IEnova®
INFRAESTRUCTURA ENERGÉTICA
Una empresa de Sempra

2020

IT'S IMPOSSIBLE

SUSTAINABILITY AND
FINANCIAL REPORT

1 year

2020 PROVED HOW EVERYTHING CAN CHANGE OVERNIGHT.

USD$1,261 M
Revenues[1]

+136,000
Customers

USD$10,466 M
Total assets

[1] Revenues from joint ventures are not included in this figure.

ALTHOUGH THERE WERE TIMES WHEN WE THOUGHT EVERYTHING WAS AT A STANDSTILL... WE CONTINUED MOVING FORWARD WITH RESILIENCE IN THE FACE OF ADVERSITY AND WITH PASSION AND COMMITMENT FOR WHAT WE DO.

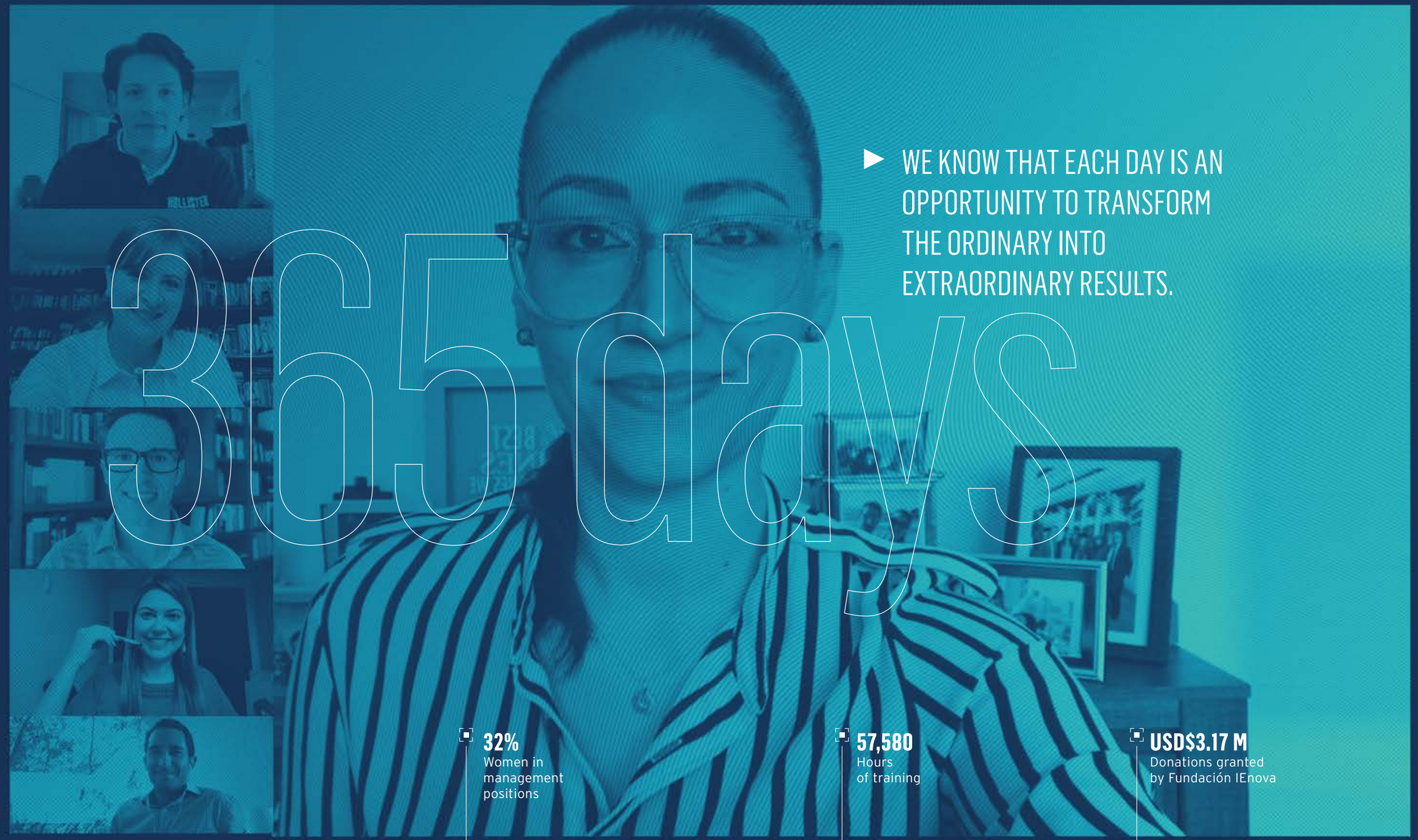
12 months

3,100 km
Natural gas pipelines

4,367 km
Natural gas distribution pipelines

7.88 mmbl
Refined products storage capacity

Veracruz Storage Terminal



WE KNOW THAT EACH DAY IS AN OPPORTUNITY TO TRANSFORM THE ORDINARY INTO EXTRAORDINARY RESULTS.

32%
Women in management positions

57,580
Hours of training

USD$3.17 M
Donations granted by Fundación IEnova



8,760 hrs.

