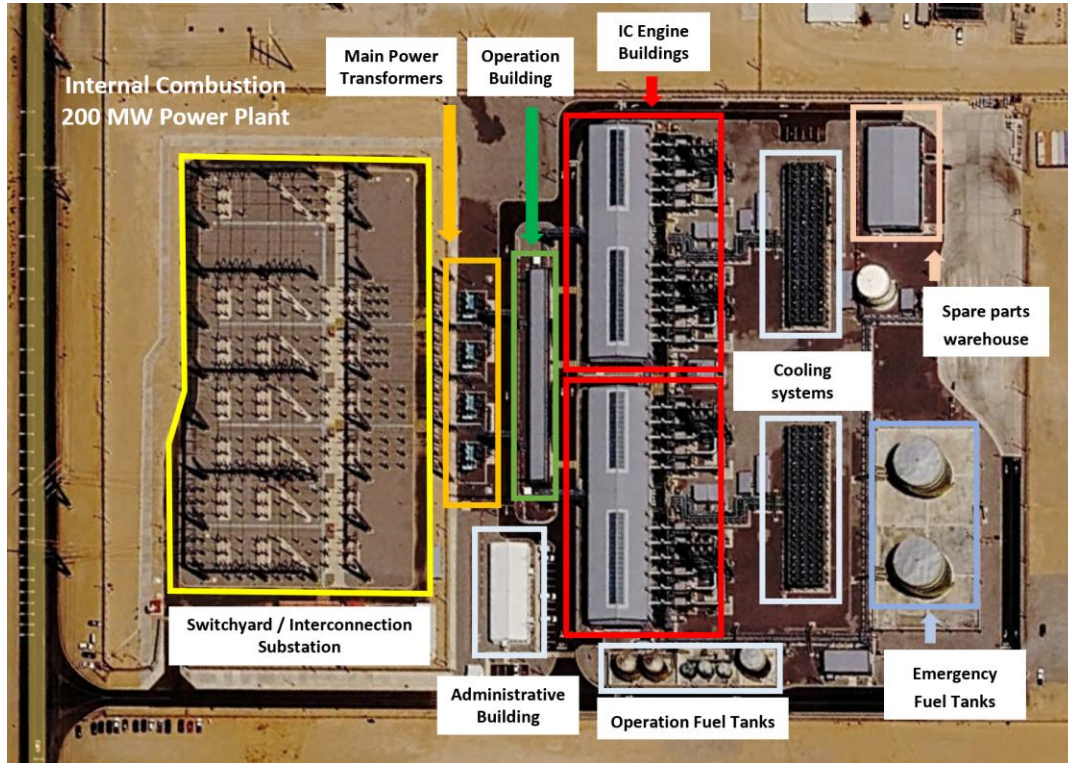
It should be noted that the Parque Industrial ICPP is currently fueled by diesel, while the construction of the associated natural gas conveyance infrastructure is completed. Once the pipeline enters service, currently expected in November 2026, the facility will transition to natural gas as its primary operating fuel. The continued use of natural gas is expected to lower fuel costs while ensuring reliable operations. Diesel capability will be maintained as a contingency measure to provide operational flexibility and service when needed. Based on the environmental and technical documentation prepared for Parque Industrial ICPP, the facility includes the following main components:

- Internal combustion engine generating units: The facility has 22 internal combustion engines designed to operate primarily on natural gas with the flexibility to use diesel as backup and provides fast-response, highly efficient generation capacity to support system reliability and operational flexibility. The facility has advanced emission-control equipment and monitoring systems to reduce emission intensity.
- Switchyard/interconnection facilities: The plant has the electrical infrastructure required for interconnection to the Baja California electric system, including associated substations, transformers, switchgear, protection systems, and transmission facilities required for safe and reliable operation.
- Natural gas supply system: The facility has the infrastructure necessary for receiving, conditioning, regulating and supplying the natural gas required for plant operation.
- Emergency fuel storage tanks: The facility includes two aboveground diesel storage tanks, each with an approximate capacity of 3,000 m³ (792,515 gallons), providing on-site fuel storage to support emergency and contingency operations. The diesel storage system serves as a backup fuel supply for its dual-fuel generating units, allowing continued operation during natural gas supply interruptions and other system contingencies.
- Control and auxiliary systems: The plant includes instrumentation, monitoring, communications, control systems, water systems, fire protection systems, and other auxiliary equipment required for the operation and maintenance of the facility.
- Additional infrastructure: Includes internal roads, administrative and operational buildings, equipment foundations, drainage systems, and other support infrastructure necessary for plant operation.

⁴ The Corrective Protocol for the electrical system serving Baja California and part of Sonora was an emergency tool operated by CENACE for the urgent procurement of power capacity under low-reserve conditions. It was implemented to maintain service continuity during peak summer demand.
([https://www.cenace.gob.mx/Docs/14_REGLAS/Manuales/Manual%20del%20Protocolo%20Correctivo%20\[SI M%2017-04-19\].pdf](https://www.cenace.gob.mx/Docs/14_REGLAS/Manuales/Manual%20del%20Protocolo%20Correctivo%20[SI M%2017-04-19].pdf))

Figure 2 shows the general layout of the Parque Industrial ICPP components.

Figure 2
PARQUE INDUSTRIAL ICPP LAYOUT



Following approval of the Project by the NADBank Board of Directors and in accordance with NADBank policies and the terms of the corresponding financing agreement, the loan proceeds may be allocated retroactively to eligible expenditures, which occurred up to 24 months prior to the execution of the loan agreement, subject to NADBank eligibility requirements and verification procedures or to new investments.

Project Milestones

Some of investments under the CFE 2026-2030 Development Program, which could be eligible for financing,, are already under development, construction or undergoing operational testing. These investments include transmission and distribution infrastructure such as transmission towers, conductors, transformers, substations, and associated civil works.

