

ADDITIONAL ESG INFORMATION

Environment

Environmental strategy

Our assets have external verifications and ISO14001 certifications; and Sempra Energy, our holding company, conducts annual, internal audits to evaluate the environmental compliance and performance.

As part of our commitment towards managing climate change appropriately, starting on 2020, we are committed to align disclosures to the recommendations of the Task Force on Climate-related Financial Disclosures on our 2020 Sustainability Report.

We are in the process of integrating the TCFD framework in our management of climate-related risks and opportunities. We plan to fully integrate the TCFD framework by 2025.

Environmental Certifications:

Percentage (%) of production sites covered by a certified environmental management system

2015	2016	2017	2018	2019	2020
55	92	94	55	18	65

Percentage (%) of the company/sites certified to ISO 14001

2015	2016	2017	2018	2019	2020
9	42	38	55	36	50

ISO 14001 certified capacity (MW)

2015	2016	2017	2018	2019	2020
0	0	625	780	780	1,132

As of 2020, the following sites had environmental certifications:

- ISO 14001
 - ECA
 - ESJ
 - GAP (GRO, TGN, GAP-Ori, IGM)
 - TDM
 - Gasoductos del Noreste
 - TAG
 - All assets under construction

- Clean Industry /Environmental Quality certificate issued by the SEMARNAT or ASEA:
 - EC NACO-Hermosillo
 - ESJ
 - IGM
 - ECOGAS – Chihuahua
 - ECOGAS – Delicias
 - ECOGAS – Durango
 - EC NACO-Hermosillo
 - TDM

Industrial accidents and pollution

We are committed to the prevention of pollution; this is why we carried out the following actions:

- **Risk assessments:** Environmental risk assessments or potential-risk-accident analyses are conducted in all of our facilities. These evaluations allow us to correctly identify potential risks and to continuously improve our mitigation plans.
- **Trainings:** To prevent pollution accidents, we deliver trainings in all our facilities. In such trainings we explain the main accidents that may occur during operation and we teach how to prevent them.
- **Audits on pollution control:** We constantly receive external and internal audits that help us to improve our environmental management systems including matters of pollution prevention and control.
- **Prevention Procedures:** All our assets have practices that align with procedures related to pollution prevention. These include the following topics: waste management, wastewater treatment and discharge, emission monitoring and biodiversity protection. Also, all our facilities have emergency response plans or accident prevention programs in accordance with applicable regulations, where drills of different events are established, including those events that may have negative effects on the environment.

Due to the correct implementation of these actions, we have not been in the necessity of carrying out cleaning processes derived from accidents that exceed the limits established in the regulation regarding environmental responsibility where hazardous materials or wastes have been spilled, discharged or dumped for such events.

Water

100% of the water that is extracted and consumed in our sites, is discharged to the appropriate destinations in full compliance with Mexican discharge water quality regulation. To see our extraction and discharge data, please see pg. 171 of our 2019 Sustainability Report.

As you can see on the water stress map on pg. 175 of our 2019 Sustainability Report, most of the territory in Mexico is catalogued under water stress, according to the World Resources Institute. Hence, most of our operations are located on water-stressed regions. Up until 2019, 92% of our assets in operation were in water-stressed regions and 70% of our assets under construction are located in water-stressed regions.

The following tables shows the total water withdrawals in water stressed regions that took place in assets under operation in which IEnova has operational control:

Water withdrawal by source (m ³)				
Source	2017	2018	2019	2020
Groundwater	4,544	4,599	13,738	6,040
Municipal wastewater	4,866,458	5,427,746	5,457,266	4,873,995
Municipal water suppliers	14,081	14,499	13,140	6,046
Seawater	100,565,537	96,093,411	94,234,845	98,596,740
Total	105,450,620	101,540,255	99,718,988	103,482,821

Termoeléctrica de Mexicali (TDM), which is the second asset that consumes the most water, for example, has a water management plan in which several reduction and efficiency actions are being implemented:

- Reduce water extraction from 350 m³/h to 300 m³/h while the plant is not operating.
- Enhance planning strategies for shutdowns and startups of the plant so that the minimum amount of water is used.
- Closing valves of the cooling system when it is not ins service.
- Automation of purging in the cooling towers.
- Valve installation for the dosage of sulfuric acid to control pH in the cooling tower, for sulfate reduction purposes.

