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Message from the Chairman of the Board and Chief Executive Officer of IEnova and Chairman of the Advisory Committee of Fundación IEnova

We created Fundación IEnova in April 2015 because we are strongly committed to contributing to the wellbeing of the communities to which we belong.

The goal of our Foundation is to maximize the positive impact we can have on the communities in which we operate, with different actions focused on four pillars: Education, Environment, Vulnerable Groups, and Community Services.

Throughout this report, we describe Fundación IEnova's 2015-2016 results. During this period, we participated in 35 projects and benefited more than 38,000 people in six Mexican states.

I wish to thank our employees who, by participating in our Corporate Volunteers program, are now part of this great effort.

Carlos Ruiz Sacristán

Chairman of the Board and Chief Executive Officer, IEnova
 Chairman of the Advisory Committee, Fundación IEnova



We are Fundación IEnova





In April 2015, we created Fundación IEnova, A.C. (Fundación IEnova) because we are strongly committed to contributing to the wellbeing of the communities to which we belong. It is a second-tier foundation duly authorized to make donations and economic contributions in compliance with the requirements set forth by the Mexican Internal Revenue Service (*Servicio de Administración Tributaria, SAT*).

Through Fundación IEnova's work, we strive to maximize the positive impact of our activities on the communities where we operate.





Our Mission

At Fundación IEnova we are committed to transforming lives by supporting organizations and programs that contribute to the growth of the members of the communities to which we belong, and to preserving the environment.



Action Pillars

We focus on projects that offer greater mid- and long-term benefits to the community, and that are congruent with the **four pillars** sustaining the Foundation's activities:



Education



Environment



Vulnerable Groups



Community Services



Methodology for Granting Donations

Fundación IEnova supports non-profit organizations that are SAT-approved, and whose activities align with the social goals described in its bylaws.

We have designed an assessment methodology to structure the way in which we evaluate projects and organizations. Our management team follows this methodology when selecting the organizations that will receive donations. In addition to transparency in the donation process, this enables us to maximize the impact of the allocated resources.

Applying the Methodology

Each of the applications is thoroughly analyzed. Both the entity and the project are evaluated. By employing this methodology, we can assess how sound an organization is. Included in the review are factors such as corporate governance, transparency, experience, recognitions, and sustainability efforts. We also analyze the problem that is being addressed by project, location, performance indicators, potential results and impact, and sustainability-related plans, among others.





Organizations with the best scores are pre-selected to receive a donation. These are then subjected to an anti-corruption practices authorization process in accordance to the Foreign Corrupt Practices Act (FCPA), the Corporate Ethics Policy, and the IEnova Anti-Corruption Procedures for Donations, Memberships, and Improvements. Afterward, the list of selected organizations is shared with Fundación IEnova's Managing Board and Advisory Committee for final approval.

Once authorized, we sign a collaboration agreement with the selected organizations establishing the conditions that need to be met in order for a donation to be granted.

In July of every year, the corresponding monetary amounts are electronically transferred to the selected organizations. During the year of operation of the grant, or until the allocated economic resources are completely used up, the organization must submit quarterly reports as well as the supporting documentation needed to verify compliance with the established timetable and conditions. The procedure is based on the stipulations of the Procedure for Applying and Granting Fundación IEnova Donations.





I'm a Sport Star

Don't Vandal the Beer
ARIZONA

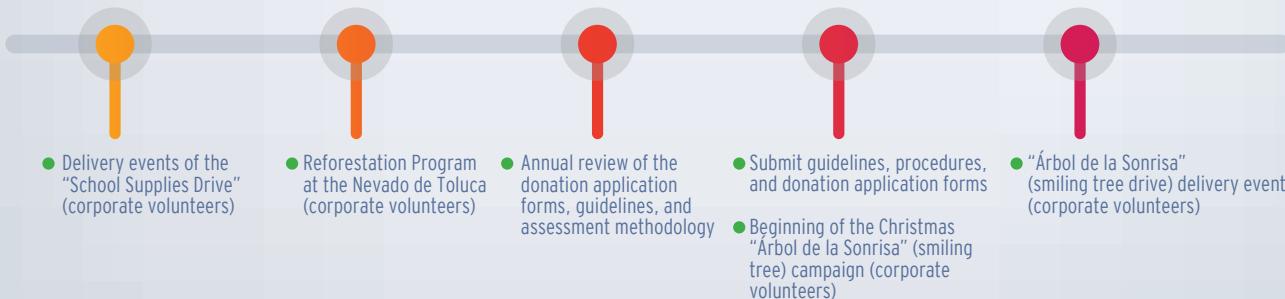
Schedule



Quarterly monitoring of organizations, compliance with accounting, fiscal, and anti-money laundering law requirements, and transparency



