



03

▶ CORPORATE GOVERNANCE

AT IENOVA WE IMPLEMENT THE CODE OF PRINCIPLES AND BEST CORPORATE GOVERNANCE PRACTICES OF THE CCE, WHICH IN TURN IS ALIGNED WITH THE CORPORATE GOVERNANCE PRINCIPLES OF THE OECD AND THE G20.



▶ BOARD OF DIRECTORS

To strengthen our corporate governance, we constantly analyze best practices suggested by investors, analysts, and other stakeholders. We consult with experts in order to remain at the forefront in these matters.

Over the course of the year, we met our corporate governance goals and disclosed important information about our Board, such as extended information about our Board members, detailed reports on the Board and committee meetings and participants, resignations, appointments, bylaws, and appendixes that are subject to approval, among other information.





IENOVA'S BOARD OF DIRECTORS INCLUDES TWELVE PROFESSIONALS WHO CONTRIBUTE THEIR EXPERTISE AND KNOW-HOW TO ENSURE, AMONG OTHER FUNCTIONS, THAT THE COMPANY'S BUSINESS STRATEGY INCLUDES A SOLID VISION OF SUSTAINABILITY.

CARLOS RUIZ SACRISTÁN

Chairman of the Board of Directors and Executive Chairman of IEnova since: **July 2012**

AGE: **71** SEX: **Male**

PARTICIPATION IN OTHER BOARD OF DIRECTORS AND/OR COMMITTEES¹: **3**

AREAS OF EXPERTISE: **Strategy, public affairs, management**

TANIA ORTIZ MENA LÓPEZ NEGRETE

Member of the Board of Directors and Chief Executive Officer of IEnova since: **January 2019**

AGE: **51** SEX: **Female**

PARTICIPATION IN OTHER BOARD OF DIRECTORS AND/OR COMMITTEES¹: **3**

AREAS OF EXPERTISE: **Commercial, international relations, business development, energy**

ALBERTO FELIPE MULÁS ALONSO

Member of the Board of Directors² since: **April 2017**

AGE: **60** SEX: **Male**

PARTICIPATION IN OTHER BOARD OF DIRECTORS AND/OR COMMITTEES¹: **6**

AREAS OF EXPERTISE: **Public affairs, housing, corporate affairs, finances, banking**

JOSÉ JULIÁN SIDAQUI DIB

Member of the Board of Directors² since: **February 2017**

AGE: **67** SEX: **Male**

PARTICIPATION IN OTHER BOARD OF DIRECTORS AND/OR COMMITTEES¹: **N/A**

AREAS OF EXPERTISE: **Corporate finances, public finances, monetary policy**

LISA GLATCH

Member of the Board of Directors³ since: **November 2020**

AGE: **58** SEX: **Female**

PARTICIPATION IN OTHER BOARD OF DIRECTORS AND/OR COMMITTEES¹: **0**

AREAS OF EXPERTISE: **Chemical engineering, management**

FAISEL HUSSAIN KHAN

Member of the Board of Directors since: **April 2018**

AGE: **45** SEX: **Male**

PARTICIPATION IN OTHER BOARD OF DIRECTORS AND/OR COMMITTEES¹: **0**

AREAS OF EXPERTISE: **Financial analysis, risks, energy, investor relations**

AARÓN DYCHTER POLTOLAREK

Member of the Board of Directors² since: **March 2013**

AGE: **68** SEX: **Male**

PARTICIPATION IN OTHER BOARD OF DIRECTORS AND/OR COMMITTEES¹: **2**

AREAS OF EXPERTISE: **Investment in infrastructure, transportation and energy, public affairs**

ERLE ALLEN NYE JR.

Member of the Board of Directors since: **January 2019**

AGE: **53** SEX: **Male**

PARTICIPATION IN OTHER BOARD OF DIRECTORS AND/OR COMMITTEES¹: **0**

AREAS OF EXPERTISE: **Regulation, compliance**

RANDALL LEE CLARK

Member of the Board of Directors since: **April 2020**

AGE: **51** SEX: **Male**

PARTICIPATION IN OTHER BOARD OF DIRECTORS AND/OR COMMITTEES¹: **1**

AREAS OF EXPERTISE: **Human resources, law, corporate governance**

JENNIFER FRANCES JETT

Member of the Board of Directors since: **July 2020**

AGE: **47** SEX: **Female**

PARTICIPATION IN OTHER BOARD OF DIRECTORS AND/OR COMMITTEES¹: **1**

AREAS OF EXPERTISE: **Law, corporate governance**

TREVOR IAN MIHALIK

Member of the Board of Directors since: **July 2020**

AGE: **54** SEX: **Male**

PARTICIPATION IN OTHER BOARD OF DIRECTORS AND/OR COMMITTEES¹: **2**

AREAS OF EXPERTISE: **Accounting, finances**

PETER RONAN WALL

Member of the Board of Directors since: **April 2018**

AGE: **49** SEX: **Male**

PARTICIPATION IN OTHER BOARD OF DIRECTORS AND/OR COMMITTEES¹: **0**

AREAS OF EXPERTISE: **Accounting, finances, risks, audit**

¹ This includes the number of other board mandates in limited companies and companies that are publicly listed on the stock markets. To read the Board Directors complete biographies, please review our [2020 Annual Report](#).

² Independent Director, in terms of the Mexican Securities Law, and member of the Audit Committee.

³ Member of the Corporate Practices Committee.



▶ DIVERSITY ON THE BOARD

Our commitment to diversity is embedded in every aspect of the company. Our shareholders believe it is paramount that all our Board members have proven experience in the energy, infrastructure, and transportation sectors, with combined expertise in finance, regulation, public affairs, risks, corporate governance, sustainability, human resources, and mergers and acquisitions.

THIS ENSURES THE CREATION OF VALUE IN THE DISCUSSIONS AND IN THE DECISION-MAKING PROCESS. ADDITIONALLY, THE COMPANY IS PROUD OF THE FACT THAT 25% OF ITS BOARD MEMBERS ARE WOMEN.