Renewable energy

Facts:

Total renewables generation (GWh)

2015	2016	2017	2018	2019	2020
271,319	422,821	1,414.652	1,397.19	1,705.609	1,996.222

Wind energy generation (GWh)

2015	2016	2017	2018	2019	2020
271,319	422,821	1,414.652	1,397.19	1,334.227	1,299.568

Renewable energy consumption from own generation (MWh)

2017	2018	2019	2020
4,569	4,046	3,764	7,102

GHG emissions

Facts:

Energy consumption from gas T&D activities (GWh)

2015	2016	2017	2018	2019	2020
106.6	112.31	1,977.66	2,405.319	2,570.3	2,187.137

Greenhouse gas emissions linked to gas T&D activities (tCO₂e)

2015	2016	2017	2018	2019	2020
21,680.73	166,918.21	442,018.5	957,260.67	683,059.62	591,435.16

IEnova's total GHG emissions (tCO₂e)

2015	2016	2017	2018	2019	2020
1,518,265	1,748,349	1,761,822	2,5871,91	2,355,378	1,843,914

Company's carbon factor over the past years (tCO₂e/MWh)

2015	2016	2017	2018	2019	2020
.37	.36	.29	.30	.29	.25

Carbon Factor of our combined cycle power plant (tCO₂e/MWh)

2015	2016	2017	2018	2019
-	-	.425	.415	.419

Other air emissions

In terms of other air emissions and energy efficiency it is important to underline that none of our operations produce mercury.

	2020	2019	2018
NOx (ton)	735.9	866.02	184.3
SOx (ton)	9	-	-
PM (ton)	115.1	-	-
VOC (ton)	83.3		

Notes:

- These emissions cover all of the sites where IEnova has operational control.
- In 2019, NOx emissions in the Transport segment were measured for the first time.
- In 2020, SOx, PM and VOCs were measured and reported for the first time.

Environmental violations

The following table shows the number of violations of legal environmental regulations and the costs of fines or penalties associated to these violations. These numbers include incidents of non-compliance with water quality/quantity permits, standards, and regulations.

	2016	2017	2018	2019	2020
Number of violations of legal obligations/regulations	0	1	0	0	0
Amount of fines/penalties related to the above (USD)	0	\$26,381	0	0	0

In 2017, we paid an environmental fine of USD\$26,381. This was due to the removal of 13,076 m² of forest vegetation in the state of Sonora without having the corresponding authorization, due to an involuntary omission. The asset in question, Aguaprieta Pipeline, informed the National Hydrocarbon Sector Industrial Safety and Environmental Protection Agency (ASEA) of the situation in order for them to carry out an inspection and oversight procedure, which resulted in an economic sanction and the requirement to carry out remediation efforts in the affected area. These began in 2017 and continued over the next years until the area was fully restituted.

Business Behavior

Customer relations

We have a customer service department which is responsible of the following activities:

- a) Correct communication with all our customers, which should be timely and accurate.
- b) Comply with our internal procedures for service continuity.
- c) Conduct periodical training to sales employees regarding customer service and attention.
- d) Conduct annual evaluations to our sales employees regarding customers satisfaction and the internal customer relations policy knowledge.

Supply Chain

As part of the Sustainability Committee's 2021 objectives and of the company's commitment to local employment and/or sourcing, the Purchasing Department is going to identify local suppliers that IEnova could work with and develop, in compliance with the company's guidelines.

Anti-corruption

We have an annual Audit Plan led by our Internal Audit Function which consists on reviewing how the Company complies with anti-corruption and anti-bribery legislation, and which aims to check how IEnova employees align with the Code of Ethics; how the Company has anti-corruption and anti-bribery certification processes in place; how accounting and reporting of contributions, memberships and donations are adequate and reliable; and how the Company's resources are used for meals or events.

