

Performance Management Policy



1. Objective and Scope

This policy establishes the guidelines to manage employee performance and evaluation processes based on the philosophy of Infraestructura Energética Nova, S.A.B. de C.V., and its subsidiaries, herein referred to as “IEnova” or the “Company”. It also establishes the guidelines, directives, and responsible parties that need to be observed and complied with as part of the internal talent promotion or lateral movements processes to promote the professional and personal growth of all employees with transparency and objectivity, enabling employees to reach their full potential.

This policy applies to all personnel (whether they have a full-time or part-time contract and/or are subcontractors) working for IEnova or any of its subsidiaries and related parties in Mexico.



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3. Policies

3.1 Performance Evaluations

3.1.1 Objective

Employees are obliged to register clear, measurable, and achievable objectives in the mIEspacio system. These should be established in collaboration with the direct supervisor at the beginning of each period, in accordance to the level of experience of each employee. Objectives can be changed during the year in response to a change in the employee's functions, and new objectives may be added to meet the Company's needs.

Direct supervisors are required to review the scope of the objectives and of the feedback on employee performance.

3.1.2 New employees

New employees will be required to input their objectives into the mIEspacio system by no later than one month after they start working for the Company.

3.1.3 Periodicity of the evaluations

Performance evaluations for full-time employees are done annually during the month of December; for employees hired for a specific project, performance evaluations are done when the project is finalized. However, direct supervisors have the option of doing an evaluation at any time.

3.1.4 Evidence of performance and/or compliance with objectives

Employees need to collect as much evidence as possible on their performance and/or accomplishment of the established objectives. At the discretion of his or her direct supervisor, an employee's final score could include the perception of internal and external clients, in addition to that of the supervisor.

All information that an employee inputs in the system needs to be authorized by the direct supervisor.

3.1.5 Promoted and/or transferred employees

Employees who are promoted, transferred, let go, or who retire will undergo a partial performance evaluation at the moment the change takes place.

Employees who are promoted and/or transferred will need to make sure they conclude in the system their evaluation of their current job and deliver the evidence to the Talent Management and Culture division. The transfer to the new post will only come into effect once the evaluation is concluded.

Supervisors are responsible for notifying employees several days in advance that the evaluation needs to be done, and for scheduling an adequate time and place to offer feedback.

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3.1.6 Closing performance evaluations

Direct supervisors are responsible for closing all performance evaluations in the mIEspacio system during the first weeks of January.

Employees will be required to sign their consent in order for the performance evaluation to be closed in the system.

If an employee refuses to sign his or her evaluation, the supervisor will be responsible for including the name, date, and reason for refusal before closing the evaluation in the system.

If an employee receives a score below the expected level, his or her supervisor will need to coordinate with the Talent Management and Culture division the corresponding follow-up.

3.2 Requests for Filling an Open Position

Division managers are responsible for managing requests for filling an open position in mIEspacio system in order to start recruitment process

Inputting the information correctly and obtaining the corresponding authorizations will give way to a session with the Talent Management and Culture division which will trigger the corresponding search

3.3 Career Opportunities

All employment opportunities will be posted in the mIEspacio system and on the IEnova website, except those that are confidential in nature, those for which a potential successor has already been identified, or those that need to remain undisclosed for a strategic business reason.

There are two types of applications to an employment opportunity made by an internal candidate:

- **Promotion.** - Moving to a position of more responsibility, which could involve changes in salary, benefits, and in organizational level.
- **Lateral Movement.** - A lateral movement is defined as a change to a post of the same level as that of the current position.

3.4 Applying for Career Opportunities

In order to apply for a career opportunity, employees must abide by the indications of the Talent Management and Culture division, based on the systems and platforms in force at IEnova.

All employees who fulfill the following requisites are eligible to apply for available career opportunities:

3.4.1 Seniority in the current position

Employees need to comply with the minimal time in their current position, as established in Table 3.9 that describes the seniority required for each post.

