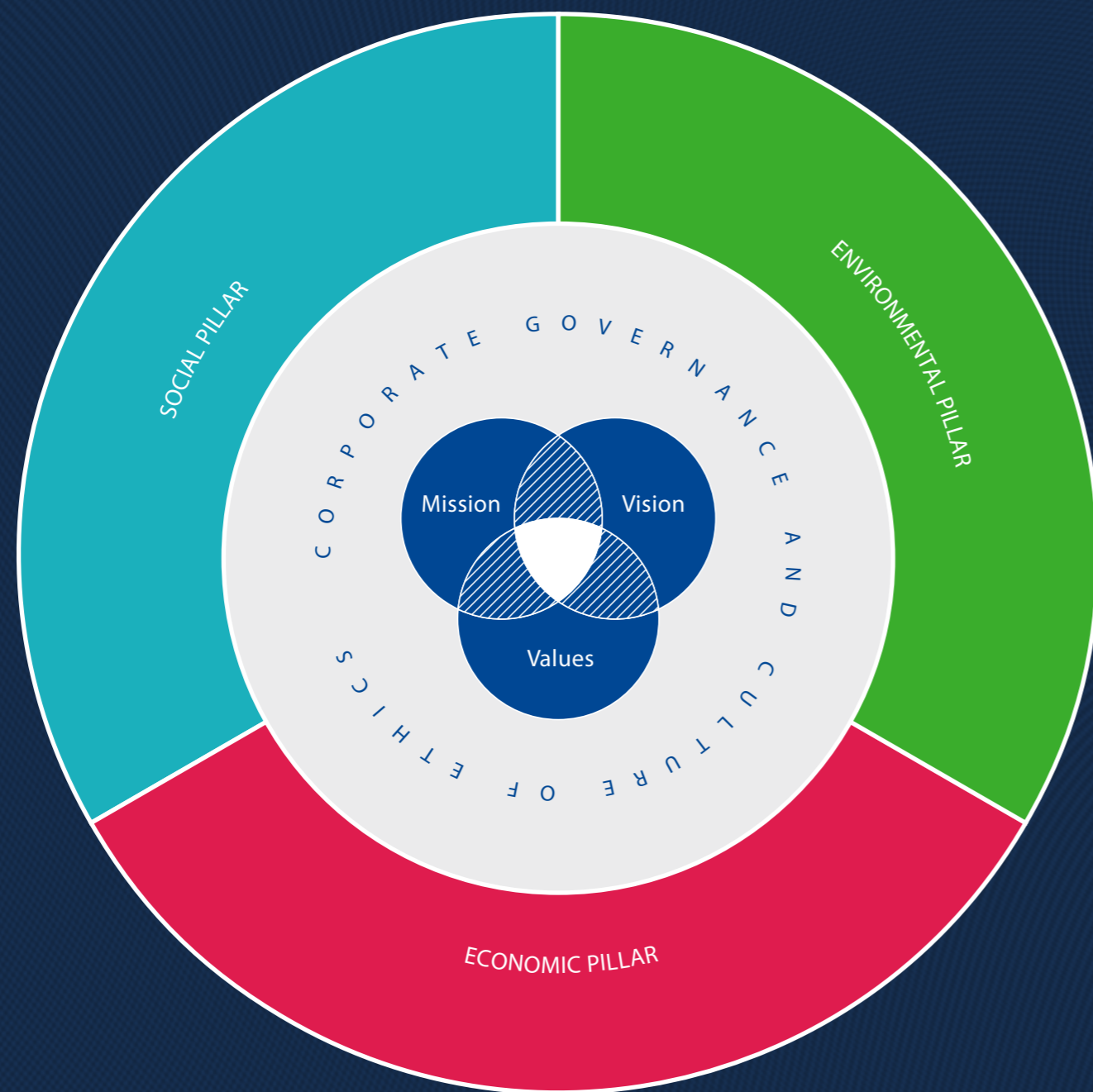


► IENOVA AND SUSTAINABILITY

WE ARE FIRMLY COMMITTED TO A COMPREHENSIVE VISION OF SUSTAINABILITY. EACH OF OUR ACTIONS IS GEARED TOWARDS GENERATING SOCIAL, ENVIRONMENTAL, AND ECONOMIC VALUE.

► OUR SUSTAINABILITY MODEL

The model is based on our strict culture of ethics and corporate governance and is focused on three pillars for action: social, environmental, and economic.