Any time that IEnova or any of its subsidiaries selects a contractor or supplier to work with, the Purchasing Department and the Legal Department analyze the potential purchase based on the type of service and determine if the contractor or supplier must undergo the Anticorruption Process. For example, all the suppliers, contractors and service providers that interact with public servants must undergo this process which entails a series of questionnaires, legal forms, an anti-corruption training and the submission of the necessary documents for contracts. Once these requirements are met, the Corporate Ethics department and the Compliance department run a due diligence process on the contractor or supplier. If no Red Flags are identified during this process, the transaction is authorized. These types of actions reinforce our commitment to prevent corruption incidents.

In 2020, no cases of corruption were presented, hence, the company did not receive any fine, penalty or settlement in relation to corruption.

Privacy policy

Our Privacy policy system is embedded in our group-wide risk/compliance management. The procedures carried out for the implementation of the Privacy Policy are integrated into the company's risk and compliance management.

We strictly reject any violation to our Privacy Policy, ensuring all our stakeholders' right to data privacy and the correct use of their information. For this reason, in case of any breaches to our policy, disciplinary actions and sanctions will be implemented according to our internal guidelines *GE-17-A02 Marco de Sanciones por Incumplimiento a las políticas* (Sanctions Framework in case of Policy Breaches) and in line with our Code of Ethics.

Whistleblowing mechanisms

Out of the 38 complaints received in 2020 through our reporting mechanisms, 8 cases were corroborated, for which one employee was dismissed. For the other 7 cases, the Ethics Committee implemented actions such as giving out verbal and written warnings and suspending an employee for 5 days without pay. By the end of 2020, one case was still under investigation. The remaining 30 complaints were fully and dully investigated and did not proceed.

Anti-competitive practices

In line with our compliance system, internal audits are conducted regularly to ensure the alignment with our Code of Ethics and its fair competition criteria. These internal audits are the responsibility of the Audit Department of both Sempra Energy and IEnova.

Industry affairs

Out of our total 2020 contributions to trade and business associations (which reached a total of USD\$119,864), our largest contributions and expenditures were destined to three business associations which aim to contribute to Mexico's growth and to the consolidation of the energy sector as a means for economic development - these contributions amounted to USD\$37,307.

Cybersecurity

The Cybersecurity department at IEnova is responsible for developing a culture of information security and identifying and preventing cyber risks in the corporate and industrial environments.

Because of the different information security/cybersecurity policies and procedures implemented in the company, over the last three years, we have not experienced any incidents

to our IT infrastructure which resulted financial consequences such as penalties or revenue losses.

	2018	2019	2020
Number of incidents on IT infrastructure	0	0	0
Financial losses caused by incidents on IT infrastructure	0	0	0

Customer assistance

In Mexico the Federal Consumer Protection Agency (PROFECO) is where all our customers may ask for support on matters related to our service. Additionally, every customer receives instructions regarding the procedures to-be-followed given the case that they are not satisfied with our service and wish to be protected by the Mexican Consumers' Protection Law. Our contract agreements' template is public – please refer to the contract agreement in the "conflict resolution" section that our customers sign-off when hiring our services.

Community Involvement

2020 Corporate citizenship

	2020
Cash contributions (USD\$)	\$4,766,271
Time: employee volunteering during paid working hours (USD\$)	\$0
In-kind giving: product or services donations, projects/partnerships or similar (USD\$)	\$0
Management overheads (USD\$)	\$578,181

Rural electrification projects

The Sonora Pipeline trust fund jointly managed by IEnova, the Federal Electricity Commission (CFE) and the Sonora State Government, invested \$18.5 million pesos in projects to extend the reach of the rural electrical grid of the Yaqui Tribe in Sonora, Mexico and give access to more people. Each project was agreed with the representatives of each of the following communities according to their traditions: Belem, Huirivis, Rahum, Potam, Vicam, Torim and Loma de Guamuchil. This investment is part of the general agreements of the indigenous consultation process done before construction in 2016.