As previously mentioned, the Parque Industrial ICPP is currently in commercial operation and has completed all major development, construction, testing, certification, and interconnection milestones. Table 2 summarizes the key milestones achieved for the plant implementation.

Table 3
SUMMARY OF KEY MILESTONES FOR PARQUE INDUSTRIAL ICPP

Milestone	Status
Environmental Impact Assessment (Unified Technical Report (DTU*)	Completed (November 2021)
SEMARNAT DTU/MIA resolution	Issued (March 2023)
Sole Environmental License	Issued (May 2023)
Construction start-up	February 2022
Mechanical completion	April 2023
Performance & acceptance testing	Completed (May 2023)
Interconnection agreement	Executed (December 2024)
Commercial operation date (COD)	March 2025
Natural gas pipeline in-service	Expected (November 2026)
NADBank financial closing	Fourth quarter of 2026

The DTU is an instrument of the Mexican Ministry of Environment and Natural Resources (SEMARNAT) that combines the Mexican Environmental Impact Assessment (MIA), and the Technical Justification Study to evaluate land-use changes to ensure compliance with applicable environmental laws and current regulations.

The facility achieved mechanical completion and completed contractor acceptance testing in 2023. The Parque Industrial ICPP underwent interconnection, testing, certification, and compliance activities required by CENACE, including communication and protection system testing, that resulted in the execution of the interconnection agreement and subsequent start-up of commercial operations. The facility operated on diesel fuel during testing, commissioning, interconnection, and initial commercial operations while satisfying CENACE technical and operational requirements pending availability of natural gas conveyance infrastructure.

Financial closing is expected to take place during the fourth quarter of 2026. The Borrower will have a disbursement period of up to twenty-four (24) months and a look-back period of up to twenty-four (24) months, allowing eligible expenditures associated with assets selected under the proposed financing framework to be considered for financing.

1.1.2. Technical Feasibility

CFE's 2026–2030 Development Program identifies priority needs for the modernization and reinforcement of transmission, distribution, and generation assets. These investments are based on validated demand forecasts, congestion and reliability diagnostics, and standardized engineering and operational criteria applied by CFE, ensuring that its investments rely on proven technical solutions embedded in its medium- and long-term infrastructure planning.

Current system conditions show that total electricity losses in the SEN exceeded 10% of net consumption in 2024. CFE has established a target to reduce total energy losses to approximately 6% by 2028, primarily through investments in transmission, distribution, and metering infrastructure. The reduction of technical and non-technical losses constitutes a strategic objective in CFE's infrastructure modernization strategy. Progress toward this

target is monitored through official operational indicators and is reported on an annual basis by CFE and other sector institutions, providing a transparent basis for tracking annual progress and evaluating the effectiveness of investments implemented across the SEN. Below is an analysis of the planned infrastructure and expected benefits for each type of investment.

Transmission and Distribution Improvements

Investments in T&D infrastructure will focus on addressing structural constraints within the electric network, including congestion, capacity limitations, and operational inefficiencies. The modernization, expansion and rehabilitation of power lines, substations, transformers and metering, control, and automation systems and related equipment, together with the replacement of aging infrastructure, will increase the system's ability to transport electricity reliably and efficiently from power generation plants to load centers. These investments are expected to:

- Reduce network congestion and operational bottlenecks.
- Improve load management and system balancing.
- Enhance reliability, resiliency, monitoring, and operational visibility.
- Strengthen grid modernization and operational flexibility.
- Contribute to the reduction of technical and non-technical losses in the SEN.
- Reduce the amount of electricity that must be generated to provide the same level of electric service.
- Generate indirect environmental benefits by avoiding electricity losses and the associated emissions.

Efficient Generation

Investments in efficient generation infrastructure will support the installation, modernization, repowering, replacement, or targeted expansion of natural gas generation assets to improve thermal efficiency, operational availability, dispatch performance, and environmental performance. These investments are intended to strengthen the overall efficiency and responsiveness of the generation fleet, particularly under high-demand or constrained operating conditions.

In addition, system planning and operational assessments have identified the need to gradually replace temporary and less efficient generation resources historically deployed to support reliability during emergency operating conditions, including mobile gas-fired peaking units used during Corrective Protocol events in the Baja California electric system. Compared to representative mobile peaking units, modern natural gas-fired generation technologies are capable of providing dispatchable and fast-response generation capacity while achieving higher thermal efficiency, lower fuel consumption, lower emissions intensity, and improved operational flexibility. Eligible generation projects are expected to:

- Utilize natural gas as the primary fuel.
- Incorporate emission control systems, including Selective Catalytic Reduction technology or equivalent emission-control solutions, when applicable.

- Reduce fuel consumption by improving thermal efficiency relative to less efficient generation utilized in the region.
- Lower the emission intensity of NO_x, SO₂, and PM₁₀.
- Provide dispatchable and fast-response generation capacity capable of supporting grid stability and operational flexibility.

Overall, the technical feasibility and selection of technologies for the Project, including the Parque Industrial ICPP, was based on CFE's experience in the planning, operation, and maintenance of the SEN, as well as its responsibility to ensure the continuous, efficient, reliable provision of the public and commercial electricity services currently provided. The evaluation process included the selection of generation technology, equipment performance assessments, site suitability analyses, environmental and permitting reviews, fuel supply considerations, interconnection requirements, and long-term operational and maintenance strategies.