AT IENOVA WE DESIGNED A SUSTAINABILITY MODEL BASED ON OUR BUSINESS STRATEGY AND THE COMPANY'S COMPREHENSIVE RISK MANAGEMENT.

Over the course of 2020, we modified our Sustainability Policy to align with the highest international standards and reaffirm our commitment to ethics, corporate governance, the environment, and our stakeholders.

WITH THESE CHANGES, WE REINFORCED OUR COMMITMENT TO:

- The environment
- Health and safety in our operations and processes
- Labor and working conditions
- Employee health and safety
- Responsible and sustainable land acquisition
- Indigenous communities
- Protection of cultural heritage

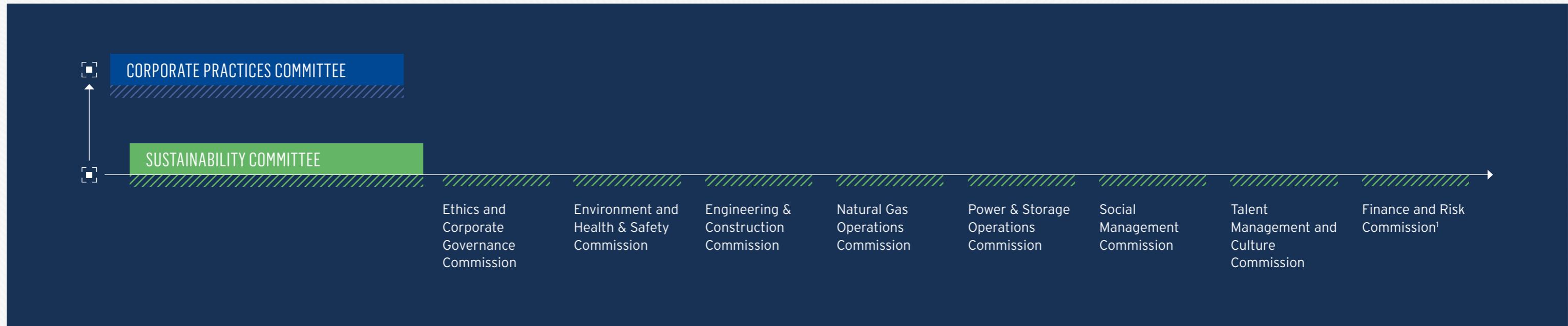


Energía Costa Azul



SUSTAINABILITY COMMITTEE

[102-18, 102-19, 102-20, 102-31, 102-32, 102-33, 102-46]



The Sustainability Committee is chaired by our Chief Sustainability, Corporate and Public Affairs Officer and includes the following IEnova executives:

- ▶ Chief Financial Officer
- ▶ Chief Natural Gas Operating Officer
- ▶ Director of Sustainability and Corporate Communications
- ▶ General Counsel and Chief Compliance Officer
- ▶ Chief Development Officer
- ▶ Community Affairs Director
- ▶ Chief Engineering & Construction Officer
- ▶ Vice President Controller
- ▶ Audit Director
- ▶ Chief Power & Storage Operating Officer
- ▶ Senior Director of Talent Management and Culture
- ▶ Sustainability Senior Manager

THE SUSTAINABILITY COMMITTEE REPORTS TO THE CORPORATE PRACTICES COMMITTEE OF THE BOARD OF DIRECTORS. THIS STRUCTURE ENABLES US TO ENSURE THE INVOLVEMENT OF OUR SENIOR MANAGEMENT, A CLEAR CHAIN OF COMMAND, AND ACCOUNTABILITY.

The tasks of the Sustainability Committee include reviewing and approving the sustainability strategy. It is also in charge of supervising and ensuring compliance with the activities of the Sustainability Commissions; monitoring the S&P/BMV Total Mexico ESG Index and the inclusion of IEnova in this and other sustainability indexes; reviewing and authorizing the content of the Sustainability Report; and ensuring that all employees read and adhere to the company's Sustainability Policy.

The Sustainability Committee makes an annual assessment, with biannual follow-ups, of any sustainability issues that require attention. In collaboration with each Commission, it establishes the corresponding objectives and actions required to accomplish them.

¹ This commission was created in February 2021.

STAKEHOLDERS

[102-40, 102-42, 102-43, 102-46]

Fully aware that each stakeholder is unique and has distinct needs, as part of our effort to drive positive development, we offer several means of communication to establish an open and efficient dialogue.