Quarterly monitoring of organizations, compliance with accounting, fiscal, and anti-money laundering law requirements, and transparency





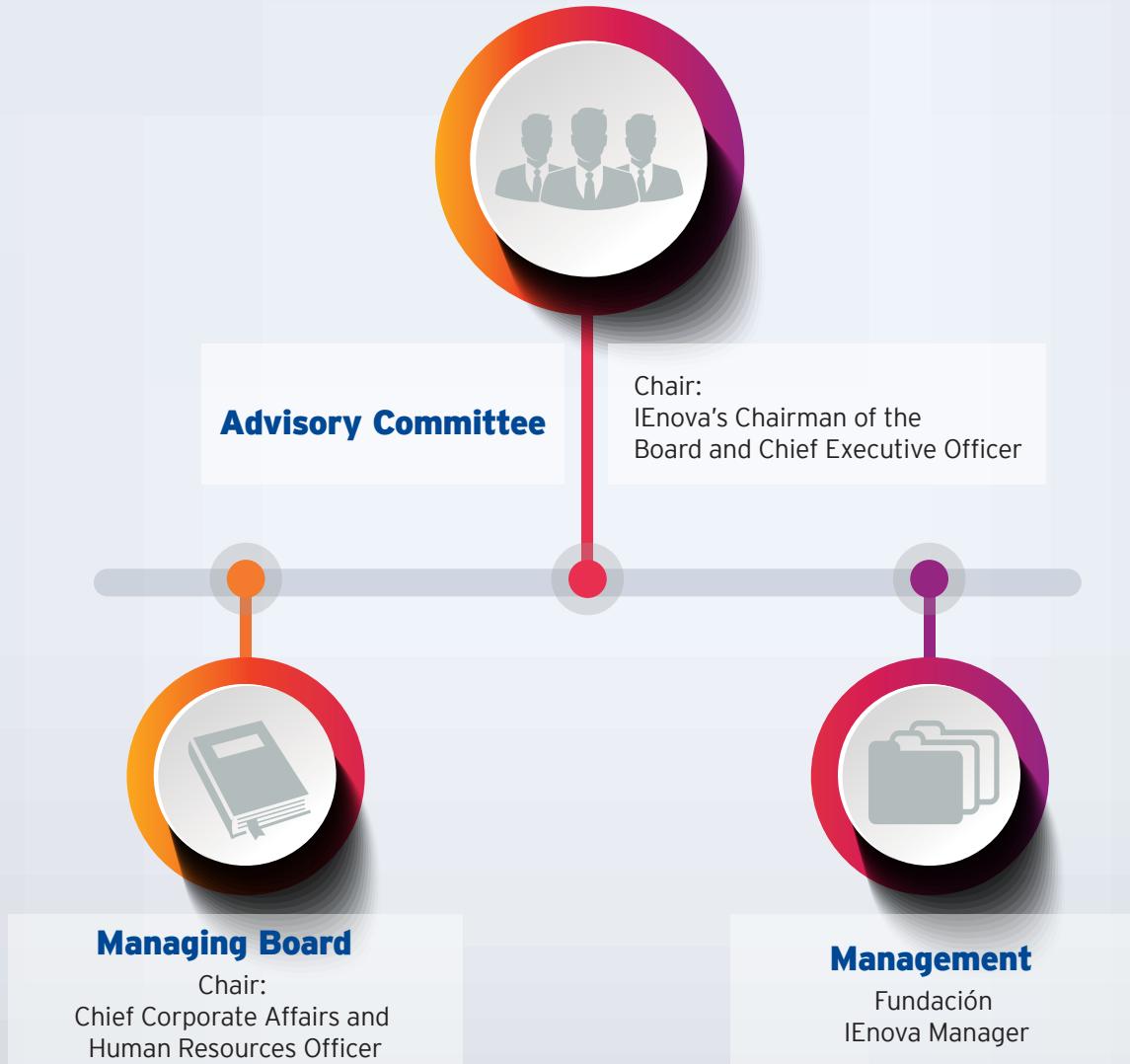
Corporate Governance at Fundación IEnova

Fundación IEnova is supervised by an Advisory Committee and a Managing Board. The Advisory Committee includes Company Vice-Presidents and is chaired by IEnova's Chief Executive Officer and Chairman of the Board. Several employees are members of the Managing Board and it is chaired by the Chief Corporate Affairs and Human Resources Officer.