WOMEN ON THE BOARD OF DIRECTORS

Year	Percentage
2020	25%
2019	9%

▶ BOARD OF DIRECTORS

[102-18, 102-22, 102-23, 102-24, 102-25, 102-26, 102-28, 102-29, 102-30, 102-31, 102-33, 102-35, 102-36, 405-1]

The members of IEnova’s Board of Directors are appointed and ratified annually. The current twelve directors were ratified by the General Shareholders Meeting of November 30, 2020, during which Trevor Ian Mihalik, Jennifer Frances Jett, and Lisa Glatch were appointed to replace Dennis Victor Arriola and Justin Christopher Bird, who had been members of the Board since 2017 and 2018, respectively.

Of the twelve directors who currently sit on our Board, three are independent directors as established by the Mexican Securities Market Law (*Ley del Mercado de Valores*, LMV)

According to the LMV, an independent director—whose independence is determined by the General Shareholders Meeting—is one who:

- ▶ Is not subject to personal, wealth, or economic interests;
- ▶ Is not an employee or senior manager at the company or at any other company that belongs to the same business group or consortium;
- ▶ Has no significant influence or power of command;

- ▶ Is not a shareholder of the controlling group or its subsidiaries;
- ▶ Is not a customer, supplier, creditor, or a relevant service provider¹; and
- ▶ Is not related by family ties, affinity, or civil ties of up to the fourth degree, including spouses or concubines, to any of the companies described above.

During their first year serving, the Board members participate in an onboarding training session where they receive information on the company, particularly in reference to IEnova’s values and vision. Additionally, all Board members receive regular updates on their duties and other relevant information.

The Board of Directors meets at least once every quarter to monitor relevant business, financial, environmental, and/or social issues.

During 2020, because of the health contingency, most of the meetings of the Board and Committees were held online, using an efficient system that ensured an adequate decision-making process. Due to the circumstance, and given the challenges

brought about by the pandemic, this year the Board held informative meetings every Friday starting in May and until September, to keep the Board updated with respect to the company’s performance, the situation of the country, and the health of our employees.

Despite the health contingency, average participation in the sessions did not change with respect to prior years, at levels of 100%, and the Board operated with the same quality and efficiency for which it is known.

DATES OF BOARD OF DIRECTORS MEETINGS IN 2020	MODALITY
February 18	In-person
April 3 ¹	Online
April 21	Online
July 21	Online
October 20	Online
November 4 ¹	Online
December 1 ¹	Online
December 11 ¹	Online

¹ Extraordinary meetings

FOR AN ORDINARY BOARD MEETING TO TAKE PLACE, AT LEAST 50% OF THE MEMBERS MUST BE PRESENT.

ALL BOARD MEMBERS, INCLUDING INDEPENDENT DIRECTORS, PARTICIPATED IN EVERY BOARD MEETING IN 2020.

¹ Is deemed relevant when the company’s sales represent more than 10% of the total sales of the customer, service provider, or supplier during the twelve months prior to the designation of the director. Likewise, a debtor or creditor is relevant when the credit is equivalent to more than 15% of the assets of either the company or its counterparty.



IN ORDER TO UPDATE OUR BOOKS AND RESOLUTIONS AND ENSURE THAT ALL DOCUMENTS ARE DULY SIGNED, WE EMPLOYED A CERTIFIED E-SIGNATURE PLATFORM THAT ALLOWS BOARD MEMBERS TO SIGN THE AGREEMENTS AND RESOLUTIONS OF THE BOARD MEETINGS REMOTELY AND LEGALLY.



Our Board of Directors and its Committees conduct an annual self-evaluation exercise by responding to a questionnaire drafted by the Chairman of the Corporate Practices Committee and the Secretary of the Board.

The evaluation assesses elements such as leadership, processes, composition, independence, meeting results, and responsibilities. The goal of this exercise is to strengthen the efficiency of the Board and share information on main findings, concerns, and specific improvement actions, as well as relevant topics that are always discussed during the meetings.

Every director has the obligation to declare any conflicts of interest with regard to a specific discussion and should abstain from voting.

Directors who are also IEnova or Sempra executives receive no additional compensation for their participation in Board meetings. Independent directors receive an annual compensation of up to USD\$24,500 for their appointment as members of the Board; additionally, independent directors who are members of the Audit Committee or the Corporate Practices Committee receive an additional compensation of up to USD\$39,000 for their performance and they also participate in the Long-term Incentive Plan, with an annual amount of up to USD\$46,500.

Based on our commitment to transparency, we have incorporated practices that promote greater accountability, immediate access (with no distinctions) for all our shareholders to information on IEnova, and the information needed for the Board members to make informed decisions, including:

- ▶ Bios of every candidate to become a Board member
- ▶ Invitations to Shareholders Meetings
- ▶ The list of topics to be included in the agenda and an extract of every issue the Shareholders Meeting will take a vote on
- ▶ Information on the rights of minorities
- ▶ The functions of the Board
- ▶ The Audit Committee and Corporate Practices Committee bylaws
- ▶ Information related to how the independence status of directors is determined

As a best practice, our shareholders have the option to vote to elect or remove each of the Board members independently. We have extended the voting form to include a more detailed questionnaire in order for our shareholders to be better informed on the voting process and as to when the vote will take place during General Shareholders Meetings.

Our Board and senior management members who directly or indirectly hold a stake in the company which is greater than 1% of the capital stock are obliged to report, by no later than May 15th of each year, what their stake in the company is, including the amount and percentage of said shares with respect to IEnova's capital stock. As of December 31st, 2020, both the Chairman of the Board of Directors and several employees held shares in the company for a non-representative amount.

We have added the position of Corporate Secretary to the Board of Directors, whose responsibility is to address and monitor any issues discussed by the Board of Directors that require follow-up. The Corporate Secretary also provides support and additional information to directors upon request.



▶ COMMITTEES

[102-18, 102-33, 102-36]

Our Board of Directors has the support of two committees:

- **Audit Committee**
- **Corporate Practices Committee**

- The committees meet with the required periodicity to fully comply with their functions.