Specifically, the technology selected for the Parque Industrial ICPP is grounded in technical diagnostics, system planning criteria, and national programs for the expansion and modernization of the power sector, which have consistently identified the need to strengthen system reliability and respond to sustained growth in electricity demand. This facility provides several technical advantages over the traditional peaking resources and temporary mobile generation units historically used to support system reliability. It has operational flexibility, fast-start capability, high availability, and the capacity to respond efficiently to rapidly changing system conditions. Internal combustion is particularly suitable for supporting power systems that experience periods of peak demand, limited generation availability, and reliability constraints, such as those historically observed in the electric system serving Baja California and part of Sonora. Based on completed engineering, construction, commissioning, operational performance, and environmental documentation, the power plant was considered technically capable of providing reliable, dispatchable generation capacity that supports the operational reliability of this border region. It results in a more efficient system and reduces reliance on older and less efficient emergency generation resources.

Procurement and Suppliers

NADBank conducted a preliminary assessment of the Mexican electricity market to identify the key suppliers of equipment and infrastructure associated with generation, transmission, and distribution assets. Potential suppliers include companies from Mexico, the United States, Europe, and other regions, including suppliers and foreign-controlled entities that are not subject to applicable restrictions under relevant trade, sanction or forced-labor enforcement frameworks.

As previously noted, CFE's other eligible investments include transmission towers, conductors, transformers, substations, and associated civil works, which mainly use materials such as steel and conventional electrical components, with relatively low dependence on advanced electronic components, thereby reducing supply-chain concentration risks and exposure to components sourced from jurisdictions subject to enhanced compliance or procurement restrictions.

A substantial portion of the planned infrastructure consists of power generation assets utilizing proven technologies supplied by recognized manufacturers in the power sector. In the case of the Parque Industrial ICPP, the internal combustion generating units were supplied by Wärtsilä Corporation, which provided a platform of units supported by an established global supply chain and extensive operational experience worldwide, based on technology developed and maintained by the global corporation. Its main engineering, research and testing activities are concentrated in Finland. The company also maintains a broad international presence through regional offices, service centers, and support facilities located in North America, Europe, Asia, Latin America and North America. In Mexico, the Wärtsilä Corporation maintains a significant operational presence with approximately 500 MW of installed capacity. According to information provided by CFE, the generating units installed were supplied from Finland. In the U.S., the technological supplier established its headquarters in Houston, Texas, with a network of offices and service centers located throughout the country, that support operations across the region. In addition, It has supplied engine-based generation facilities in multiple U.S. power markets, including projects in Texas, Colorado, California, Oregon, Nevada, and Alaska. Collectively, these representative facilities account for approximately 1.3 GW of installed generating capacity.

The Parque Industrial ICPP benefits from commercially proven technologies and equipment supplied by globally recognized manufacturers with substantial operating experience in the United States, Mexico, and other international markets. These characteristics support a diversified and resilient supply chain while contributing to the long-term reliability and operational performance of the Parque Industrial ICPP.

1.1.3. Land Acquisition and Right-of-Way Requirements

Project components will be implemented primarily within existing easements, rights of way, and infrastructure owned by or under the administration of the CFE. In cases where it is necessary to acquire, expand, or regularize additional rights for the execution of specific works, CFE will be responsible for carrying out the corresponding processes in accordance with applicable regulations. Such actions will be undertaken in coordination with the relevant federal, state, and municipal authorities, as appropriate, depending on the type and location of the infrastructure, ensuring full compliance with the legal, technical, and administrative requirements applicable to the Project.

Specifically, for the Parque Industrial ICPP, which is located within an industrial area in the municipality of San Luis Río Colorado, the rights of way and access were secured by CFE as part of the development and construction of the facility and related fuel handling infrastructure, electrical interconnection installations, internal roads, and auxiliary systems.

1.1.4. Project Operations

The CFE is the national electric utility of Mexico and is responsible for the generation, transmission, distribution, and commercialization of electricity throughout the country. Founded in 1937, CFE possesses extensive technical, operational, and financial capabilities to develop, operate, and maintain large-scale electric infrastructure. CFE reported an installed generation capacity of approximately 72,005 MW, consisting of several technologies such as

combined-cycle plants (42.3%), clean energy technologies (31.0%),⁵ steam power plants (13.4), coal (7.6%) gas turbines (4.3%), and internal combustion (1.4%). These generation assets are owned by CFE and independent power producers. In addition, CFE operates a national transmission network with approximately 111,455 km of lines and a distribution network with nearly 916,094 km of lines.⁶

The proposed investments are expected to be implemented by CFE through their regional and divisional units serving the northern border states. New and upgraded assets integrated into the SEN will address growing demand, congestion, and reliability challenges in the border region, while ensuring continuity, efficiency, and operational flexibility of the electricity supply. CFE has established institutional processes for planning, evaluating, approving, and monitoring investments, as well as control mechanisms that track technical and operational performance indicators. Through coordinated activities with its divisional units, CFE will schedule and supervise construction activities and integrate the resulting assets into the regular operation of the SEN. Its experienced staff will ensure that the investments are supported by appropriate operation and maintenance throughout their useful life, thereby ensuring the continuity, reliability, efficiency, and operational flexibility of public electricity services. In the case of the Parque Industrial ICPP, the facility has an expected useful life of 30 years, which is consistent with publicly disclosed criteria from CFE for new thermal generation projects.⁷

The Parque Industrial ICPP is owned and operated by CFE. The facility was developed under an engineering, procurement, and construction (EPC) arrangement. Operation and maintenance activities for the plant are performed by CFE in accordance with established operating procedures and maintenance practices based on manufacturer recommendations and operating experience. CFE has implemented preventive, predictive, and condition-based maintenance practices designed to maximize equipment availability, reliability, and useful life. Following commercial operation activities, the Parque Industrial ICPP is supported by a long-term asset performance arrangement with the technology supplier. According to information provided by CFE, the facility currently benefits from a Guaranteed Asset Performance agreement with the supplier, supporting equipment reliability, maintenance planning, and the availability of critical spare parts. In addition, CFE maintains inventories of strategic spare parts and has established long-term maintenance planning procedures for major equipment.