Access to energy

We aim to improve access to energy by identifying vulnerable costumers in order to assist them with different programs like:

1. Flexible payments: we seek to identify if our customers are retirees (whom we consider a vulnerable group) and, if that is the case, this program permanently offers them an extra fortnight to make their payments.
2. Financial assistance to vulnerable customers during a crisis: since crises may affect our retiree customers, we are committed to offer them payment schemes so that their bills can match their retirement pay-checks. As a response to the current COVID-19 health crisis, we have offered our vulnerable customers to postpone their bills' payments up to 2 months.

Social Impact Assessments

Assets that have undergone a Social Impact Assessment	Year of implementation	Social Management Plans Implemented
ECA Liquefaction	2020	X
Ojinaga - El Encino Pipeline	2016	X
San Isidro- Samalayuca Pipeline	2015	X
ESJ II	2020	X
Don Diego Solar	2019	X
Pima Solar	2017	X
Rumorosa Solar	2018	X
Tepezalá Solar	2018	X
Manzanillo Terminal	2021	
Puebla Terminal	2019	X
Valle de México Terminal	2018	X
Veracruz Terminal	2017	X
Topolobampo Terminal	2020	X

Some of the vulnerable groups identified through these social impact assessments:

- Marginalized neighborhoods or areas inside the municipality
- People that have one or more social deficiencies, but whose income is superior to the wellness baseline
- People who live in poverty
- Indigenous population
- Migrants
- People with limitations
- Elderly people
- Young people
- Children and teenagers
- Women

Talent Management and Culture

Career management

Facts:

Annual training budget in Euros¹

2015	2016	2017	2018	2019	2020
775,997.71	717,971.16	646,402.32	960,682.51	1,563,284.66	1,005,245.22

Number of training days per employee

2015	2016	2017	2018	2019	2020
4.09	3.29	5.04	5.12	3.62	3.18

Percentage of internal mobility

2015	2016	2017	2018	2019	2020
22	32	38	39	56	26

Employee turnover percentage

2015	2016	2017	2018	2019	2020
12	9	17	10	8	10

¹ We considered the following exchanges rates MXN/ EUR as of December 31 of each year: (2015: \$18.7569); (2016: \$21.8930); (2017: \$23.5802); (2018: \$22.4742); (2019: \$21.1923); (2020: \$24.3593).

Percentage (%) of employees that received trainings

2015	2016	2017	2018	2019	2020
100	100	100	100	100	100

Social dialogue

We promote, respect and protect workers' rights. These include the right to bargain collectively and to associate freely. In this regard our Talent Management and Culture Department is responsible of conducting the following activities in order to promote full respect of these rights:

1. **Trainings:** we deliver specialized trainings where we explain to our employees what their rights on labor matters are and how they may be exercised.
2. **Frequent communication:** with the support of the Company's Intranet we send our employees² actualizations of the latest updates regarding their labor rights.
3. **Agreements:** to respect and protect our employee representatives we have collective bargaining contracts with them which include the following clauses:
 - a. Health and safety: we have clauses that define the requisite of integrating of a mixed committee with responsibilities on health and safety.
 - b. Remuneration: we have clauses that define the requisite of integrating a mixed committee that include responsibilities on remuneration matters as well.
 - c. Trainings and employee development: we have a clause that makes us responsible for the training of employees.
 - d. Learning schemes and education scholarships: we have a "scholarship clause" through which we should deliver trainings or mechanisms that aim to foster employees' capabilities.
 - e. Donations for CSR activities: collective bargaining contracts include how the Company shall give donations to the employee representatives' fund in order to construct CSR activities.
 - f. Company's reorganization

We fully respect collective bargaining legislation in Mexico, and we offer regular trainings on this matter to ensure that employees are updated and fully informed on the matter.

Addressing labor issues

In order to prevent any kind of child labor or forced labor, we strictly prohibit and reject this type of labor in all our operations. This is established in our Corporate Ethics Policy, Human Rights Policy and Suppliers Conduct Guidelines, which are public and shared with our main stakeholders, as it also applies to our suppliers and the communities where we operate.

² This applies to all of IEnova's employees.

In terms of supporting living wages, we have a strict Salary Policy in which it is established that every employee must have a category, and each category will have assigned a range of salaries with minimum, medium and maximum limits. To ensure internal equity, salaries are reviewed every year during employee performance reviews.