- Meetings can be held in-person or remotely. The Secretary of the meeting is in charge of drafting the corresponding minutes, which must be signed by the Chairman and the Secretary of the Committee, and all participants in the meeting have to sign an attendance list. As a result of the COVID-19 contingency, starting in April, committee meetings for the rest of the year were held online.

- The members of these committees, as well as the Board of Directors, are protected as stipulated in the Securities Market Law with respect to any responsibilities derived from their position (including compensation for damages) as long as those responsibilities are not a result of their negligence, illicit acts, or refer to acts, facts, or omissions referenced in the Securities Market Law.

▶ AUDIT COMMITTEE

- ▶ Assesses the performance of our external auditors and analyzes their findings.
- ▶ Investigates any potential non-compliance by the company.
- ▶ Reviews IEnova's financial statements and issues a recommendation to the Board on their approval.
- ▶ Informs the Board of Directors of any irregularities identified.
- ▶ Oversees the establishment of internal mechanisms and controls to verify that the companies controlled by IEnova comply with applicable regulations.
- ▶ Ensures that IEnova's CEO complies with the agreements of the Board.

For more information on the Committees, please view [IEnova's Bylaws](#) on our website.

The Audit Committee met six times during 2020, with the participation of 100% of its members.

DATES OF AUDIT COMMITTEE MEETINGS IN 2020	MODALITY
February 17	In-person
April 20	Online
July 20	Online
October 5 ¹	Online
October 19	Online
November 4	Online

¹ Extraordinary meeting

▶ CORPORATE PRACTICES COMMITTEE

- ▶ Advises the Board concerning the appointment of the Chief Executive Officer and other senior management, and on their responsibilities and compensation.
- ▶ Requests opinions and recommendations from independent experts when deemed necessary for fulfilling its responsibilities.
- ▶ Establishes guidelines and offers opinions concerning operations with related parties.
- ▶ Oversees and monitors the work of the Sustainability Committee, which is mainly made up of company vice-presidents and executives.
- ▶ Conducts an annual review of the performance of the Board of Directors.

The Corporate Practices Committee met fourteen times during 2020, with the participation of 100% of its members, excluding those times in which directors had to recuse themselves because of a conflict of interest.

DATES OF CORPORATE PRACTICES COMMITTEE MEETINGS IN 2020	MODALITY
February 17	In-person
April 20	Online
July 20	Online
October 19	Online
November 4 ¹	Online
December 3 ¹	Online
December 7 ¹	Online
December 9 ¹	Online
December 10 ¹	Online
December 11 ¹	Online
December 14 ¹	Online
December 21 ¹	Online
December 23 ¹	Online
December 29 ¹	Online



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▶ SHAREHOLDERS

[102-25]

As of December 31st, 2020, Semco Holdco, S. de R.L. de C.V. held 70.16% of IEnova's equity. Semco Holdco S. de R.L. de C.V. was indirectly controlled by Sempra Energy, an energy sector US holding company based in San Diego, California. It is listed on the New York Stock Exchange under the ticker SRE.

IENOVA'S SHARES BELONG TO A SINGLE SERIES AND OFFER ALL HOLDERS THE SAME VOTING RIGHTS. IENOVA'S SHARES GRANT ONE VOTE PER SHARE, WITH NO RESTRICTIONS. THE FEDERAL GOVERNMENT DOES NOT OWN IENOVA AND NO FAMILY CONTROLS THE COMPANY.



Shareholders can vote on any topic included in the agenda of the Shareholders Meetings, which can include emoluments for Board members, approval and ratification of external auditors, remuneration for Board members, changes to the company bylaws, and extraordinary transactions.



▶ SENIOR MANAGEMENT

[102-35]