NADBank will monitor the use of loan proceeds through periodic reporting and support documentation provided by CFE to confirm that the financing is applied to eligible expenditures and that the facility continues to operate in accordance with applicable technical, environmental, and loan terms.

⁵ According to CFE reporting, clean energy technologies include hydroelectric, wind, solar photovoltaic, geothermal, and nuclear generation. As of the second quarter of 2026, clean energy technologies represented approximately 31.0% of CFE's total installed generation capacity, primarily consisting of hydroelectric (42.8%), nuclear (20.9%), wind (10.0%), solar photovoltaic (22.7%), and geothermal (3.6%) generation, along with capacity associated with other clean energy sources and independent power producers.

⁶ Source: CFE, Operational and financial results for second quarter of 2026.

(https://www.cfe.gob.mx/finanzas/financiamiento-economico/informacion/Quarterly%20Investor%20Presentations%20Doc/2026/Presentaci%C3%B3n_Llamada%20con%20Inversionistas%20T2026ESPANOL.pdf).

⁷ Source: CFE publication, (<https://app.cfe.mx/Aplicaciones/OTROS/Boletines/boletin?i=8251>).

1.2. Environmental Criteria

1.2.1. Environmental and Health Effects/Impacts

A. Existing Conditions

The growing demand for electricity in Mexico, particularly in the northern region, is creating an urgent need for substantial investments in generation, transmission, and distribution infrastructure. This trend is being driven by a combination of factors, including industrial expansion, increasing population centers, and the electrification of economic activities. Addressing these needs is essential to strengthen the reliability and resilience of the SEN, ensure adequate supply to meet future demand, improve operational efficiency, reduce emissions, and support economic development.

The border region continues to attract significant domestic and foreign investment in sectors such as manufacturing, logistics, data centers, and advanced technologies, all of which require reliable and competitively priced electricity. As a result, expanding energy infrastructure in the region has become a strategic priority to support industrial competitiveness, job creation, and long-term regional development. In response to these challenges and opportunities, the CFE has launched its 2026-2030 Development Program, a comprehensive initiative designed to address growing electricity demand and modernize the country's power infrastructure. The program seeks to expand generation capacity, reinforce transmission networks, and strengthen distribution systems in order to improve service quality, increase system reliability, and support the integration of cleaner and more efficient energy resources. Under the program, CFE anticipates investments totaling approximately US\$37.53 billion. A significant portion of these investments is expected to be directed toward projects in northern Mexico, including areas within NADBank's geographic jurisdiction. They represent a substantial opportunity to accelerate the development of critical energy infrastructure while supporting regional economic integration and environmental objectives.

Under PLADESE, more than 60% of new generation capacity projected through 2039 is expected to be located in northern Mexico. This concentration of future investment underscores the strategic importance of the region in the energy transition and economic development agenda of Mexico. As new generation projects are deployed and supporting transmission and distribution infrastructure is expanded, significant financing requirements are expected to emerge, creating opportunities for institutions such as NADBank to support projects that enhance energy security, improve environmental performance, and contribute to economic growth in the U.S.-Mexico border region.

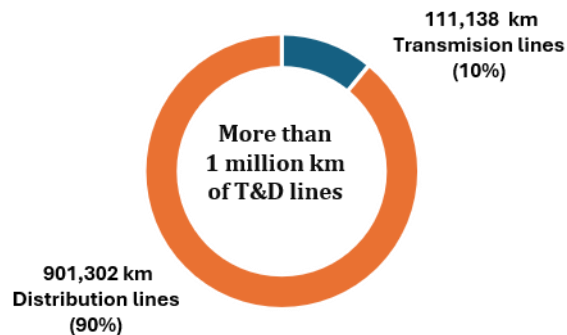
Consistent with the objectives of PLADESE, the electric sector is undergoing a long-term process of infrastructure expansion, modernization, and technological renewal aimed at strengthening system reliability, operational efficiency, and energy security while meeting growing demand. This strategy includes upgrading and replacing aging generation, transmission and distribution assets, incorporating more efficient and flexible generation technologies, and investing in transmission infrastructure to improve the overall performance of the SEN. CFE is carrying out efforts to modernize its infrastructure in the

border region to improve the resiliency of both T&D and generation systems as presented below.

Transmission and Distribution

The SEN is currently operating under increasing structural constraints resulting from sustained growth in demand, limited expansion of transmission infrastructure, and the progressive aging of critical network assets. Between 2010 and 2024, the national demand for electricity in Mexico increased at an average annual rate of approximately 2.6%, reflecting sustained growth in economic activity, industrial development, population growth, and electrification across the country.⁸ This long-term trend is expected to continue over the planning horizon, reinforcing the need for continued investment in generation, transmission, and distribution infrastructure to maintain system reliability and meet future electricity demand. In addition, during the same period, total electricity losses in the SEN exceeded 12% of net consumption, reflecting a combination of technical losses associated with overloaded transmission and distribution assets and losses linked to infrastructure limitations and operational challenges.⁹

Figure 3
2024 T&D INFRASTRUCTURE



Source: PLADESE

Mexico's electric network comprises more than 1.0 million kilometers of transmission and distribution infrastructure. Approximately 90% corresponds to distribution networks and 10% to transmission infrastructure. Continued expansion, modernization, and rehabilitation of both networks are required to support demand growth, reduce energy losses, improve reliability, and facilitate the integration of new generation resources.