Human Rights

On 2020, IEnova obtained the Human Rights Campaign (HRC) Equity certification for LGBT+ Equity, which entails a series of activities that took place in the company throughout the year, such as updating company's diversity policies, establishing an employee diversity committee, developing Diversity & Inclusion Manuals for different areas, online workshops and conferences, awareness raising campaigns on LGBT+ issues, diversity, gender equality, bullying, etc.

During our certification evaluation, we obtained a score of 100 points (maximum score) which means that we are aligned to the three main HRC principles:

- 1) Implementation of no discrimination policies
- 2) Having in place a Diversity and Inclusion Committee
- 3) Publicly committing to continue implementing actions that will have a positive impact on society in terms of LGBT+ issues.

Stress management

In IEnova we have a firm commitment to continue advancing initiatives that take care of the psychosocial factors of our employees. As a first approach towards this commitment, we have launched a Company-wide campaign in 2020 that aims to make issues such as harassment, bullying and stress (among others) visible. And, in parallel to the mentioned effort we will³ conduct survey exercises to all our employees in order to be knowledgeable of their situations and therefore create tailored action plans⁴ that help them improve their quality of life.

Health & safety

To see the sites that are certified under ISO 45001, formerly known as OHSAS 18001, please see list of Health and Safety certificates on our website:

https://www.ienova.com.mx/seguridad_y_salud/certificados.html

³ August 2020.

⁴ By October 2020.

	Worked Hours	Recordable Incidents	Lost Time Incidents	DAFW	(#DAFW x 200,000) / hours
2015	4,091,821	26	12	318	15.54
2016	7,839,813	30	11	559	14.26
2017	6,914,334	20	6	158	4.57
2018	6,535,891	19	6	194	5.94
2019	12,779,549	17	9	332	5.20
2020	20,984,679	31	14	479	4.56

Reorganization

In the past years we have not gone through a reorganization process; but we have an internal procedure which dictates that, before the Company starts a reorganization process, it must conduct a profound analysis that contemplates the following topics regarding employees and temporary employees⁵:

1. Early retirement options for employees.
2. Internal mobility programs.
3. New trainings when it applies and individual monitoring for employees in order to develop the correct skills for the job.

Human Rights

Fundamental human rights

IEnova has not been in the necessity of relocating communities due to its operations. We are committed to carrying out our activities in line with the Guiding Principles on Business and Human Rights and the Ten Principles of the United Nations Global Compact, recognizing every right established in the United Nations Universal Declaration of Human Rights.

Fundamental labor rights

Our Code of Ethics establishes that the company must respect and protect all employees' rights without exceptions and must comply with applicable laws which include the Mexican Labor Law (LFT). In order to protect and respect these rights we have conducted the following actions:

1. **Audits:** The internal audit department is responsible of conducting these exercises whenever they deem it necessary; but they have a procedure that states how audits

⁵ Contractors are not applicable.

shall be made and how frequently they shall be taking place (at least once every two years). These audits have the objective of overseeing the correct execution of the responsibilities of the different Company's departments; hence, labor rights and compliance with the Code of Ethics are also taken into account.

2. **External audits:** We continuously receive external verifications from the Mexican labor authority. The objective of these verifications is to ensure that the Company complies with all applicable rules.

Corporate Governance

Board of directors

Trainings: Our directors have an onboarding session where they are given the tools and information regarding the Company, its vision, and its values. As follow-up trainings, they receive annual reminders regarding their duties of loyalty and care, and our Corporate Secretary -in line with a requirement from the Mexican Stock Exchange- is attentive in case any director needs further assistance or additional information regarding the business.

Strategy: Our directors discuss corporate sustainability and corporate social responsibility matters periodically. Their frequency depends on how matters arise and/or how topics present themselves during the year. Discussions revolve around, but are not limited to, topics of health and safety, anti-corruption, community relations, compliance with the law, and climate risks.

Executive remuneration

Severance pay for senior executives: IEnova fully complies with the Mexican Labor Law (LFT) which contains formulas for severance pay. Payments may represent an average of 30% of an executive's annual salary – depending on elements that are considered, such as seniority and/or bonuses.