CARLOS RUIZ SACRISTÁN
Chairman of the Board of Directors and Executive Chairman



TANIA ORTIZ MENA LÓPEZ NEGRETE
Chief Executive Officer



CARLOS MAUER DÍAZ BARRIGA
Chief Financial Officer



RENÉ BUENTEELLO CARBONELL
General Counsel and Chief Compliance Officer



ABRAHAM ZAMORA TORRES
Chief Sustainability, Corporate and Public Affairs Officer



JESÚS CÓRDOBA DOMÍNGUEZ
Chief Engineering & Construction Officer



JUAN RODRÍGUEZ CASTAÑEDA
Chief Natural Gas Operating Officer



CARLOS BARAJAS SANDOVAL
Chief Power & Storage Operating Officer



JORGE MOLINA CASELLAS
Chief Development Officer



ROBERTO RUBIO MACÍAS
Vice-President Controller

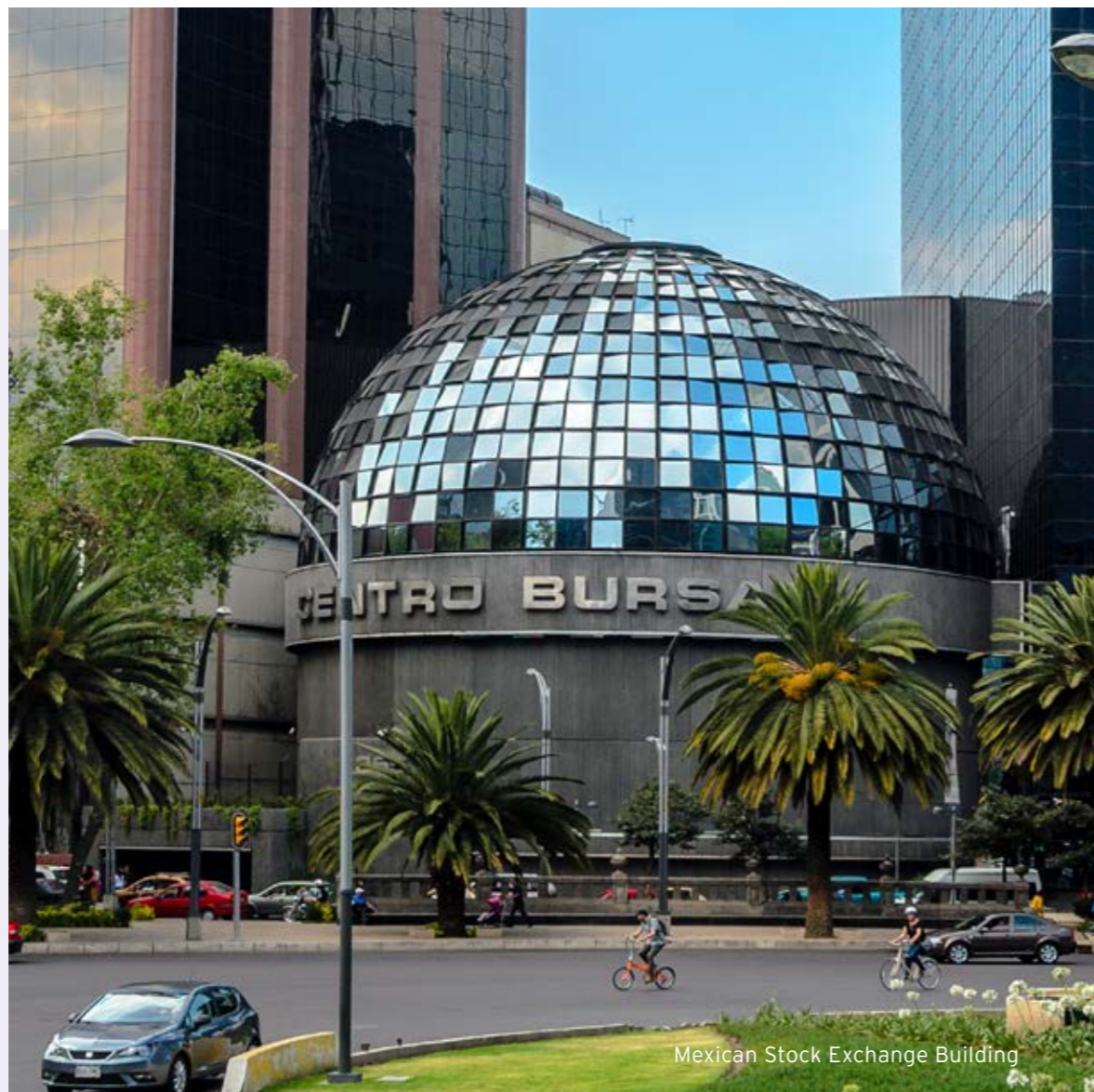
► COMPENSATION FOR EXECUTIVES

In addition to the fixed and variable compensation frameworks that apply to all employees, we offer executives a three-year bonus plan known as Long-term Incentive Plan. Payment of these incentives is determined as follows: 66% based on Sempra Energy and IEnova's share performance, and 34% based on seniority.

Of the components that are subject to share performance, bonuses related to Sempra Energy's shares are paid in shares three years after they are granted and subject to the executive's continued performance of company duties on the date of pay out. The bonus

related to IEnova's shares is paid in cash. Those components related to seniority are paid in thirds, over the course of the three-year duration of each program.

IEnova adheres to what is stipulated by the Federal Labor Law (*Ley Federal del Trabajo, LFT*), which includes executive severance clauses that can reach up to 30% of an executive's annual compensation, depending on elements such as seniority or assigned bonuses.



Mexican Stock Exchange Building



Ventika Wind Park



▶ CORPORATE ETHICS

[102-16, 102-17, 102-25, 205-1, 205-2, 412-2, 415-1]

Our Code of Ethics includes the ethical values and standards that guide our actions and interactions with customers, employees, competitors, commercial partners, joint ventures, authorities, and the communities to which we belong. At IEnova, we are committed to always acting based on these values, which have contributed to the sustained success of the company.

We strive to ensure that all stakeholders with whom we have a contractual or work relationship apply and respect our Code of Ethics. To this end, 100% of our employees, suppliers, and contractors sign and commit to comply with the Code, as well as to uphold and respect the ethics guidelines we have established for our operations. Our Code of Ethics applies to everyone in our company; we demand compliance at every level of the organization, from the Board of Directors to baseline employees.

One of our permanent goals is to ensure that the Code of Ethics adapts to new demands related to labor ethics and to the diverse contexts in which we operate. We have a zero-tolerance policy for violations of our corporate ethics. Non-compliance with our Code can be punishable with the termination of the labor relationship, regardless of the hierarchy of the transgressor.

Our Code of Ethics adheres to national and international regulations representing the highest standards in the implementation of solid corporate ethics:

1. Universal Declaration of Human Rights
2. United Nations Convention Against Corruption
3. OECD Convention on Combating Bribery of Foreign Public Officials
4. Foreign Corrupt Practices Act (FCPA)
5. Federal Law for Preventing and Identifying Operations made with Illicit Resources (*Ley Federal para la Prevención e Identificación de Operaciones con Recursos de Procedencia Ilícita*) in Mexico
6. General Administrative Responsibilities Law (*Ley General de Responsabilidades Administrativas*)
7. Federal Penal Code for Mexico (*Código Penal Federal de México*)
8. Laws in the National Anti-corruption System (*Sistema Nacional Anticorrupción*)

We have drafted a series of policies and procedures related to our Code of Ethics, which include, among others, the following topics:

- ▶ Privacy and the protection of personal data
- ▶ Procedures for making donations and offering sponsorships
- ▶ Competition and antitrust
- ▶ Bribery
- ▶ Protection and recognition of human and labor rights
- ▶ Prohibition of making political contributions
- ▶ Anti-corruption procedures

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At IEnova we make no contributions in funds or assets, directly or indirectly, to political parties, campaigns, or candidates. The same principle applies to the company's employees and third parties.