Power Generation

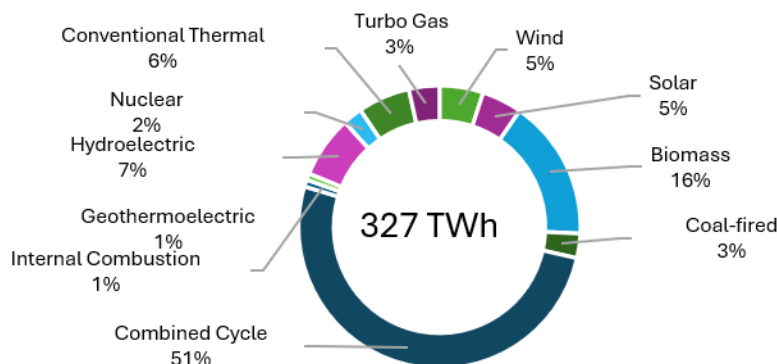
During the second quarter of 2026, CFE supplied electricity to 50.1 million users, providing coverage to more than 99.9% of the country's population. The total electricity generation in the SEN reported in 2025 was approximately 327 Terawatt-hours, generated by several technologies as presented below.¹⁰

⁸ Source: Mexican Institute for Competitiveness (IMCO), [El sector eléctrico ante el nuevo panorama regulatorio: 2025-2039](#) [The electricity sector, facing the new regulatory landscape: 2025–2039].

⁹ Source: CENACE (<https://www.cenace.gob.mx/Paginas/SIM/Reportes/EnergiaGeneradaTipoTec.aspx>).

¹⁰ Source: CENACE (<https://www.cenace.gob.mx/Paginas/SIM/Reportes/EnergiaGeneradaTipoTec.aspx>).

Figure 4
2025 SEN GENERATION MIX



Source: CENACE

The power system in Baja California operates largely as an isolated grid serving the municipalities of Tijuana, Tecate, Ensenada, Rosarito and Mexicali, as well as San Luis Río Colorado, Sonora. As a result, the region has limited ability to access generation resources located elsewhere in the country and depends on local generation resources and imports to maintain reliability during periods of peak demand. The Baja California electric system has experienced sustained growth in demand in recent years, driven by population growth, industrial activity, and increasingly extreme summer temperatures. According to CENACE, peak demand in the Baja California system was approximately 3,529 MW during the summer of 2024, compared to an available generation capacity of approximately 2,463 MW under stressed operating conditions. Even considering the 408 MW interconnection with California, the system experienced an estimated generation capacity deficit of approximately 914 MW during peak summer conditions. To maintain system reliability, CENACE implemented emergency operating measures and activated Corrective Protocol procedures for the Baja California system.¹¹

In November 2023, CENACE initiated the 2024 Corrective Protocol process due to anticipated low reserve conditions during the summer season, identifying the need to contract up to 660 MW of additional capacity continuously between June and September, plus an additional 254 MW during critical peak-demand hours. CENACE determined that the expected supply-demand imbalance was particularly significant in the valley region of the Baja California electric system, which includes Mexicali and San Luis Río Colorado.¹²

As documented by CENACE, recurring capacity shortages and reserve margin constraints in the electric system serving Baja California and part of Sonora have historically required the implementation of emergency operating measures, including the deployment of temporary

¹¹ Source: CENACE

(https://www.cenace.gob.mx/Docs/09_OPESEN/ProtocoloCorrectivoBCA2024/Minuta%20Protocolo%20Correctivo%202024%20-%20SIM.pdf).

¹² Ibid.

mobile gas-fired generation units, as well as the continued reliance on older thermal generation units with comparatively lower operating efficiency.

The proposed Parque Industrial ICPP is part of the modernization strategy and offers rapid response capability, high operational flexibility, and improved thermal performance, while supporting the reliable integration of intermittent energy resources. Based on manufacturer specifications, the internal combustion generating units installed at the power plant have a thermal efficiency rate of up to 48%, compared to approximately 36% for representative mobile peaking units previously utilized for reliability support. In addition, the Parque Industrial ICPP technology presents a heat rate of approximately 7,028 Btu/kWh, compared to approximately 9,284 Btu/kWh for mobile peaking resources, resulting in an estimated reduction in natural gas consumption of approximately 20% per unit of electricity generated, while also reducing emission intensity and improving overall system efficiency and reliability.¹³

B. Expected Environmental/Human Health Outcomes

Modern electric infrastructure projects create an opportunity to improve system efficiency and environmental performance by reducing energy losses during transmission and distribution and incorporating more efficient and cleaner generation facilities across the power system. Investments in T&D upgrades enable more efficient electricity flows, reduce congestion and overloads, and facilitate the integration of generation assets into the grid. By lowering energy losses, these projects reduce the total amount of electricity that must be generated to meet final demand, thereby decreasing fuel consumption and associated emissions of criteria pollutants, including NO_x, SO₂, and PM₁₀.

For power generation, the Parque Industrial ICPP serves as a representative example of the type of generation investments that may be financed under the proposed framework, contributing to improved operation of the system and providing environmental benefits. The gradual replacement of less efficient generation units with higher-performance assets and lower fuel consumption will reduce emissions, increase operational flexibility, and support a more reliable and resilient operation of the SEN, particularly in high-demand areas of the border region.

¹³ Information related to thermal efficiency, heat rate, fuel consumption, and performance indicators are based on manufacturer technical specifications, design conditions, and representative operating assumptions for the technologies evaluated. Operating performance may vary due to ambient temperature, altitude, fuel composition, equipment loading, maintenance practices, dispatch requirements, and other site-specific operating conditions.

The Parque Industrial ICPP is expected to generate approximately 481,000 MWh of electricity annually, reduce natural gas consumption by 22.6 million cubic meters, and avoid the emission of approximately:¹⁴

- 154 metric tons/year of NO_x
- 2.12 metric tons /year of SO₂
- 23 metric tons/year of PM₁₀

The environmental benefits presented above are indicative estimates derived from comparing the Parque Industrial ICPP against less efficient generation resources that have historically operated within the region. The analysis assumes natural gas as the primary fuel and recognizes that actual results may differ depending on operational conditions.