3.4.2 Performance evaluations

Employees will need to have obtained consistent good scores in their performance, as required by their last performance evaluation.

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3.4.3 Movement limit per application

Depending on the level of the position within the IEnova structure, there is a limit to how many levels a candidate can jump when applying to a career growth opportunity, as exemplified in Table 3.10 which details the number of acceptable jumps for each application.

3.4.4 Administrative reprimands and recovery plans

Employees wishing to apply to an internal opportunity must not have received any administrative reprimands over the previous year of employment, nor can they be undergoing a recovery plan.

3.4.5 Job profile

Employees must fulfill at least 80% of the requirements established in the job profile

3.5 Validation of Internal Candidates

The Talent Management and Culture division is responsible for analyzing the list of internal candidates and validating their compliance with the requisites needed to apply for the position.

If they do not comply with the requirements established in Table 3.9 which details the seniority requirements in the current post, the application will not be considered in the process and the Talent Management and Culture division will notify the internal candidates that they were not eligible to apply.

3.6 Guidelines for the Application Process

3.6.1 Interview with the Talent Management and Culture division

The Talent Management and Culture division will filter internal candidates by performing interviews or employing any other tools to evaluate a candidate's knowledge base, competencies, and skills to fill the available position.

Following an interview with the Talent Management and Culture division, CV information will be forwarded to the leader who will be hiring for the position via e-mail or by employing whatever system is in force at the time to review the information.

3.6.2 Assessment of the information collected by the person who will be hiring for the position

The hiring supervisor will analyze the internal candidate's CV sent to him by the Talent Management and Culture division and will share the corresponding feedback with the candidate. Employees who are rejected for the position will receive the specific information behind the decision. For employees who could potentially be hired, the hiring superior will schedule with the Talent Management and Culture division the dates and times to interview the selected internal candidates.

3.6.3 Interview with the hiring supervisor

The Talent Management and Culture division will contact the selected internal candidates to schedule the interview, based on the date and time determined by the hiring supervisor.

The hiring supervisor will interview internal candidates employing the Guidelines for Interviews Based on Competencies or any tools recommended by the Talent Management and Culture division.

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3.6.4 Selection of the finalist

The Talent Management and Culture division will schedule a meeting with the hiring supervisor in order to select the finalist.

3.6.5 Proposal and movement letter

The Talent Management and Culture division is responsible for drafting the corresponding proposal and movement letter to make an offer to the finalist.

The hiring supervisor has the option of being present, or not, at the time the offer is made. However, it is highly recommended that the hiring supervisor be present given the commitment and experience effect this tends to have on the candidate.

3.6.6 Request made in the system

The Talent Management and Culture division is responsible for closing the corresponding request form in the mIEspacio system.

3.7 Direct Supervisor of the Candidate

3.7.1 Notification to the direct supervisor

It is recommended that candidates notify their direct supervisors about their interest to apply for a hiring process and to keep them informed on their potential career move.

Internal candidates are responsible for communicating this information before the final round of interviews with the hiring supervisor.

If the direct supervisor is not informed of the process when the final assessment round is coming up, the Talent Management and Culture division is responsible for communicating to the direct supervisor that the candidate has applied for an internal position.

3.7.2 Responsibilities of direct supervisors

Direct supervisors are responsible for offering their support to the candidates, avoiding any coercion or pressure on the candidate to either participate or not in the process to fill a vacancy.

Any such actions should be reported to the Talent Management and Culture division.

3.7.3 Scheduling transfer dates with the direct supervisor

The hiring supervisor is responsible for scheduling the candidate's movement dates with the direct supervisor, in an effort to protect both the experience of candidate and the operation of the business.

It is recommended that the transition period for the finalist candidate not exceed 30 working days.