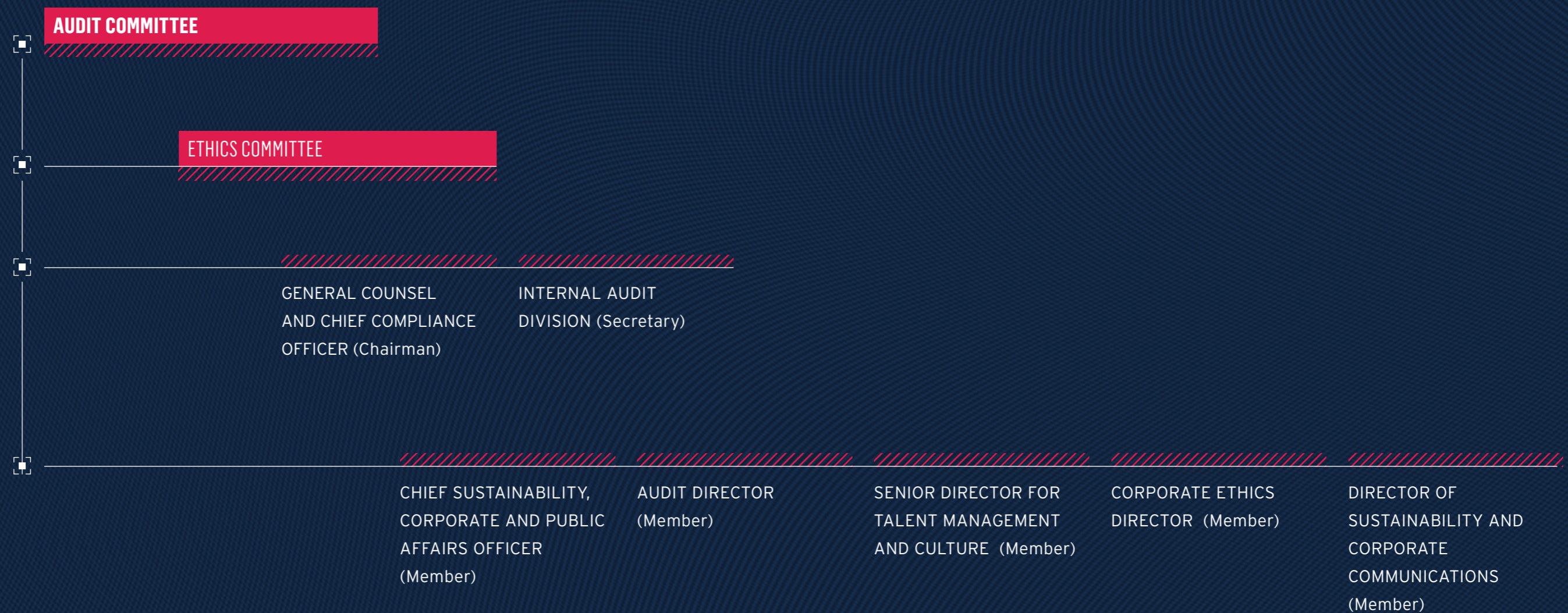


▶ ETHICS COMMITTEE [102-17]

The Ethics Committee is chaired by IEnova’s General Counsel and Chief Compliance Officer, and the Internal Auditor serves as Secretary. The Ethics Committee reports quarterly to the Audit Committee of the Board of Directors regarding reports received and how they were managed.

The Committee meets once a month. Every complaint received through reporting channels is analyzed during these meetings, and teams are assigned to investigate, follow-up, and address these complaints. Depending on the nature of each case, the Chairman of the Committee may require the temporary

participation of an external party to assess the validity of a report and potential sanctions. When circumstances are punishable by law, the Committee will collaborate with the appropriate authorities by providing all the necessary information for the investigation and potential sanctions.





► PROTECTION OF PERSONAL DATA

At IEnova we have mechanisms to protect the personal data of our stakeholders, including employees, suppliers, and customers. Our Privacy Policy is publicly available and applicable to our entire organization, including subsidiaries and joint ventures. We have established a Privacy Committee whose function is to protect the rights of our stakeholders as well as to ensure the protection of the personal data in our possession.

Our customers, employees, and suppliers can contact the committee via email at tuprivacidad@ienova.com.mx to request information on their personal data, as well as to limit its use and application or revoke authorization for data use.

► REPORTING MECHANISMS

[102-17, 102-25, 205-1, 205-2, 205-3, 406-1]

For IEnova, it is very important to have pertinent, efficient, and trustworthy reporting mechanisms. We provide and maintain several reporting channels that operate 24/7.

These reporting channels are open to the public, including our employees, suppliers, and any other internal or external stakeholder.

Our IEnova Contigo Helpline is managed by an independent expert to ensure that reports are addressed impartially and to generate trust in the reporting party.

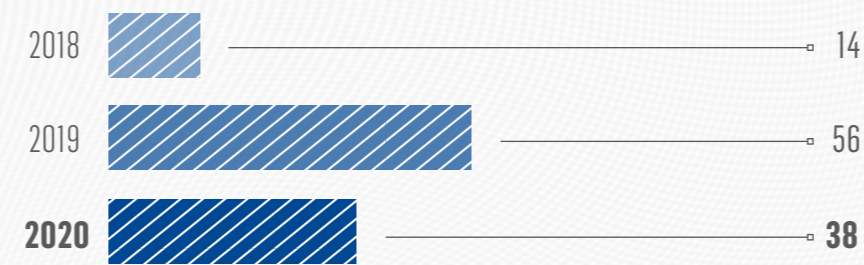




We have a strict no-retaliation policy for reporting, regardless of the mechanisms employed. We periodically carry out communications campaigns to promote a culture of ethical principles. In addition, we always offer the option of submitting reports anonymously. The Ethics Committee is responsible for addressing and monitoring every report received and of applying any required sanctions.