C. Other Project Benefits

In addition to emission-related benefits, the Project is expected to support public welfare and human health by improving the reliability and continuity of electricity services in a region characterized by high summer temperatures and rapidly growing electricity demand. Reliable electricity service is particularly important during extreme heat events, when uninterrupted electricity supply supports residential cooling, commercial activity, public services, and critical infrastructure. By improving system efficiency and facilitating the integration of cleaner energy sources, the Parque Industrial ICPP also supports economic development and lowers emissions. The facility has also generated direct economic benefits through the creation of approximately 800 direct jobs during construction and approximately 90 permanent positions dedicated to operations, maintenance, administration, environmental compliance, and support activities during the operational phase.

D. Transboundary Impacts

The Project is expected to generate positive environmental effects in the region through the deployment of cleaner and more efficient generation technologies, the use of low-emission equipment, the reduction of transmission and distribution losses, and the resulting decrease in fuel consumption and associated emissions during both normal and emergency operating conditions. Any other potentially eligible infrastructure that could generate adverse transboundary impacts would be subject to appropriate mitigation measures or, if necessary, deemed ineligible for financing.

¹⁴ Estimated benefits were determined by comparing the gas-fired internal combustion engine technology installed at the Parque Industrial ICPP with representative mobile gas-fired peaking units commonly deployed during summer reliability events. The comparison assumes the same annual electricity generation of approximately 481,000 MWh for both technologies, based on CFE-reported installed capacity, average annual capacity factor, and plant availability. Fuel consumption and emissions estimates were calculated using technology-specific thermal efficiency, heat rates, fuel consumption, and emission factors expressed on a per-MWh basis.

1.2.2. Compliance with Applicable Environmental Laws and Regulations

All eligible infrastructure projects must comply with applicable sector-specific technical standards, codes, norms, and specifications. Compliance with this legal and regulatory framework constitutes a fundamental condition for the evaluation, approval, financing, implementation, and operation of CFE's investments. In this regard, all projects implemented by CFE are verified and implemented in accordance with the provisions of the General Law of Ecological Balance and Environmental Protection (LGEEPA), which establishes the principal environmental obligations applicable to infrastructure projects in Mexico. As part of these authorization processes, CFE is required to demonstrate that environmental impacts and project risks have been properly identified, evaluated, and adequately mitigated in accordance with applicable regulatory requirements.

In addition, the Sponsor must also comply with all other provisions, including those related to land use, public works, and energy sector regulation. The CFE requires that all projects and investments related to generation, transmission, and distribution activities obtain and maintain all permits, authorizations, and approvals issued by the competent authorities at the federal, state, and local levels, including, as applicable, SEMARNAT. Any potentially eligible infrastructure investment financed under the proposed Project will be required to demonstrate compliance with all applicable legal, environmental, social, and regulatory requirements.

In particular, the Parque Industrial ICPP complied with all applicable environmental laws and regulations and obtained the permits and authorizations required for its construction and operation.

A. Environmental Studies or Consultations

The requirement to conduct environmental studies for infrastructure projects developed by the CFE is determined in accordance with the LGEEPA and its regulations regarding environmental impact assessments. New transmission infrastructure and electricity generation projects may require environmental impact studies and federal environmental authorizations, while certain electricity distribution infrastructure works may be subject to environmental requirements at the state or local level, as applicable. Projects involving the rehabilitation, modernization, or improvement of existing infrastructure may not require environmental studies when such activities do not constitute new works or generate additional significant environmental impacts, in accordance with the applicable legal provisions. In all cases, CFE assesses environmental permitting requirements and the need for applicable environmental studies on a project-by-project basis, in order to ensure compliance with applicable environmental laws and regulations.

As part of the environmental permitting process for the Parque Industrial ICPP, the Sponsor prepared and submitted an Environmental Impact Assessment in accordance with the requirements of the LGEEPA. The assessment included environmental baseline studies and specialized technical and environmental evaluations. These studies evaluated existing conditions within the facility area, assessed potential environmental impacts associated with construction and operation of the facility, and established the corresponding mitigation and monitoring measures. The information contained in the DTU served as the basis for the

environmental authorization issued by SEMARNAT. The DTU incorporated a series of environmental studies and technical assessments addressing the main environmental components that could potentially be affected by the implementation of the facility, and included the following:

- *A Monitoring Program* was developed to verify compliance with environmental commitments and mitigation measures established during the environmental review process. The program includes monitoring, reporting, corrective actions, and environmental performance verification activities applicable during construction and operation of the facility.
- *Flora and Vegetation*. A vegetation survey was conducted to identify plant communities present within the area of influence of the Parque Industrial ICPP and determine the presence of protected, endemic or environmentally sensitive species. The assessment evaluated potential impacts associated with site preparation and construction activities and identified mitigation measures for vegetation removal, restoration, and management of disturbed areas.
- *Birdlife*. Given the ecological characteristics of the region, the DTU included an evaluation of bird species potentially occurring within the area of influence of the Parque Industrial ICPP. The study assessed the potential effects of construction and operation on resident and migratory bird populations and recommended applicable mitigation measures to minimize impacts.
- *Air Quality*. The DTU evaluated potential air quality impacts associated with both construction and operational activities. The assessment considered emissions from construction equipment, vehicular traffic, fuel handling systems, and operation of the generation units. Applicable emission-control measures and monitoring requirements were incorporated into the Parque Industrial ICPP design and operational framework.
- *Noise*. Noise impacts associated with construction activities and long-term operation of the generation facility were evaluated to determine potential effects on surrounding receptors. The assessment supported the implementation of design features and operational controls intended to maintain compliance with applicable environmental requirements.
- *Water Resources*. The assessment included an evaluation of potential impacts to surface water, groundwater, drainage patterns, stormwater management, and water use associated with both construction and operation of the facility. The assessment considered local hydrological conditions, potential alterations to natural drainage patterns, water requirements for plant operation, and measures to prevent contamination of water resources. Appropriate management practices and mitigation measures were incorporated into the Parque Industrial ICPP design and operating procedures to protect water resources and ensure compliance with applicable environmental requirements.