The Fundación IEnova management team submits a list of pre-selected projects to the Managing Board for endorsement. Projects endorsed by the Managing Board are then submitted to the Advisory Committee which meets to assess and, if applicable, approve the projects and organizations chosen to receive the donations. It also evaluates the results of the projects, supervises the performance of the Managing Board, and evaluates how Fundación IEnova is being managed.



Managing Structure





Managing Board

- Juan Rodríguez Castañeda, Chairman
- Rodrigo Cortina Cortina, Secretary
- Pedro Antonio Martínez Lascurain, Treasurer
- María Cristina Kessel Enríquez, Member
- Ana Luisa Franco Sánchez, Member
- Sergio Romero Orozco, Member
- Alejandro Enrique Ríos Rippa, Member
- Carlos Francisco Barajas Sandoval, Member
- Lucila García Velandia, Manager



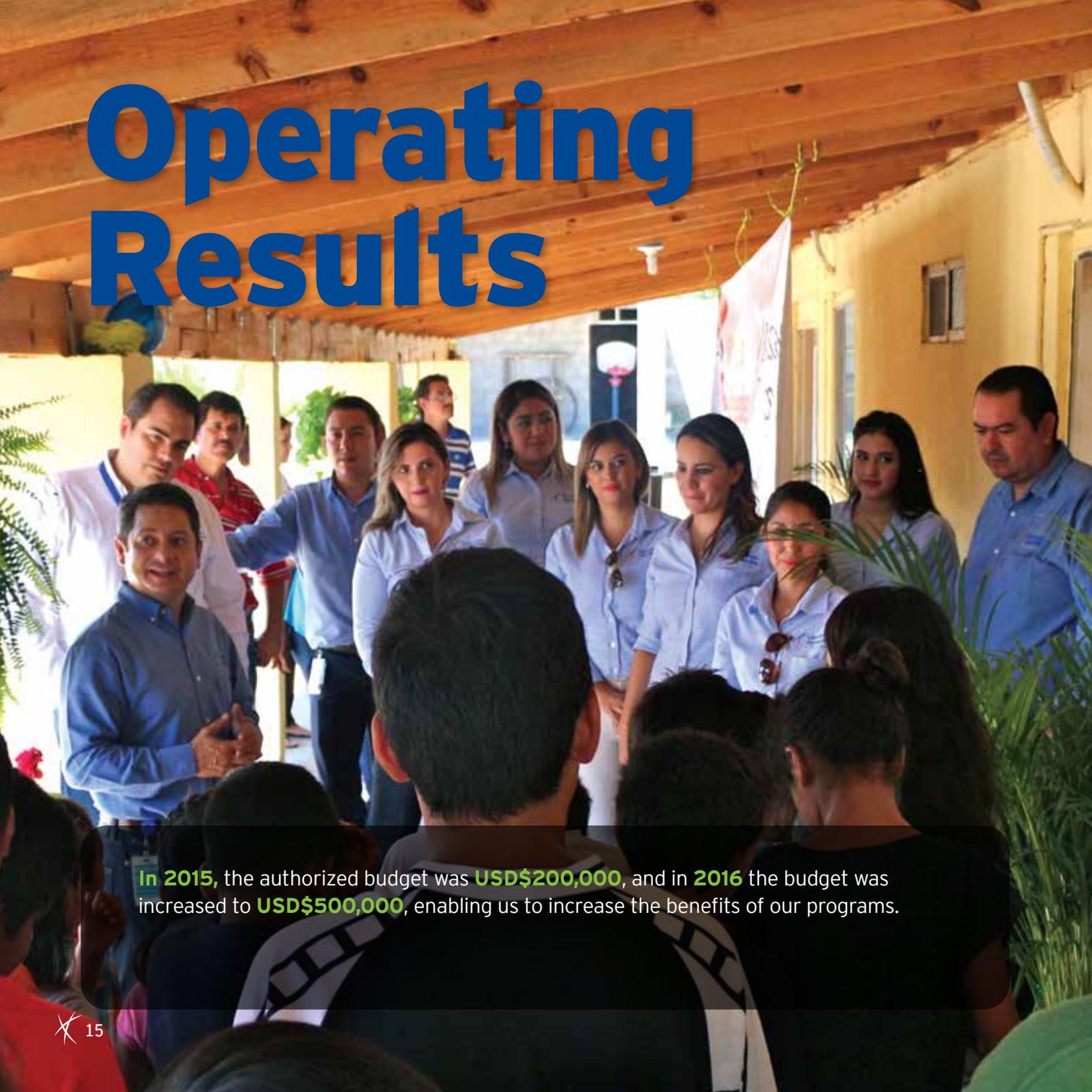
Advisory Committee

- Carlos Ruiz Sacristán
- Arturo Infanzón Favela
- Tania Ortiz Mena López Negrete
- René Buentello Carbonell
- Gerardo De Santiago Tona
- Carlos Francisco Barajas Sandoval
- Juan Rodríguez Castañeda

In addition, every year IEnova's internal auditor reviews the Balance authorized by both the Chairman and the Treasurer of the Managing Board. He also submits a written report to the Partners Meeting^[1] and to the Advisory Committee.

^[1] The legal representatives of the current Fundación IEnova partners—Infraestructura Energética Nova, S.A.B. de C.V. and Sempra Servicios Energéticos, S. de R.L.—participate in the Associates Meeting.

Operating Results



In **2015**, the authorized budget was **USD\$200,000**, and in **2016** the budget was increased to **USD\$500,000**, enabling us to increase the benefits of our programs.

2015-2016

INVESTMENT ALLOCATIONS

28 Education



10 Environment



46 Vulnerable Groups



16 Community Services



Donations by Action Pillar

In 2015-2016, Fundación IEnova supported 22 organizations with 35 projects in ten cities in six Mexican states.



- Fundación UABC, A.C.
- Asociación Mexicana pro Colegios del Mundo Unido, A.C.
- Instituto Educativo del Noroeste, A.C. (CETYS)
- Promesa Educativa para México, A.C.

- Fundación Hélice, A.C.
- Fundación para los niños de las Californias/Hospital Infantil las Californias, I.B.P.
- Reforestamos México, A.C.

- Fundación del Empresariado Chihuahuense, A.C.
- Casa Hogar del Anciano de Ensenada, A.C.