Operative Integrity and Reliability

The Integrity area directly reports to the Engineering and Construction Executive Vice-presidency and works as a transversal area supporting the Operation and Maintenance, Construction, Development, Engineering, Commercial and Regulation areas, in order to achieve an administration process as transparent as possible.

In IEnova, the integrity team is multidisciplinary and collects information from different areas, then processes, analyzes and stores it in data bases to perform the integrity, reliability, availability and risk assessments using specialized software and models.

In 2018 the team was recognized by NACE International as a leader in the corrosion and integrity control in the Latin-American industry. IEnova got satisfying results which can be compared with the industries in countries like the U.S.A. and Canada.

In IEnova the integrity management has as an objective to guarantee the reliability, availability, people safety, environmental safety, keep up production levels, company public image and assets' remaining life; the previous description is implemented during all the assets' life cycle (development, design, construction, operation and sale). Since 2018 the integrity management process has as foundation an institutional policy (IC-02 "*Política de Integridad*"), current to the date, from which the integrity management plan is generated (IC-02-P01 "*Plan de Administración de Integridad General*" and IC-02-P02 "*Plan de Administración de Integridad de los Activos de Transporte y Distribución de Hidrocarburos*").

In the Gas Segment, we use the IMP in 100% of our natural gas pipelines. We carry out the following steps to ensure adequate operations:

- Draft annual risk-based integrity programs
- Select areas that require direct inspections
- Classify defects based on severity
- Select repair methods based on international standards
- Quantify risks continually with dynamic segmentation
- Monitor operating parameters in real time and permanently
- Monitor alarms constantly
- Address detected problems in a timely manner
- Offer continuous training to operators

The risk assessments are updated yearly and quantitatively categorized, based on subject matter expert established criteria, in high, medium and low levels. The risk assessment results, and the key performance indicators are reported annually to the operation and maintenance teams pointing continue improvement areas and pertinent recommendations.