The Sustainability Committee ensures that stakeholder expectations and priority interests related to environmental, social, and governance issues are included in our sustainability strategy. Effective and timely communications with stakeholders contribute to the success of our projects, promote savings in time and resources, and address legal and regulatory requirements.

We have a [Community Relations and Stakeholder Engagement Procedure](#) in place in order to manage our relationship with the communities located within our projects' area of influence in an efficient manner and in strict compliance with the ethical standards and commitments to which we adhere. The goal of this Procedure is to establish positive and long-term community relations that ensure the respect for and defense of human rights. The objective is to promote dialogue with different stakeholders to understand their concerns and receive their feedback on the development of our projects and the company's work in general.

● PERMANENTLY ■ ANNUALLY ► QUARTERLY | AS NEEDED

COMMUNICATION CHANNELS	TALENT MANAGEMENT AND CULTURE	SHAREHOLDERS AND INVESTORS	CUSTOMERS AND CONSUMERS	SUPPLIERS	GOVERNMENT AUTHORITIES AND REGULATORS	COMMUNITIES	COMMUNICATIONS MEDIA	CIVIL ORGANIZATIONS AND NGOS	STRATEGIC PARTNERS
In-person meetings									
Work environment surveys	■								
Reporting channels/helpline	●	●	●	●	●	●	●	●	●
Shareholders Meeting		■							
Customer satisfaction surveys			■						
Addressing internal and external inquiries									
Website	●	●	●	●	●	●	●	●	●
Intranet	●								
Sustainability Report	■	■	■	■	■	■	■	■	■
Annual Report to the Mexican Stock Exchange	■	■	■	■	■	■	■	■	■
Quarterly financial report	►	►	►	►	►	►	►	►	►
Internal newsletters									
Issuing relevant events									
Review of the collective bargaining contract	■				■				
Surveys			■						
Guided visits to industrial facilities									
Fundación IEnova									
Grievance Mechanism (MAC)						●		●	



► MATERIALITY ASSESSMENT

[102-11, 102-15, 102-29, 102-31, 102-40, 102-43, 102-44, 102-46, 102-47, 103-1, 103-2, 103-3]

In 2020, we updated our 2019 materiality assessment¹ to confirm that the material topics that we had previously identified are still relevant and to strengthen our matrix with elements that may have become more important over the course of the year.

Our materiality matrix update included the analysis of:

- Academic publications
- Opinions and positions of global investors
- SASB Materiality Map
- Relevant ESG assessment methodologies²
- Insights of IEnova's senior management
- Suppliers' biennial ESG evaluation results

MATERIAL TOPICS:

▼ SUSTAINABILITY

1. ESG Standards
2. SDGs

▼ GOVERNANCE

3. Corporate Governance
4. Financial Performance [NEW]

▼ SOCIAL

5. Communities
6. Gender Equality
7. Attracting, Developing, and Retaining Talent
8. Employee Health & Safety

▼ ENVIRONMENTAL

9. Climate Change
10. GHG Emissions
11. Energy Transition

▼ POLITICAL CONTEXT

12. Political Context
13. Civil Insecurity

▼ OPERATIONS

14. Cybersecurity
15. Safety in Processes and Operations
16. Supply Chain
17. Operational Continuity [NEW]

■ Topics that became more relevant this year



¹ We used the definitions employed by GRI and SASB to assess the materiality of our topics based on whether: (i) they have or could have an impact on the business, (ii) they include internal and external factors that can be influenced by or controlled by the company, and (iii) are not solely financial or operational aspects

² S&P Global, MSCI, FTSE, Vigeo Eiris, Sustainalytics, and GPTW.

STRATEGIC ACTIONS RELATED TO RISKS IDENTIFIED IN THE MATERIALITY ASSESSMENT

[102-11, 102-15, 102-29, 102-30, 102-31, 102-44, 102-46, 102-47, 103-3]

SOCIAL



Puebla Storage Terminal

EMPLOYEE HEALTH & SAFETY

Actions

- Offer continuous training
- Identify vulnerable situations
- Have high-quality working materials
- Identify and offer aid to vulnerable groups
- Offer ergonomic and emotional health support

Impacts Obtained

- Improve quality of life for our employees and enhance the company's general performance



COMMUNITIES

Actions

- Carry out social impact studies
- Support through donations and social investment projects
- Establish results and impact indicators for Fundación IEnova
- Strengthen the Grievance Mechanism (Mecanismo de Atención a las Comunidades, MAC)