- Fundación para la Protección de la Niñez, I.A.P.
- Fundación para los niños de las Californias/Hospital Infantil las Californias, I.B.P.
- Fundación Merced Coahuila, A.C.
- Fundación del Empresariado Sonorense, A.C.

- Cruz Roja Mexicana, I.A.P.
- Fundación del Empresariado Chihuahuense, A.C.
- Fundación del Empresariado Sonorense, A.C.





Allocation of Projects and Donations by State 2015-2016







EDUCATION



7
projects



2.92 M
granted in
donations



Scholarships:
- 41 at the university level,
of which 7 are international
- 8 at the international
baccalaureate level

49 beneficiaries



ASSOCIATIONS SUPPORTED



PROJECTS IN 3 STATES:

Chihuahua, Baja California,
and Mexico City







ENVIRONMENT



3
projects



1.07 M
granted in
donations



30,867
direct
beneficiaries



ASSOCIATIONS SUPPORTED



HOSPITAL INFANTIL
DE LAS
CALIFORNIAS



PROJECTS IN 2 STATES:

Baja California and Estado de México



Environmental services:

- 500 planted trees (0.5 forest hectares adopted)
- Maintenance works on a public walkway, in the Progreso Delegation, located on the Mexicali-Tijuana highway

Savings in the Hospital Infantil Las Californias, I.B.P. facilities

- 2% in energy consumption vs 2015
- 30% in water consumption vs 2015



Institución Paccelli
GRACIAS
POR TU APOYO





VULNERABLE GROUPS



20
projects



4.87 M
granted in
donations



3,127
direct
beneficiaries



ASSOCIATIONS SUPPORTED



**FUNDACIÓN
MERCED
COAHUILA**



**HOSPITAL INFANTIL
DE LAS
CALIFORNIAS**



**Fundación
para la Protección
de la Niñez, I.A.P.**



PROJECTS IN 5 STATES:

Baja California, Sonora, Coahuila, Chihuahua,
and Mexico City



- **2,506 m²** of infrastructure construction or restoration works
- **Equipment for a training center** to hold workshops and production projects
- **26** corporate volunteer events in 8 cities



Since 2015, as part of our partnership with the *Fundación para la Protección de la Niñez, I.A.P.*, an organization that helps vulnerable groups all over Mexico, we adopted six foster homes for children living under vulnerable conditions in locations where IEnova has operations, such as Hermosillo, Mexicali, Ensenada, Torreón, Chihuahua, and Mexico City. By developing infrastructure-improvement projects we wish to contribute to changing the living conditions of these children and to offer them better opportunities for a better life.