- Waste Management. The DTU included an evaluation of solid and hazardous waste as well as waste requiring special handling, that could potentially be generated during construction and operation of the facility. The assessment identified applicable waste streams, management procedures, storage and transportation requirements, and final disposal practices necessary to comply with environmental regulations. The study also established procedures for handling fuels, lubricants, chemicals, and other materials used during plant operation.

Similarly, any other eligible infrastructure forming part of the Project must demonstrate completion of the required environmental studies.

B. Environmental Clearance and Permitting

For any eligible asset of the Project, all environmental clearances and permits will be obtained in accordance with the applicable federal, state, and municipal legal framework. Depending on the type, scope, and location of the infrastructure, CFE may be required to obtain environmental authorizations from SEMARNAT for new transmission infrastructure and electricity generation facilities, as well as permits or authorizations issued by state or municipal authorities for certain electricity distribution works and power substations. Where applicable, CFE will also obtain permits associated with construction activities, land use, access to public rights of way, and road crossings from the competent authorities. Based on the standard practice for CFE infrastructure projects, the permits and authorizations identified are obtained for this type of infrastructure and are not expected to have a material adverse impact on the Project schedule or budget.

In the case of the Parque Industrial ICPP, the Sponsor obtained the environmental permits and authorizations required for its construction and operation, including the approval of the Environmental Impact Assessment through the DTU and Environmental Resolution No. SRA-DGIRA-DG-01139-23 issued by SEMARNAT, which established the applicable environmental conditions and mitigation measures. In addition, the Sponsor obtained environmental operating license LAU-26/120-2023, for the facility which governs ongoing environmental compliance requirements during plant operation, including emissions management, environmental monitoring, reporting obligations, and other operating conditions established by the environmental authorities. CFE is responsible for maintaining compliance with the conditions established in the environmental authorizations and any applicable regulatory requirements throughout the operating life of the facility.

C. Mitigation Measures

Mitigation measures for eligible assets to be developed by the Sponsor as part of the Project, will be implemented in accordance with applicable environmental laws and regulations. The scope of the mitigation measures depends on the type of infrastructure, the characteristics of the site, and the potential impacts identified, and they will be incorporated into the project design, construction practices, and operational procedures.

In the case of the Parque Industrial ICPP, the following mitigation measures were included in the corresponding environmental authorization:

- Flora and Vegetation. Vegetation clearing activities were limited to the areas required for construction. Mitigation measures included vegetation management, protection of environmentally sensitive resources where applicable, and site restoration activities.
- Wildlife. Construction and operational activities incorporated measures intended to minimize impacts to wildlife and bird species identified during environmental assessments, including personnel awareness measures and procedures for handling wildlife encounters during site activities.
- Solid Waste. Any solid waste generated during construction, operation, and maintenance activities will be managed and disposed of in accordance with applicable federal, state, and local regulations, using authorized disposal facilities.
- Hazardous Materials. Any hazardous materials (e.g., diesel fuel, gasoline, and motor oil) will be handled in accordance with applicable regulations. Spill prevention, containment, and response measures will be implemented, and appropriate response procedures will be maintained.
- Air Quality Protection. Dust-control measures were implemented during construction activities. During operation, the infrastructure is required to comply with applicable emissions limits and monitoring requirements established under the environmental operating license, including operation of the generation units in accordance with environmental permit conditions. Environmental performance is monitored and reports are submitted periodically, as required by regulatory authorities.
- Water Use. Water used for construction, equipment maintenance, and infrastructure operation is managed in accordance with applicable regulations. Operational controls have been established to prevent the discharge of contaminants to soil, drainage systems or groundwater resources.
- Wastewater Management. Wastewater generated during infrastructure operation is managed through established collection, handling, and disposal procedures designed to prevent adverse impacts on water resources and ensure regulatory compliance.
- Soil Disturbance. Construction activities involving grading, excavation, and earthworks incorporated measures for erosion control, drainage, and surface stabilization to minimize soil degradation, sediment transport, and alteration of natural drainage patterns.
- Noise Control. Construction and operational noise management measures were implemented through equipment selection, maintenance practices, and operational procedures designed to maintain compliance with applicable environmental requirements.

In addition, environmental monitoring, reporting, inspection, and compliance activities are conducted in accordance with permit conditions, environmental management procedures, and monitoring programs, as required.

D. Pending Environmental Tasks and Authorizations

The Sponsor must confirm that the corresponding environmental authorizations and permits have been obtained for eligible infrastructure under the Project and that the necessary mitigation measures have been implemented, as applicable. Prior to designating an investment as eligible, NADBank will verify the appropriateness of the documentation submitted by the Sponsor.

According to information provided by CFE, all environmental authorizations required for the construction and operation of the Parque Industrial ICPP were obtained.

1.2.3. Safeguards & Performance Risk (S&PR) Due-diligence Review

A. Performance Risk Management System Scoring

In accordance with the NADBank Project Safeguards & Performance Risk Policy, the proposed Project infrastructure, including the Parque Industrial ICPP, has been classified as Category B or medium risk. This category applies to projects with limited environmental and community impacts and risks that are generally site-specific, reversible and can be mitigated through available measures applicable within the context of the project operation. Potential impacts are less adverse than those of high-risk transactions.

B. S&PR Due Diligence Conclusions

With respect to labor standards, based on the information available from the Mexican Ministry of Labor and Social Welfare (STPS), no evidence was found linking the principal technology provider of Parque Industrial ICPP, its supply-chain governance practices or supplier compliance framework, to practices involving forced labor or child labor. In addition, the Sponsor and the Parque Industrial ICPP suppliers operate within established markets in Mexico, the United States, Europe, and other jurisdictions subject to applicable labor standards and regulatory requirements.