Impacts Obtained

- Create local jobs
- Develop energy infrastructure in the communities where we operate

ATTRACT, RETAIN, AND DEVELOP TALENT

Actions

- Conduct a work environment survey
- Offer tailor-made benefits
- Organize integration days
- Incorporate information technologies to attract talent
- Support the development of personal and professional abilities

Impacts Obtained

- Improve quality of life for our employees and enhance the company's general performance
- Improve our GPTW results continuously



Puebla Storage Terminal

GENDER EQUALITY

Actions

- Offer equal opportunities for all
- Ensure gender equality in hiring processes

Impacts Obtained

- Increase the number of women in our Board of Directors
- Improve the perspective of women in the GPTW survey



Veracruz Storage Terminal

ENVIRONMENTAL

CLIMATE CHANGE

Actions

- Update and implement the Climate Change Strategy
- Develop low-carbon projects
- Search for and obtain green financing mechanisms
- Conduct a climate change risks study and report employing the TCFD methodology

Impacts Obtained

- Mitigate and adapt to the adverse effects of climate change

GREENHOUSE GAS EMISSIONS (GHG)

Actions

- Measure, monitor, and report periodically on GHG emissions
- Implement measures to reduce GHG fugitive emissions
- Define additional reduction targets
- Increase the generation of energy from renewable sources

Impacts Obtained

- Avoided the emission of 986,134 tCO₂e.
- Increase capacity for generating energy from renewable sources

ENERGY TRANSITION

Actions

- Update and implement the Climate Change Strategy
- Develop low-carbon projects
- Search for and obtain green financing mechanisms

Impacts Obtained

- More electric power generation from renewable sources



Energía Costa Azul, Second Photography Contest, Landscape, Daniel Martínez

SUSTAINABILITY



ESG (ENVIRONMENTAL, SOCIAL, GOVERNANCE) STANDARDS

Actions

- Offer variable compensation to the CEO and senior management based on the goal of continuing our inclusion in the S&P/BMV Total Mexico ESG Index
- Have a Sustainability Committee that reports to the Corporate Practices Committee, which in turn reports to the Board of Directors

Impacts Obtained

- Strengthen IEnova's sustainability strategy
- Inclusion in the Dow Jones Sustainability Index Emerging Markets
- Improve our sustainability assessments

SUSTAINABLE DEVELOPMENT GOALS (SDGs)

Actions

- Carry out a study on the impact and contribution to the SDGs
- Design indicators and targets

Impacts Obtained

- Contribute to SDGs 7, 8, 9, 13, and 15



Tepezalá Solar Park

OPERATIONS



Los Ramones I Pipeline

SUPPLY CHAIN

Actions

- Assess suppliers in terms of sustainability
- Have action plans in place
- Offer anti-corruption training to applicable suppliers

Impacts Obtained

- Improve sustainability practices in our supply chain

CYBERSECURITY

Actions

- Hire a cybersecurity team
- Strengthen training in cybersecurity

Impacts Obtained

- Strengthen the cybersecurity culture
- Address identified risks and vulnerabilities

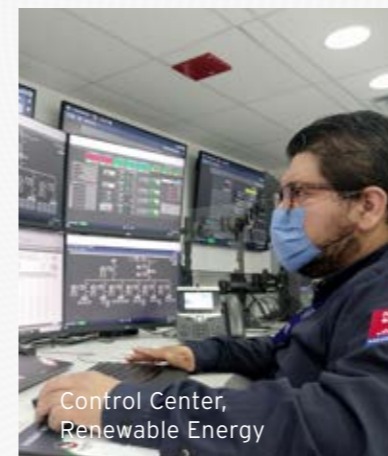
SAFETY IN PROCESSES AND OPERATIONS

Actions

- Offer continuous training
- Have state-of-the-art monitoring centers
- Create alarm systems
- Maintain infrastructure in a timely manner

Impacts Obtained

- Continuous operations and operational efficiency in processes
- Consistency in low incident indicators



Control Center, Renewable Energy

POLITICAL CONTEXT

POLITICAL CONTEXT

Actions

- Conduct exercises on engagement and dialogue with authorities
- Map and mitigate regulatory risks

Impacts Obtained

- Improve stakeholder trust

CIVIL INSECURITY

Actions

- Have contingency plans in place
- Communicate effectively
- Promote economic and social development in areas where we operate