Foster homes supported by Fundación para la Protección de la Niñez with the Fundación IEnova Donation:

- Promoción y Acción Comunitaria, I.A.P. (Casa PACO), Mexico City.
- El Camino Hacia Adelante, A.C., Chihuahua, Chihuahua.
- Albergue del Padre Manuelito, A.C., Torreón, Coahuila.
- Institución Pacelli, A.C., Mexicali, Baja California.
- Casa Hogar Cañón Buena Vista, A.C., Ensenada, Baja California.
- Casa Esperanza para Niños, I.A.P., Hermosillo, Sonora.

During 2016, we signed a Collaboration Agreement with the Mexican Red Cross (*Cruz Roja Mexicana, I.A.P.*), enabling us to respond quickly in case of a natural disaster.







COMMUNITY SERVICES



ASSOCIATIONS SUPPORTED



CRUZ ROJA
MEXICANA



FECHAC



FESAC
Fundación del Empresariado
Sonorense, A.C.



5
projects



1.64 M
granted in
donations



5,744
direct
beneficiaries



PROJECTS IN 3 STATES:

Chihuahua, Sonora, and Baja California



Red Cross Winter Plan

- 2,954 parcels with basic food supplies distributed at the Sierra Tarahumara

Medical Services

- 546 early cancer detection tests
- Contribution to treating 3 cancer patients
- 1,993 medical and dental consultations and services granted at the community clinic



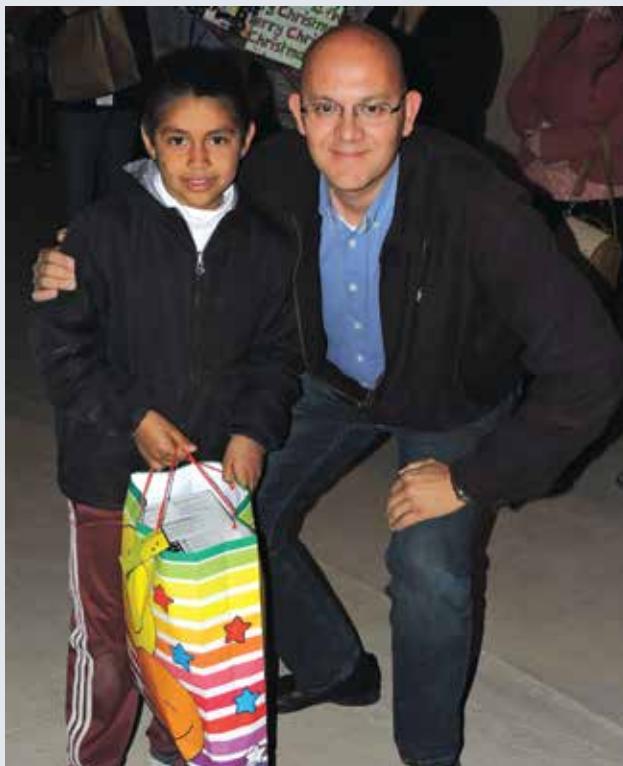
Corporate Volunteers

Our corporate volunteers are an integral part of Fundación IEnova. We encourage our employees to participate in social commitment events.

Our volunteers program supports the following projects:

- *Escuela + Sonrisas* (school and smiles) Drive: school supplies donated to the foster homes.
- *Árbol de la Sonrisa* (smiling tree) Drive: toys, clothes, and shoes donated to the foster homes.
- Reforestation Program at the Nevado de Toluca.





2015 -2016

26 VOLUNTEER EVENTS:

- *Escuela + Sonrisas*, benefited approximately **376 children in 6 cities**: Mexicali, Ensenada, Hermosillo, Chihuahua, Torreón, and Mexico City.
- *Árbol de la Sonrisa*, benefited approximately **438 children in 7 cities**: Mexicali, Hermosillo, Chihuahua, Torreón, Mexico City, Monterrey, and Ciudad Juárez.
- The Reforestation Program at the Nevado de Toluca, adopted a half-hectare plot on which **500 trees** were planted, with the collaboration of **65 employees and their families**.