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3.8 Authorization

The authorization processes for requesting from Talent Management and Culture the opportunity to fill a vacancy are listed in the following table.

| Position Level | Replacements | New Positions | Promotions /Salary adjustments |
|--|--------------|--|--|
| Vice President | CEO | CEO | CEO |
| Director | Executive VP | CEO | CEO |
| Manager | Division VP | Division VP + Chief Sustainability, Corporate and Public Affairs Officer | Division VP + Chief Sustainability, Corporate and Public Affairs Officer |
| Staff / Operational and Administrative | Director | Division VP + Chief Sustainability, Corporate and Public Affairs Officer | Division VP + Chief Sustainability, Corporate and Public Affairs Officer |

Selected candidates applying for levels 1-12 will be authorized by the Chief Officer of the Hiring Division and by the Director for Talent Management and Culture.

Candidates applying for positions in levels 13-16 who comply with the specified requisites, will be assessed by the Promotions Committee on an annual basis. However, depending on the leadership and talent needs of the Company, the Committee has the faculties to schedule extraordinary review via in-person or online sessions.

3.9 Exceptions

When it is necessary—because of the critical experience and technical expertise required to fill the vacancy—to consider candidates that do not comply with the requisites described in Table 3.10 in terms of the seniority in the current position, an exception can be made. Exceptions need to be documented and approved, depending on the level.

- From levels 1 to 12, by the Chief Officer of the Hiring Division and by the Director for Talent Management and Culture.
- From levels 13 to 16, by the CEO, Chief Officer of the Hiring Division, and the Chief Sustainability, Corporate and Public Affairs Officer

For candidates applying to a position requiring more jumps than those established in this policy, or when the transitory position does not currently exist within the structure (for example a deputy manager or deputy director) the hiring superior may select such candidate in a Transitory Assignment condition for a period of at least 12 months.

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3.10 Table describing seniority requirements in the current position, divided by position levels

| Assessment Category | Level | Minimum seniority requirement at the current position | Assessment / Approval | |
|------------------------|-----------------|---|-----------------------|--|
| Director | Senior Director | 24 months | Promotions Committee | |
| | Director | | | |
| | Deputy Director | | | |
| Manager | Senior Manager | | 12 months | Chief Officer + Director for Talent Management and Culture |
| | Manager | | | |
| | Deputy Manager | | | |
| Mid-level Management | Supervisor | 12 months | | Chief Officer + Director for Talent Management and Culture |
| Individual Contributor | Professional | | | |
| | Support | | | |