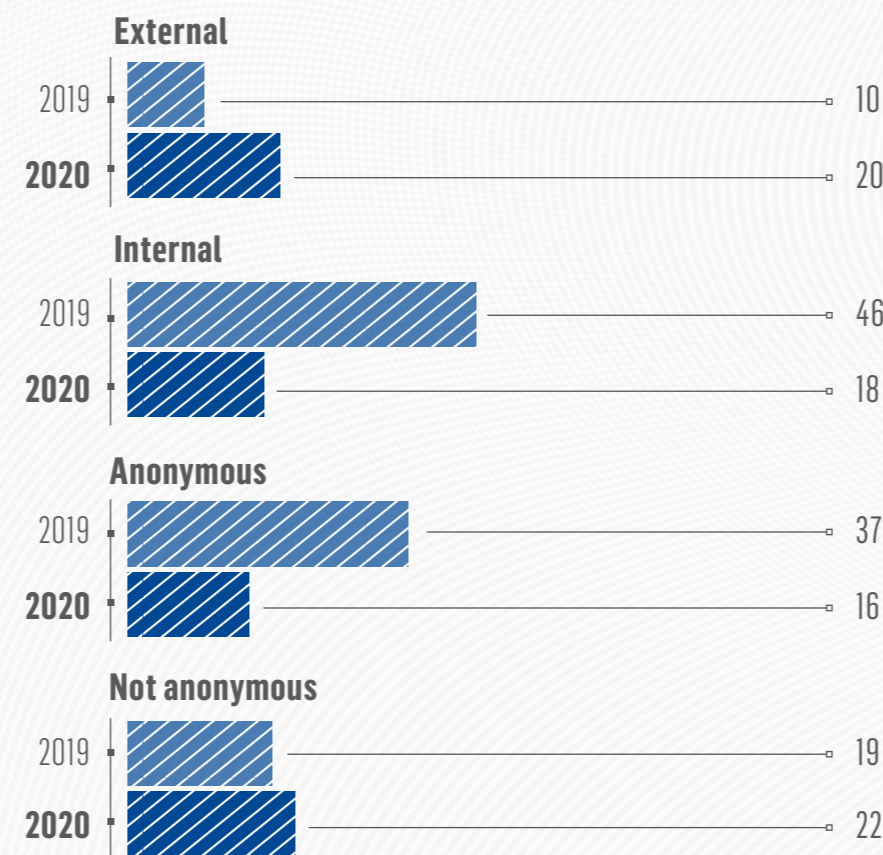
To complement our reporting mechanisms, we also have a Community Grievance Mechanism (*Mecanismo de Atención a la Comunidad, MAC*) in place, to compile information and concerns from communities, employees, contractors, and suppliers. MAC enables us to direct our efforts in a more efficient manner to serve those areas that need it most.

NUMBER OF REPORTS

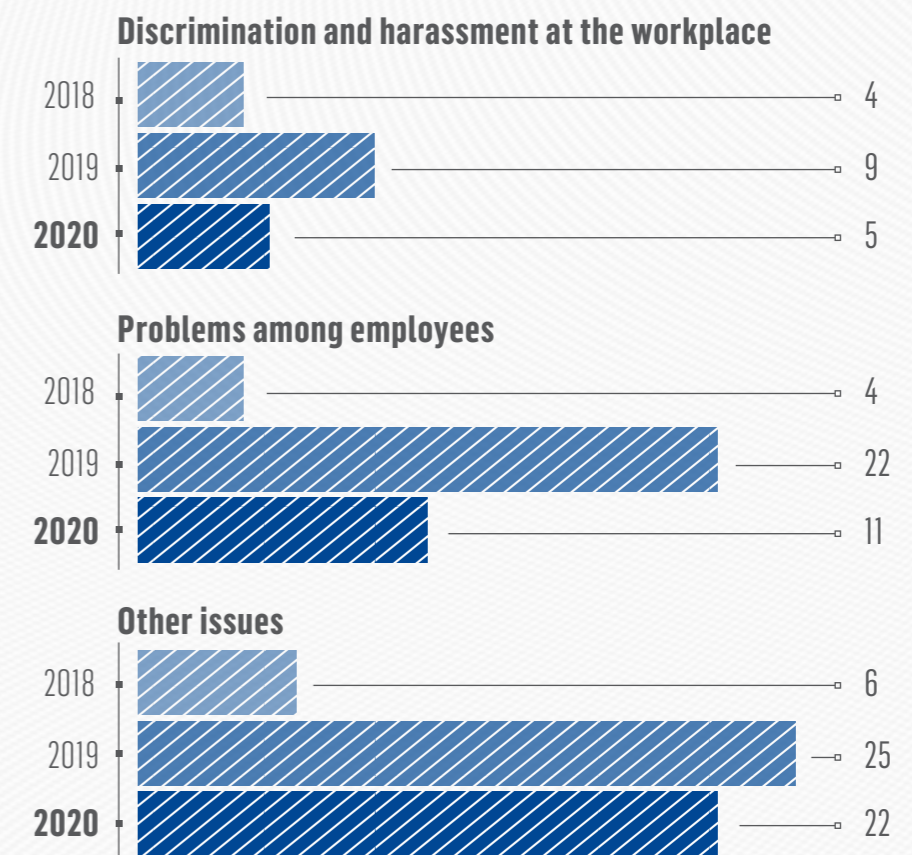


IN 2020 WE RECEIVED NO REPORTS OR COMPLAINTS REGARDING THE PROTECTION AND USE OF PERSONAL DATA.

REPORTS RECEIVED BY SOURCE



REPORTS BY CATEGORY





▶ REPORTING PROCESS:



1.

The complainant employs a reporting mechanism



2.

The report is managed by an independent expert and channeled to the Ethics Committee



3.

The Ethics Committee analyzes the report and in no more than 2 days assigns a team to investigate it



6.

A quarterly report is sent to the Audit Committee



5.

The Committee authorizes the closing of the investigation no more than 15 days after receiving the resolution



4.

The investigation and resolution process takes 21 days; the term may be extended with prior authorization from the Chairman of the Committee



▶ TRAINING PROGRAMS

[102-17, 205-2, 412-2]

The Corporate Ethics Division at IEnova is responsible for ensuring compliance with our [Code of Ethics](#) and all applicable laws and regulations. To this end, all our employees receive training on the Code of Ethics. Additionally, we offer specific training courses by group and topic, including workplace harassment and discrimination, compliance, human rights, among others.