IN 2015 AND 2016, OUR CORPORATE VOLUNTEERS PROGRAM BENEFITED MORE THAN 1,000 PEOPLE LIVING UNDER VULNERABLE CONDITIONS



Transparency





Resources

The Foundation receives funds annually from contributions made by IEnova companies. The amount contributed by each of the companies is approved by the Foundation's Advisory Committee. A donation contract is signed by the company and Fundación IEnova.



Financial Results

Figures
in Mexican
pesos

| Concept | Year* | |
|-----------------------------------|-----------|-----------|
| | 2015 | 2016 |
| Revenue | | |
| Donations received | 3,400,000 | 8,500,000 |
| Expenses | | |
| Donations granted | 3,218,038 | 7,293,088 |
| Operating expenses | 0 | 480,501 |
| Balance | 181,962 | 726,411 |
| Verification Balance | | |
| Net variation in worth in books | 46,242 | 862,131 |
| Variation (1) | 135,720 | -135,720 |
| (1) Composition of the variation: | | |
| Expenses pending payment in 2015 | 135,720 | |
| Expenses paid in 2016 | | -135,720 |

*Shows the Status of Activities (fiscal)





Benefited Institutions



2015

1. Asociación Mexicana pro Colegios del Mundo Unido, A.C.
2. Casa Hogar del Anciano de Ensenada, A.C.
3. Cruz Roja Mexicana, I.A.P.
4. Cruz Roja Mexicana, I.A.P. (Delegación Mexicali)
5. Fundación del Empresariado Chihuahuense, A.C. (FECHAC)
6. Fundación Hélice, A.C.
7. Fundación para los niños de las Californias/Hospital Infantil las Californias, I.B.P.
8. Fundación para la Protección de la Niñez, I.A.P.
9. Fundación UABC, A.C.
10. Instituto Educativo del Noroeste, A.C. (CETYS)

2016

1. Asociación Mexicana pro Colegios del Mundo Unido, A.C.
2. Casa Hogar del Anciano de Ensenada, A.C.
3. Cruz Roja Mexicana, I.A.P.
4. Fundación del Empresariado Chihuahuense, A.C. (FECHAC)
5. Fundación del Empresariado Sonorense, A.C. (FESAC)
6. Fundación Merced Coahuila, A.C.
7. Fundación para los niños de las Californias/Hospital Infantil las Californias, I.B.P.
8. Fundación para la Protección de la Niñez, I.A.P.
9. Fundación UABC, A.C.
10. Instituto Educativo del Noroeste, A.C. (CETYS)
11. Promesa Educativa para México, A.C.
12. Reforestamos México, A.C.





Fundación Enova in Summary

2015 - 2016



35
PROJECTS



22
ASSOCIATIONS
SUPPORTED

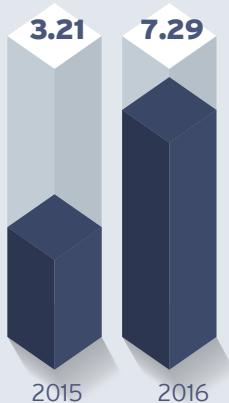


\$10.5 M
GRANTED IN
DONATIONS

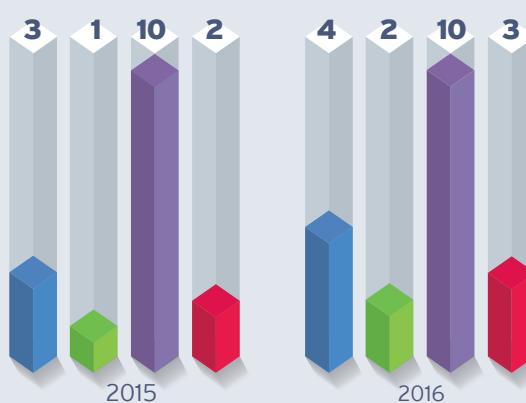


+39,000
DIRECT
BENEFICIARIES

\$M in Donations



Projects supported by action pillar



-  Education
-  Environment
-  Vulnerable Groups
-  Community Services

The work we do at Fundación IEnova is proof of our commitment with transforming lives in benefit of the communities to which we belong.

FUNDACIÓN IENOVA IS A GREAT PROJECT THAT IS BEING BUILT WITH THE WORK OF EVERYONE



Colecta de
útiles escolares



Fundación
IEnova
Energía que transforma

lecta
les







Contact



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This Report is a translation from the original version in Spanish. In case of discrepancy, the Spanish version prevails.



Report
2015-2016