Impacts Obtained

- Zero incidents related to organized crime

GOVERNANCE



Energía Sierra Juárez Wind Park

CORPORATE GOVERNANCE

Actions

- Implement corporate governance best practices
- Maintain open dialogues with investors
- Hire a full-time Secretary of the Board

Impacts Obtained

- Improve investor trust

▶ SHORT, MEDIUM, AND LONG-TERM SUSTAINABILITY GOALS

Aware of the challenges we face as a society and to comply with our commitment to our stakeholders, in 2020 the Sustainability Committee conducted an in-depth analysis of our operations to define ambitious, achievable, and high-impact sustainability goals to guide us in the short, medium, and long-term.

▣ **BASED ON THE RESULTS OF THE MATERIALITY ASSESSMENT WE CONDUCTED IN 2019, THE SUSTAINABILITY COMMITTEE DETERMINED THAT IENOVA STRIVES TO BE A LEADER IN THE FOLLOWING ISSUES, WHILE ALSO CONTRIBUTING TO SPECIFIC SDGs:**

- 1. **EMPLOYEE HEALTH & SAFETY**
 -
 -
- 2. **ATTRACTING, DEVELOPING AND RETAINING TALENT**
 -
 -
 -
 -
- 3. **SAFETY IN PROCESSES AND OPERATIONS**
 -
 -
 -
- 4. **COMMUNITY AFFAIRS**
 -
 -

▶ OUR GOALS ▶ 2021 ▶ 2025 ▶ 2030

1. EMPLOYEE HEALTH & SAFETY	
PERFORMANCE IN HEALTH & SAFETY	
Reduce the TRIR by 50% every 5 years with respect to our 2014 baseline.	▶ 0.7
	▶ 0.35
	▶ 0.18
OCCUPATIONAL HEALTH AND WELL-BEING	
Increase the percentage of vulnerable employees who undergo a regular medical checkup.	▶ 75%
	▶ 90%
	▶ 100%
Increase the number of our companies that are ISO 45001 certified.	▶ 50%
	▶ 80%
	▶ 100%
Increase the percentage of employees who receive annual training on psycho-social and stress risks.	▶ 30%
	▶ 60%
	▶ 90%



► OUR GOALS ► 2021 ► 2025 ► 2030

2. ATTRACTING, DEVELOPING AND RETAINING TALENT



ATTRACTING AND RETAINING
By 2021 ► Link monetary long-term bonuses to sustainability goals.
DEVELOPING
By 2030 ► Ensure that at least 50% of employees have an individual career plan in place.
GENDER EQUALITY
By 2025 ► Reduce the salary gap with respect to the 2021 baseline.
By 2025 ► Establish a program to attract talent that is specific to women in the operations and construction divisions.

3. SAFETY IN PROCESSES AND OPERATIONS

SAFETY IN PROCESSES		BUSINESS CONTINUITY	
Develop and implement predictive maintenance - Asset integrity for every business unit (annual compliance target).	► 50%	By 2030 ► Identify and analyze risk scenarios where the operation of the business is interrupted, at all business units.	► 85%
	► 90%		► 95%
	► 99%		► 100%
Assess the Process Hazard Analysis for every business unit and record and implement changes through the Management of Change, MOC, program.	► 50%	Develop Continuity Plans for all business units.	► 85%
	► 80%		► 95%
	► 100%		► 100%
Tier 1, Tier 2, and Tier 3 Process Incident Rates.	► Establish baseline	CLIMATE CHANGE	
	► Decrease by 25%	By 2021 ► Identify and define emissions compensation projects.	
	► Decrease by 50%		

4. COMMUNITY AFFAIRS

SOCIAL MANAGEMENT		FUNDACIÓN IENOVA	
Conduct opinion surveys in communities where we operate to establish areas of improvement and risks related to social matters.	► 20% in our communities	By 2021 ► Develop a volunteer program under our own brand.	
	► 40% in our communities	By 2025 ► Have all business units implement the new volunteer program.	
Increase the percentage of operations with human rights assessments.	► 25% of operations		
	► 100% of operations		

▶ SUSTAINABLE DEVELOPMENT GOALS

[103-1, 103-2]

The assessment of our contribution to the United Nations SDGs conducted in 2019 enabled us to identify those aspects that we needed to strengthen in our sustainability strategy. Based on this assessment, in 2020 we made a greater contribution to the global agenda.