The Corporate Ethics Division is also in charge of monitoring the annual anti-corruption plan and developing a communications strategy pertaining to corporate ethics.

To complement the Corporate Ethics Policy and the Code of Ethics, at IEnova we offer courses and training sessions on anti-corruption to our employees. In 2020, 100% of our employees received training on topics such as due monitoring of internal processes and procedures, updated information on anti-corruption and anti-bribery laws, and conflicts of interest.

We also apply our strict ethics guidelines when selecting suppliers, as we recognize our shared responsibility with our supply chain. For this purpose, we have our [Suppliers Conduct Guidelines](#), consisting of a clear and useful guide that enables suppliers to adhere to our ethical and sustainability practices.

All our contractors and suppliers who participate in commercial activities, who are in contact with public officials, or who have access to company accounts or funds, undergo an anti-corruption process that entails a series of questionnaires, legal forms, anti-corruption training, and documentation required to sign contracts. Furthermore, to authorize any kind of transaction, the Corporate Ethics and Compliance divisions execute a due diligence process to ensure there are no corruption risks. These actions reinforce our commitment to the prevention of corruption.



Valle de México Storage Terminal

IN 2020, OUR CORPORATE ETHICS SYSTEM AND CAPABILITIES FOR PREVENTING CORRUPTION WERE EVALUATED BY THE INDEPENDENT AGENCY HR RATING WHICH GRANTED US A SCORE OF HR PAC2+. THIS IS THE HIGHEST SCORE THE AGENCY EVER GRANTED TO A COMPANY OR ORGANIZATION IN OUR COUNTRY FOR COMPLIANCE WITH ITS INTEGRITY POLICY.





► RISK MANAGEMENT

[102-11, 102-15, 102-29, 102-30, 102-31, 205-1, 103-2]

To strengthen our risk management capabilities and ensure optimal decision-making, in 2020 we merged our Treasury and Risk divisions. By doing so, we seek to ensure the fulfillment of our strategic goals and to strengthen the relationship between growth, risk, and return, as well as to consolidate the comprehensive risk management process.

We base our risk management process on COSO Enterprise Risk Management (ERM) in order to comply with the best international corporate practices. Additionally, we understand that adequate risk management contributes to improving corporate resilience.

Our Risk Management Policy defines the tasks and responsibilities of the different divisions in our company and establishes the basic principles and general risk management framework. Likewise, the Risk Committee reviews and ratifies this Policy to strengthen our management and reduce gaps in the identification of improvement opportunities.

The Risk Committee, which meets regularly, collaborates in the definition of a risk-related strategy; monitors the efficacy of the measures implemented to control and mitigate risks; identifies critical contingencies; and drafts the corresponding remediation plans when needed.



Los Ramones Norte Pipeline

Based on a comprehensive view of the company, the Board of Directors defines our risk appetite and tolerance.

The Board of Directors assigns or replaces members of the Risk Committee and supervises the company's risk management.

ENova employs a methodology to manage risks in its different business segments, enabling it to make adequate comparisons. This allows us to use the same "risks vocabulary" when assessing and communicating across different business segments. By combining information from different business units, the report to the Board of Directors is more consistent.

The Risk Management division, oversees risk identification, evaluation, and management within the company; it also facilitates communication and shares best practices and lessons learned across the organization.

This year we migrated our risk management matrix to SAP's ERM. With this tool, we are able to strengthen the risk-based decision-making process, monitor its effectiveness, and consolidate auditing activities. Additionally, we ensure that risks can be linked to the established control and prevention programs to reduce the probability or severity of an occurrence.

The Risk Management division, which reports directly to the Chief Financial Officer, ensures the standardized use of the tool across the company.

The division has identified four main risk categories, based on their relevance for ENova and its shareholders. All risks have a variable impact on one or all of these classifications and each has to be addressed when assessing risks.

RISK CATEGORIES

- FINANCIAL
- OPERATIONS AND CONSTRUCTION
- REGULATORY, LEGAL, AND COMPLIANCE
- HEALTH, SAFETY, AND ENVIRONMENT



▶ EMERGING RISKS

RISK 1

CYBERATTACKS ¹

Potential impact on the company

- ▶ Loss of revenue
- ▶ Business interruption
- ▶ Critical assets or infrastructure at risk
- ▶ Technological losses
- ▶ Damages to the integrity of information: unauthorized disclosure, modification, or loss of data.
- ▶ Fraud from the misuse of information

Mitigation actions implemented

- ▶ Implementation of projects to strengthen our capabilities to prevent cyberattacks
- ▶ Continuous communications campaigns to offer training and promote awareness of cybersecurity for all employees

RISK 2

COVID-19 PANDEMIC ²

Potential impact on the company

- ▶ Loss of personnel
- ▶ Loss of revenues
- ▶ Interruption of assets in operation or under construction
- ▶ Loss of counterparties

Mitigation actions implemented

- ▶ Home office policies for non-essential activities
- ▶ Daily reports on symptomatic employees
- ▶ Development of health and safety protocols
- ▶ Establishment of commercial plans with customers and suppliers



We have insurance programs in place to protect our assets in operation and projects under construction and development, with coverage for all kinds of civil and environmental responsibility, interruption of the business or its activities, terrorist and sabotage acts, and attacks on our cybersecurity, among others. We are a resilient company because of our business model and adequate project management.



DURING 2020, IN RESPONSE TO THE COVID-19 PANDEMIC, THE BOARD OF DIRECTORS FOLLOWED-UP ON ALL MATTERS THROUGH PERIODIC INFORMATIVE SESSIONS TO PROMOTE ADEQUATE COMMUNICATION WITHIN THE COMPANY.

¹ An attack through cyberspace that has the objective of interrupting, disabling, or maliciously controlling computer infrastructure, destroying data integrity, or stealing information.

² The outbreak of a contagious disease among the world population.



▶ CYBERSECURITY

[102-15]

To protect our assets and information, we strengthened our cybersecurity practices by creating the position of Cybersecurity Director as well as other executive positions specifically in charge of developing a culture of information security and identifying and preventing cyber risks in the corporate and industrial environments.