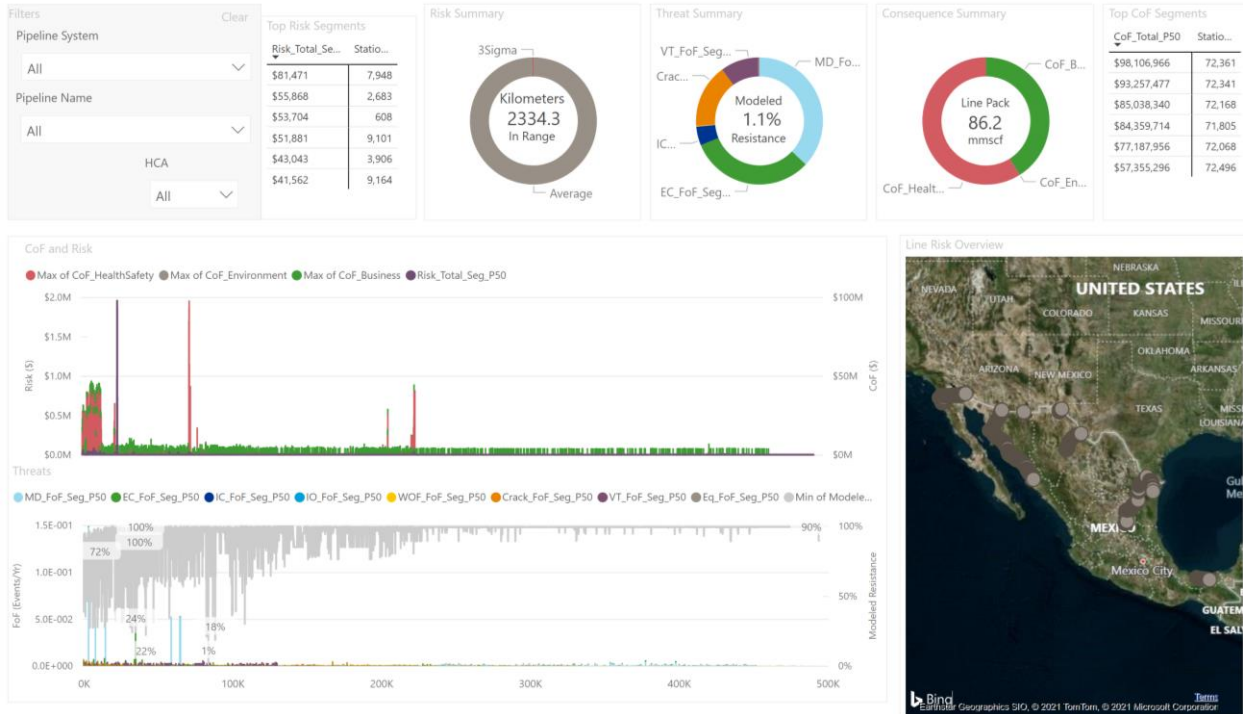


Image 1. Example of transmission systems risk assessment results report

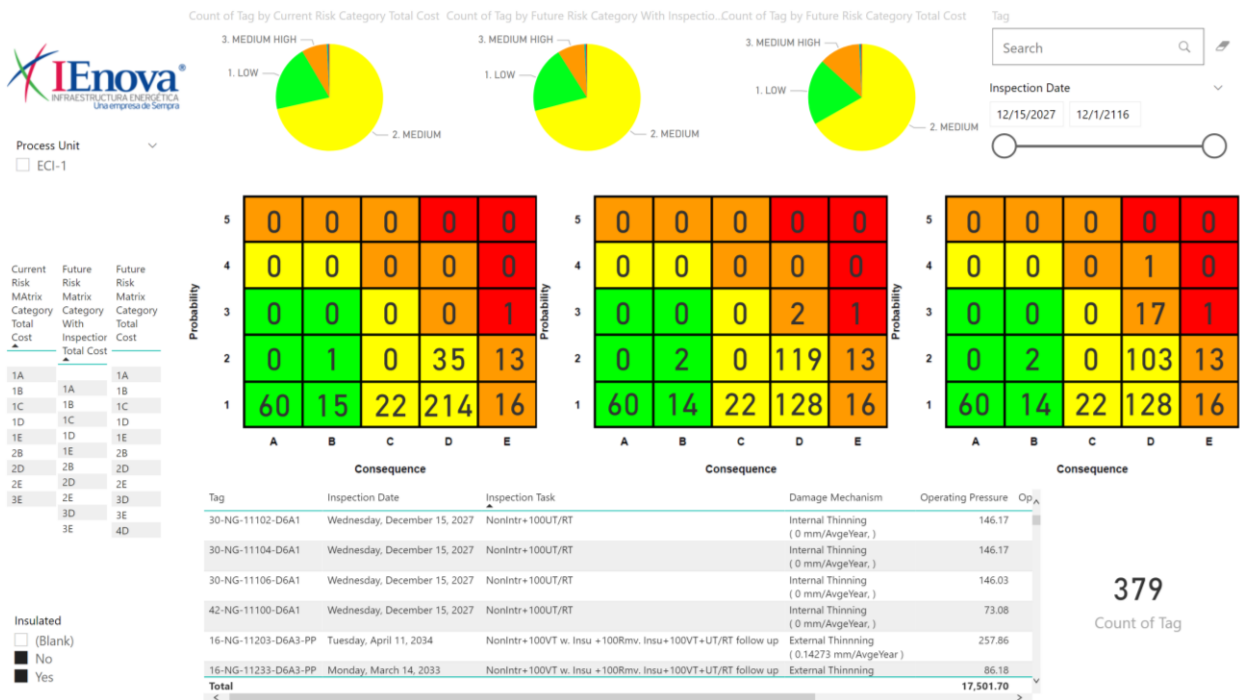


Image 2. Example of compressor stations risk-based inspection results report

High risks are attended immediately and included into the maintenance plan, while the medium and low risks are monitored. The maintenance plans and integrity assessment compile with the national regulatory requirements and verifications established in NOM-009-ASEA-2017, which is close to perform its first verification during 2021.