3.11 Table describing the number of acceptable jumps per application

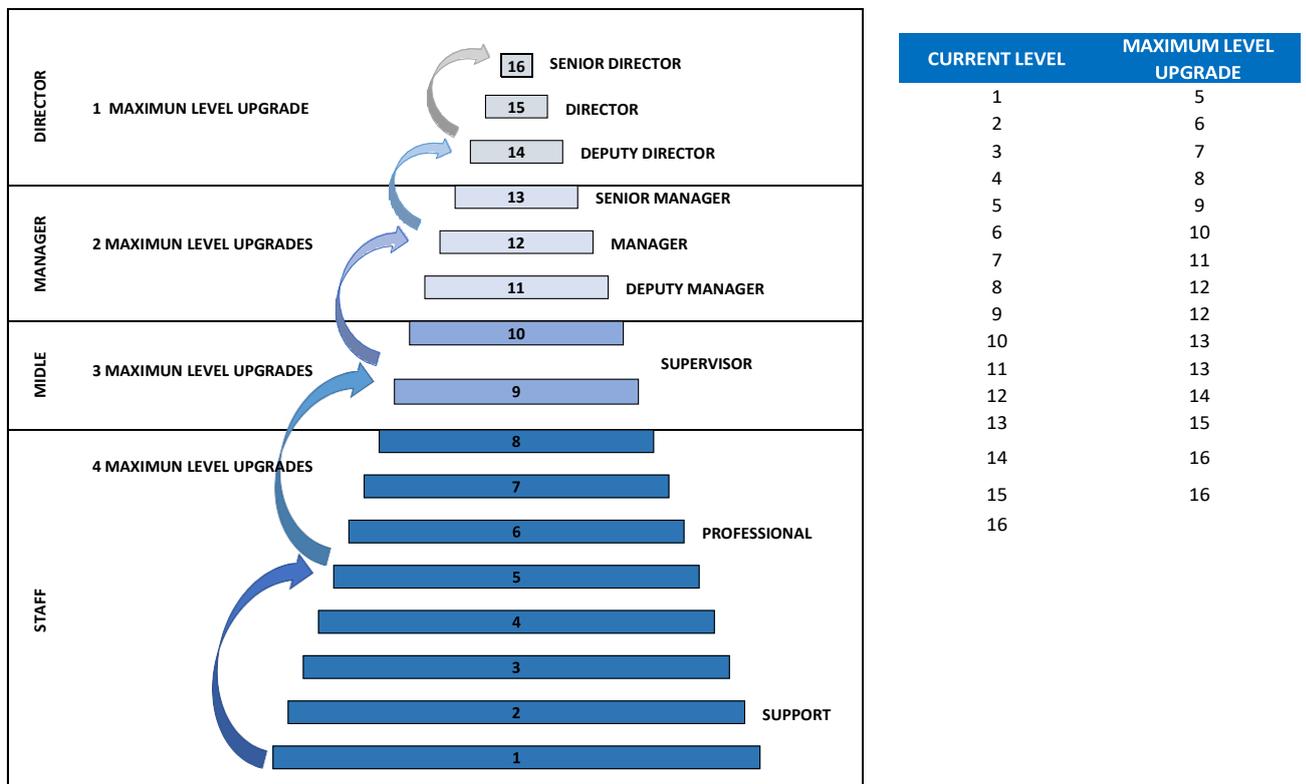


Table 6.2

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4. Definitions and Terminology

| Term | Definition |
|---------------------------------|---|
| Entity | Identifiable unit that performs economic activities, constituted by a combination of human, material, and financial resources (composed of economic activities and resources), led and managed by one central control who makes decisions designed to comply with the specific purpose for which it was created. |
| Related Parties | <p>a) The people who control or have a significant Influence over a company that is part of a business group or consortium to which IEnova belongs, as well as Board Members or managers and Relevant Executives of the companies which make up such business group or consortium.</p> <p>b) The people who have the Power to Rule over a company that is part of a business group or consortium to which IEnova belongs.</p> <p>c) The spouse, concubine, or blood or in-law relatives to the forth degree or by affinity to the third degree, with people who respond to conditions a) and b) above, as well as the partners or co-owners of the people mentioned in such conditions with whom they have a business relationship.</p> <p>d) Companies that are part of a business group or consortium to which IEnova belongs.</p> <p>e) Companies over which one of the people referenced by conditions fa to c) above, have control or Significant Influence</p> <p>f) Companies that are part of a business group or consortium to which IEnova belongs.</p> <p>g) Companies over which one of the people referenced by conditions a) to c) above, have control or Significant Influence</p> |
| Subsidiary | Any entity in which IEnova is a shareholder and is said to “control” such entity. IEnova is said to have control over an Entity if it has the ability to execute any of the following acts: (i) directly or indirectly impose the decisions of the General Shareholders’ Meetings, of the partners, or equivalent bodies, or to name or destitute the majority of the Board Members, executives, or their equivalent of an Entity; (ii) maintain the right to, directly or indirectly, hold voting rights for more than fifty percent of the capital stock of an Entity; or (iii) lead, directly or indirectly, the management, strategy, and main policies of an Entity, be it by ownership of shares, by contract, or in any other way |
| Level | Specific position in salary scale |
| Promotion | Movement to a position of higher responsibility, which may include changes in salary, benefits, or level within the organizational structure |
| Lateral Movement | Movement to a position at the same level as the current position, that does not necessarily include changes in salary, benefits, or level within the organizational structure. However, it can be important or even a requisite to aspire to positions of higher responsibility, as it presents an opportunity to develop new competencies, strengthen skills currently lagging, or completing a career plan |
| Administrative Reprimand | Document derived from a violation to the Code of Ethics, policies, and/or company bylaws. |