The functions of the Cybersecurity division include developing and aligning the security strategy with the company's goals, defining and reinforcing our security regulations, and identifying, preventing, detecting, and minimizing risks by responding rapidly to cybersecurity alerts or threats. The division is also in charge of strengthening the culture of information security among employees.

We offer our employees information and training on the most relevant topics related to cybersecurity and the protection of information. During 2020, we provided online courses on these issues to 91% of our employees, including our senior management.

EMPLOYEE TRAINING ON CYBERSECURITY



▶ 712
2018

▶ 960
2019

▶ 1,184
2020

To support the processes to identify, protect against, and monitor cyberthreats we have also hired independent companies. The information security team coordinates penetration tests and simulations in order to test the security framework and improve our capabilities.

We implement strict security methods to manage and protect information and we offer assistance to our employees to identify and report digital threats.

To reinforce these good practices, the information security operation centers work 24/7.

We have developed and implemented, through our various assets, contingency and business continuity plans that are reviewed and updated on an annual basis. Each of these plans has specific guidelines and procedures to contain and respond to any cyber incident or threat.

The main actions we take to mitigate cybersecurity risks at our assets and for our employees are the following:

- ▶ Incident management: optimize the documentation and incident response process and ensure resolution in a timely manner and in due form.
- ▶ Risk identification: structure risks, internal controls, and mitigation measures.
- ▶ Vulnerabilities management: optimize processes, expand monitoring and follow-up.
- ▶ Modernization of the cyber intelligence network, reinforcing synergies among business partners.
- ▶ Awareness and training: identify employee needs and reinforce cybersecurity issues such as best practices in information security.
- ▶ Identify and report immediately any suspicious or unexpected email.
- ▶ Identify and report immediately any suspicion of stolen information or leaks.

In our corporate and industrial assets, there is permanent personnel that is responsible for identifying cyberthreats and monitoring vulnerabilities.

EVERY YEAR, WE REVIEW OUR INFORMATION SECURITY MANAGEMENT SYSTEM TO STRENGTHEN IT BY CONDUCTING SELF-EVALUATIONS, AUDITS, PENETRATION TESTS, AND CONSULTATIONS WITH SPECIALIZED COMPANIES.



► BORDER SOLAR

We have a permanent commitment to continue to develop sources of clean energy and contribute to Mexico's growth.

Accordingly, we collaborated with CFE and CENACE to build the Border Solar photovoltaic power plant, in the state of Chihuahua, and a new substation that serves as an interconnection point with the CFE network.

As a result of the health restrictions and protocols brought about by the COVID-19 pandemic, we faced a series of obstacles to finalize this project, including delays in permitting processes and in receiving supplies.

Despite all this, Border Solar, which is our largest solar park and can produce 150 MW_{AC}, started operating in the first quarter of 2021.



Border Solar Park



▶ PROGRESS AND OBJECTIVES

[103-1, 103-2]



2020 Progress

CORPORATE ETHICS

Continue offering training courses until 100% of employees have participated, on topics related to the Code of Ethics, internal policies, anti-corruption, corporate ethics, FCPA, sexual and work-related harassment, conflicts of interest, anonymous reporting helpline, and human rights.

Develop a specific training program on human rights for corporate security staff.

Status



2021 Objectives

Continue including the human rights topic in the corporate ethics training.

Provide human rights training to IEnova's security personnel and contractors, in alignment with IFC's manual.

2020 Progress

CORPORATE GOVERNANCE

Publish the Board and Committees attendance lists on IEnova's website after each session.

Starting in 2020, our shareholders will have the option of voting to elect and remove each director independently.

Publish the Shareholders Meeting minutes and appendices that are up for approval, on the IEnova website.

Status



2021 Objectives

Communicate the self-evaluation procedure followed by the Board and Committees based on the 2020 experience, including general topics contained in the self-evaluation.

Publish the Shareholders Meeting voting form in addition to the information that will be up for discussion.

Communicate general information about the succession plan and periodicity of reviews.

2020 Progress

CYBERSECURITY

Have at least one cybersecurity Champion in every one of the company's business units.

Status



2021 Objectives

Hold an internal ISO 27001 evaluation.

Define a standard process for responding to cybersecurity incidents for all assets.

Execute cybersecurity self-evaluations and penetration tests in the SAP, AWS (cloud), and industrial (OT) environments.

Transition of the industrial (OT) cybersecurity services of Sempra LNG for IEnova, integrating the analysis and optimization of cybersecurity protection services.

Identify the main cybersecurity risks and threats integrating internal controls for mitigation and monitoring.

Analyze and optimize the processes for responding to incidents, monitor vulnerabilities, and handle cybersecurity exceptions.

Create an annual training plan and awareness campaigns on cybersecurity for all IEnova employees and develop a community of cybersecurity ambassadors at the business units.



CUSTOMER SATISFACTION

2020 Progress

	Status
Maintain a score of more than 90% in the annual Distribution (ECOGAS) customer satisfaction survey.	¹
Maintain a score in the annual Pipelines customer satisfaction survey of more than 90%.	
Maintain a score of more than 90% in the annual Power customer satisfaction survey (at Energía Sierra Juárez and Ventika).	
For active customers, replace 6,500 analog residential meters and 50 commercial meters with smart meters.	

2021 Objectives

Maintain a score in the annual Distribution (ECOGAS) customer satisfaction survey of more than 89%.
Maintain a score in the annual Pipelines customer satisfaction survey of more than 90%.
Maintain a score in the annual Power customer satisfaction survey (at Energía Sierra Juárez and Ventika) of more than 90%.
For active customers, replace 5,000 analog meters with smart meters.
Increase by 18% payments made through the ECOGAS app.
Increase to 10,990 the number of customers in our e-invoicing program.

¹ This is mainly due to: (i) an increase in service times at field operations, (ii) complications at the call center, where demand increased by 68% vs 2019, exceeding our capacity, and (iii) pandemic-imposed closures of our In-Person Service branches, which are mainly used by our customers who are senior citizens.