Additionally, as part of this preliminary S&PR due-diligence process and based on publicly available information at the time of review, NADBank conducted an indicative screening of the potential key suppliers against relevant U.S. forced labor enforcement frameworks, including the Uyghur Forced Labor Prevention Act (UFLPA) Entity List.¹⁵ No companies associated with the Parque Industrial ICPP indicative suppliers were identified on such lists. According to NADBank, no significant community risks related to forced labor or child labor are anticipated with the power plant or the proposed financing.

¹⁵ Notice Regarding the Uyghur Forced Labor Prevention Act Entity List, (<https://www.federalregister.gov/documents/2024/05/17/2024-10544/notice-regarding-the-uyghur-forced-labor-prevention-act-entity-list>).

C. Summary of Proposed Mitigation Measures

No additional mitigation measures are needed since the Sponsor provided the documentation to support compliance with applicable environmental and community requirements.

1.3. Financial Criteria

The NADBank loan will be for up to US\$200.0 million and will be used to finance the Parque Industrial ICPP. The financing is projected to be structured as a corporate loan granted through an existing administration and payment trust previously used by CFE to finance similar projects. The source of payment for the loan will be the revenue derived from the investment projects (including the Parque Industrial ICPP) remitted to the trust by CFE in amounts sufficient to: (i) cover scheduled operations and maintenance expenses; (ii) fund the reserve account and other required reserves; (iii) service the debt on the loan; and (iv) cover investment-related expenses, trust maintenance costs, and obligations under service agreements.

2. PUBLIC ACCESS TO INFORMATION

2.1. Public Consultation

NADBank published the draft certification and financing proposal for a 30-day public comment period beginning on September 19, 2026. The following Project documentation is available for review upon request:

- DTU of Parque Industrial ICPP
- CFE Business Plan 2024-2028.¹⁶

2.2. Outreach Activities

Information about the Project has been publicly disclosed through official communications issued by CFE and government authorities, as well as publicly available information related to the planning, construction, commissioning, and operation of the Parque Industrial ICPP and other eligible assets. Information regarding the power plant has been made available through environmental review processes, public regulatory filings, and official announcements issued by CFE.

The Sponsor has also published information regarding its operations, investments, corporate objectives, and infrastructure projects through its official website, annual reports, and

¹⁶ The CFE Business Plan for 2024–2028 constitutes the principal strategic and investment planning instrument for the Sponsor. This Plan defines the priorities, criteria, and guidelines under which investment projects in generation, transmission, and distribution are evaluated, approved, and executed, in alignment with the applicable legal and regulatory framework, ([Plan de Negocios 2024-2028.pdf](#)).

institutional communications. Information related to CFE's generation, transmission, and distribution investments has been disclosed through public channels, including press releases, official announcements, and sector planning documents. Based on NADBank's review of available information regarding the Project, including Parque Industrial ICPP and CFE's business practices, no issues were identified that would raise concern regarding the proposed certification and financing. CFE is expected to continue to comply with applicable public disclosure, consultation, and permitting requirements associated with the environmental assessment and authorization processes, as required under the applicable legal and regulatory framework.

As part of its review, NADBank conducted a search of publicly available information to identify media coverage and public opinion related to the Parque Industrial ICPP. Publicly available information reviewed included official government publications, environmental permitting documentation, project-related announcements, and media coverage associated with the development and operation of the Parque Industrial ICPP. The following references were found:

- *El Economista*. (March 3, 2026) "*CFE presenta portafolio 2026-2027 con 58 proyectos para reforzar la transmisión eléctrica en México*" [CFE presents 2026-2027 portfolio with 58 projects to strengthen electricity transmission in Mexico] <https://www.eleconomista.com.mx/politica/cfe-presenta-portafolio-2026-2027-58-proyectos-reforzar-transmision-electrica-mexico-20260322-805323.html>.
- *Bloomberg Línea*. (August 21, 2025) "*CFE aumenta proyectos e inversiones para redes eléctricas en México*" [CFE increases projects and investments for power grid in Mexico] <https://www.bloomberglinea.com/latinoamerica/mexico/cfe-aumenta-proyectos-e-inversiones-para-redes-electricas-en-mexico/>.
- *CFE*. (March 27, 2025) "*CFE pone en operación comercial la central de combustión interna Altar, en el sistema eléctrico de Baja California*" [CFE starts commercial operation of the Altar internal combustion plant in the electricity system of Baja California] <https://app.cfe.mx/Aplicaciones/OTROS/Boletines/boletin?i=9264>.
- *El Universal*. (January 29, 2025) "*CFE invertirá 23 mil 400 mdd entre 2024 y 2030*" [CFE will invest US\$23.4 billion between 2024 and 2030] <https://www.eluniversal.com.mx/nacion/cfe-invertira-23-mil-400-mdd-entre-2024-y-2030-plan-de-inversion-se-presentara-la-proxima-semana/>.
- *Tribuna de San Luis*. (August 28, 2023) "*La nueva planta de energía de la CFE entró en funciones*" [CFE's new power plant started operation] <https://oem.com.mx/tribunadesanluis/local/la-nueva-planta-de-energia-de-la-cfe-entro-en-funciones-slr-19277626>.
- *Tribuna de San Luis*. (June 30, 2023) "*CFE aclara funciones de la planta cogeneradora*" [CFE clarifies functions of the cogeneration plant] <https://oem.com.mx/tribunadesanluis/local/cfe-aclara-funciones-de-la-planta-cogeneradora-19317666>.

No material opposition, community concerns, or adverse public commentary specifically related to the Parque Industrial ICPP were identified in the sources reviewed.