GIVEN THE NATURE OF OUR BUSINESS, AND PARTICULARLY AS A RESULT OF OUR EFFORTS IN PRODUCING CLEAN ENERGY AND BUILDING INFRASTRUCTURE FOR THE ENERGY SECTOR, WE CONTRIBUTE TO SDGs 7 AND 9 IN THE FOLLOWING MANNER:

7 AFFORDABLE AND CLEAN ENERGY

TARGET 7.1

By 2030, ensure universal access to affordable, reliable, and modern energy services.

▼

- We produce zero-emission power through our wind and solar power facilities.
- 4,367 km of natural gas distribution pipelines and more than 3,100 km for natural gas transportation, allowing more than 142,000 customers to have access to a source of cleaner energy and minimize the use of polluting fossil fuels.
- In collaboration with Sempra Energy, we are developing the ECA Liquefaction project, which will enable us to provide this low-carbon energy to isolated populations and to supply the export market.

TARGET 7.2

By 2030, increase substantially the share of renewable energy in the global energy mix.

▼

Our renewable power portfolio:

- Wind parks (529 MW)
 - ESJ
 - Ventika
- Solar parks (515 MW_{AC})
 - Pima Solar
 - Rumorosa Solar
 - Tepezalá Solar
 - Don Diego Solar
 - Border Solar

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

TARGET 9.1

Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

▼

- [Our assets](#)
- [Assets in operation](#)
- [Assets under construction](#)
- We build and develop our assets employing the strictest health and safety standards. All our assets have maintenance and supervision procedures in place and employ the most advanced technologies currently available.

TARGET 9.2

Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries.

▼

- Our territorial distribution enables us to contribute to meeting the energy needs in the country and, as a result, to the economic development and well-being of the population.

TARGET 9.4

By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

▼

In 2020:


- We made a capital investment of USD\$679 million
- We avoided the emission of 986,134 tCO₂e
- We generated 1,996,222 MWh of renewable power

We adequately manage our environmental impact.¹

¹ To learn more about how we do this, please view the Environmental Pillar section.

THROUGH THE DEVELOPMENT, CONSTRUCTION, AND OPERATION OF OUR INFRASTRUCTURE, WE DIRECTLY CONTRIBUTE TO SDGs 8, 13, AND 15:

8 DECENT WORK AND ECONOMIC GROWTH



TARGET 8.6
By 2020, substantially reduce the proportion of youth not in employment, education or training.

▼

- Our IEnova Program for Operators' Training's (*Programa de Formación de Operadores IEnova, PROFOI*) goal is to enhance talent development and integrate young people into the energy sector. Since 2014, we have achieved the following:
 - 220 graduates
 - 600 hours of training per program
 - 145 graduates hired by IEnova
 - USD\$3.5 million invested
- In 2020, Fundación IEnova sponsored seven education programs through a contribution of USD\$617,971, allowing at least 100 students to continue their studies.

TARGET 8.7
Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labor, including recruitment and use of child soldiers, and by 2025 end child labor in all its forms.

▼

- We categorically reject forced labor and child labor at all of our operations and in our relationships with our stakeholders. [To find out more, please see our related policies in the Policies and Procedures section of our website.](#)
- Our critical suppliers are evaluated every two years to identify if they have policies or procedures in place that prohibit forced labor.

13 CLIMATE ACTION



TARGET 13.1
Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

▼

- Our Climate Change Strategy includes four pillars for action:
 - Investment and asset development
 - Emissions reduction and energy efficiency
 - Management of climate risks and opportunities
 - Transparency and collaboration
- We assess and manage our risks and opportunities related to climate change.

15 LIFE ON LAND



TARGET 15.5
Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity, and, by 2020, protect and prevent the extinction of threatened species.

▼

- Our biodiversity management system is focused on:
 - Flora restoration, conservation, and compensation
 - Protection and rescue of wildlife
- In all our projects we apply the mitigation hierarchy principle:
 - Avoid
 - Minimize
 - Restore
 - Compensate

TARGET 15.9
By 2020, integrate ecosystem and biodiversity values into national and local planning, development processes, poverty reduction strategies, and accounts.

▼

- We conduct studies to assess the potential impact of a project on the ecosystem.
- We propose measures to protect habitat and wildlife species in the area.
- We work in synergy with organizations specializing in biodiversity management, conservation, and protection.



Energía Costa Azul, Second Photography Contest, Pelican, Ana Patricia Arias