In 2020 the risk assessments did not show immediate attention points, and the reliability and availability assessments showed compliance in contractual duties and operation philosophy.

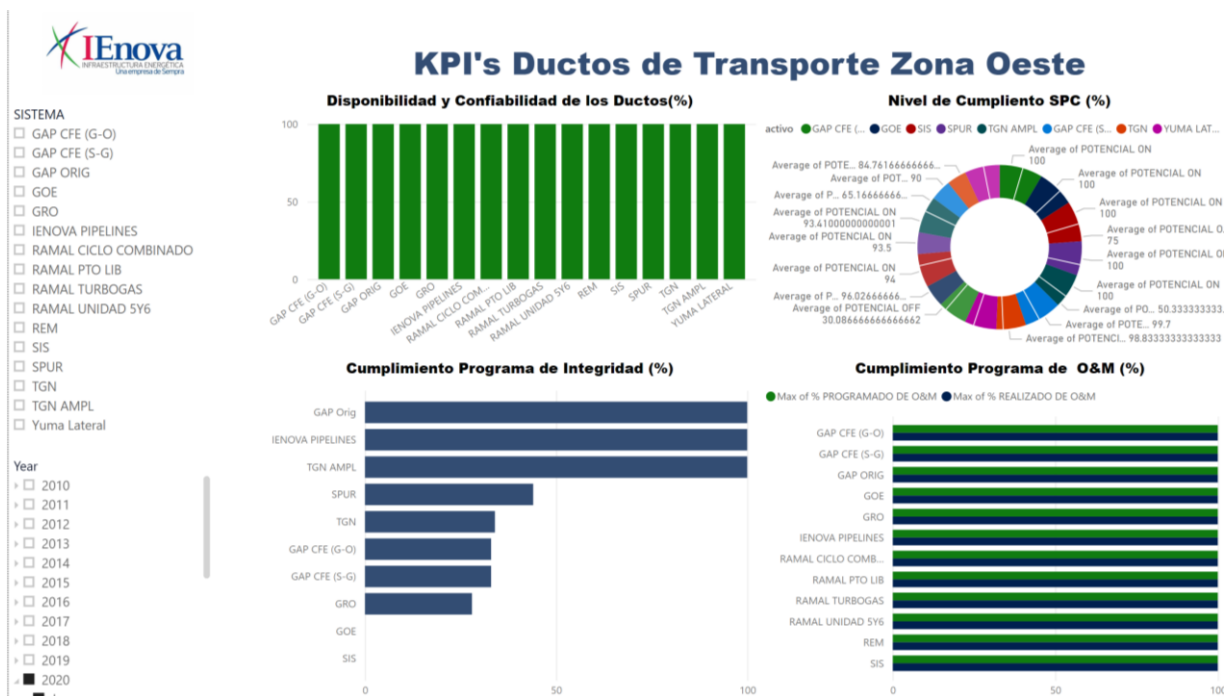


Image 3. Example of the 2020 transmission's system integrity program results report

The integrity area has as a short-term objective (2021) an institutional communication program implementation, which will present the main integrity activities and company's Geographic Information System standardization. In medium-term (2022-2023) an integrity program implementation to the renewable assets and in the long-term (2023-2025) an integrity program implementation to the hydrocarbon storage assets.

SCADA SYSTEM

The Supervisory Control and Data Acquisition (SCADA) system allows us to supervise, control, and collect data needed to monitor devices remotely and in real time using state-of-the-art technology that facilitates feedback and efficient management.

- In both the Gas and Electricity segments, we use SCADA or similar systems
- to monitor various aspects of our operations, including:
- Natural gas pipelines
- Receiving and discharging liquefied natural gas
- Storing liquefied natural gas
- Regasifying natural gas
- Distributing natural gas
- Generating electric power

* The National Association of Corrosion Engineers, now NACE International, is among the top industry corrosion and integrity companies worldwide. It develops standards and norms for our sector and certifies and qualifies professionals all over the world.

In 2017 and 2018 NACE implemented its first IMPACT Study Background that assesses the economic impact of corrosion and integrity management in different industries, including technical, operational, and economic comparisons between several countries.