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| Transitory Assignment | Temporary condition (of a duration of at least 12 months) that candidates can adopt prior to taking on a role of higher responsibilities, that will allow them to develop the necessary competencies to successfully perform those roles in the future. |
| Recovery Plan | Plan developed for employees who have not achieved their goals and require more development, monitoring, and support in performing their functions. |
| Internal Candidate | An employee who directly offers a subordinate service in any of the IEnova business segments and who could potentially occupy a vacancy within the Company. This definition does not include employees hired by agencies and/or independent consultants under a specific contract. |
| Direct Supervisor | The internal candidate's leader |
| Hiring Supervisor | Leader who has the need to cover a talent void |
| Policy Owner | Individual who is responsible for creating, reviewing, and ensuring that the content of a given policy is updated, relevant, and in compliance with all applicable laws and regulations |

All these terms can be used in singular or plural, as well as in masculine or feminine, depending on the context of this policy.



5. References and Formats

5.1 Internal References

- Code of Ethics
- GT-01 Talent Attraction Policy
- GT-01-F02 Job description format
- GT-01-F04 Proposal letter format
- GT-02 Wages Policy
- GT-09 Policy for Granting Awards and Gifts to Employees.
- GT-10 Policy for Changes in the Organizational Chart and Job Descriptions
- Internal Bylaws

5.2 External References

- N/A

5.3 Formats

| Code and Name of the Document | Retention Code |
|-------------------------------|----------------|
| N/A | N/A |
| N/A | N/A |

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6. Responsible Party

| Responsibility | Area |
|---|--|
| Managing the content of the policy (Policy Owner) | Manager for Talent Management and Culture |
| Comply with the policy | All employees |
| Compliance oversight | Manager for Talent Management and Culture, Manager for Labor Relations and Talent, Senior Director for Talent Management and Culture, and Chief Sustainability, Corporate and Public Affairs Officer |
| Apply sanctions | Talent Management and Culture |



7. Authorization

| Name | Position |
|--------------------------|--|
| Araceli Pérez Leal | Senior Director for Talent Management and Culture |
| Abraham Zamora | Chief Sustainability, Corporate and Public Affairs Officer |
| Rene Buentello Carbonell | Executive Vice President of Compliance and General Counsel |
| Roberto Rubio Macías | Vice President Controller |
| Ramiro Fernández | Senior Manager for Compliance |

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8. Contacts (Questions and/or comments)

Questions related to the implementation or compliance with this Policy should be discussed with the direct supervisor; the contact person designated as the responsible party for this Policy is the Talent Management and Culture division, and questions can be addressed to the Ethics reporting line at 800 062 2107. The Ethics reporting line is available 24/7. All calls made to the Ethics reporting line can be treated as confidential.

| Contact | e-mail | Phone number |
|------------------|--------------------------|--------------------|
| Jacob Cerón | jceron@ienova.com.mx | (55) 5002 1000 439 |
| Susana Campuzano | scampuzano@ienova.com.mx | (614) 442 1818 651 |
| Armando Razo | arazo@ienova.com.mx | (686) 559 82 15 |
| Jefté Correa | jecorrea@ienova.com.mx | (55) 91 38 01 00 |
| Paloma Guerrero | pguerrero@ienova.com.mx | (55) 91 38 01 00 |
| Araceli Pérez | aperez@ienova.com.mx | (55) 91 38 01 00 |



9. Tracked Changes

| Review | Date | Description | Section affected | Observations |
|--------|-------------------------------|-----------------------|------------------|--|
| 01 | August 1 st , 2021 | Policy review project | | Adaptation to the new format Integration of the previous GT-06 Performance Evaluation Policy Additions to the guidelines in the "Policies" section Adaptations to definitions |
| 02 | June 28, 2021 | Form adequations | 4, 5.1, 7 | |