TOGETHER WE HAVE DEMONSTRATED WHAT WE ARE CAPABLE OF. **TODAY WE PROVE THAT AT IENOVA WE MADE POSSIBLE WHAT SEEMED IMPOSSIBLE.**

PROMOTING MEXICO'S GROWTH

986,134 tCO_2e
Avoided GHG emissions

1,669 MW
Power generation capacity

1,996,222 MWh
Renewable power generated

Energía Sierra Juárez Wind Park

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WE ARE IENOVA

[102-2, 102-16]

AT IENOVA WE HAVE THE FIRM COMMITMENT TO DEVELOP, BUILD, AND OPERATE STRATEGIC ENERGY INFRASTRUCTURE FOR MEXICO, ALWAYS BASED ON SUSTAINABLE PRACTICES THAT ALIGN WITH OUR VALUES. THE SERVICES WE OFFER PROVIDE ENERGY IN A RELIABLE, SAFE, AND AFFORDABLE MANNER AND CONTRIBUTE TO ENSURE ENERGY SECURITY AND THE ECONOMIC AND SOCIAL DEVELOPMENT OF OUR COUNTRY.

OUR VISION

- To be the leading energy infrastructure company in Mexico that contributes to the country's sustainable development.

OUR MISSION

- To develop, build, and operate energy infrastructure, contributing to the growth of Mexico, within a framework of ethics, safety, respect, and commitment to our employees, the environment, the communities to which we belong, our customers and shareholders.

OUR VALUES

- **DO THE RIGHT THING**
  We are guided by our ethics, our focus on safety, and our willingness to stand for what is right.
- **CHAMPION PEOPLE**
  We develop people and value diversity and inclusion because it elevates performance and helps us partner responsibly.
- **SHAPE THE FUTURE**
  We are forward thinkers who innovate and collaborate with our communities, peers, and shareholders to make a positive difference.



CARLOS RUIZ SACRISTÁN
Chairman of the Board of
Directors and Executive Chairman
Infraestructura Energética Nova, S.A.B. de C.V.

EVEN WHEN EVERYTHING CHANGED, AT IENOVA WE HAD ONE CONSTANT: OUR VALUES.

LETTER FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

[102-14]

2020 was an atypical year that will forever be part of our collective memory. It was a year of changes and new work dynamics, and it was a year of enormous challenges, both personally and professionally. However, this year also helped us see what we are made of and the true value of life and people.

We remained fully committed to always do the right thing, champion people, and shape the future. Grounded in these values, we came together as a company and successfully met the challenges of an unprecedented year. I am certain that our renewed strength will continue to guide us as we move forward.

From the beginning of the COVID-19 pandemic, we understood that we had to prioritize the health and safety of our people. **Do the right thing** translated into incorporating strict measures that allowed us to care for the health and lives of our employees and their families, our communities, our contractors, and our customers.

In our effort to **champion people,** we made sure—and we will continue to do so—that workers who had to remain on the frontline to ensure the operation of our essential assets would be fully protected. In addition, we implemented programs to care for the physical and mental well-being of our work teams, we offered training courses, and built support programs so that our employees could work from home with the required equipment.

Shape the future became our motto. For many years, at IEnova we have been convinced that being visionaries and adopting best practices enables us to be resilient in face of any situation. Thanks to our forward-looking vision, we were well prepared to confront changing circumstances and demonstrate that innovation and adaptability are indispensable and inseparable, and always come hand-in-hand with an ethical framework.

At the Board of Directors, we have worked to reinforce and share our values. It is with immense pride that today I am witnessing how these values have become part of the daily lives of our superb team. Our employees are the source of our company's successes.

Energy is a fundamental element for injecting dynamism in economic activities. The challenging circumstances of 2020 brought out the best in our people. It was thanks to all this that at **IEnova we made possible what appeared to be impossible.**

LETTER FROM OUR CEO

[102-14]

At IEnova, our mission during 2020 was to safely, and without interruption, provide energy to all our customers. Simultaneously, we applied the strictest health and safety measures to ensure the health of our employees and their families.

I am proud to report that despite the complications faced around the world, at IEnova we had revenues of USD$1,261 million and we increased the value of our assets from USD$9,553 million in 2019 to USD$10,466 million this year. We maintained a healthy liquidity and good access to credit lines.

This year we completed an international offering of Senior Notes to refinance short-term debt for US$800 million, unsecured, with a 4.75% rate, which are due in 2051. The Notes received an investment grade rating that exceeded BBB. We also received authorization to enter into a USD$241 million 15-year credit facility with the US International Development Finance Corporation (DFC) and entered into a credit agreement with Japan International Cooperation Agency (JICA) for USD$100 million, both of which will be used to finance or refinance the construction of the company's portfolio of solar power projects. Among the year's most outstanding achievements is the final investment decision for the first natural gas liquefaction project in the country, which will be jointly developed with Sempra LNG and a subsidiary of Total.

At all times, we prioritized the health and well-being of our employees, contractors, and communities and we ensured high quality service at our operations, which we have always been known for.

In 2020, we also strengthened our position as a leading Mexican company in terms of corporate governance, social responsibility, and environmental stewardship. We reaffirmed our commitment to the fight against climate change and aligned our efforts to report for the first time in compliance with the methodology of the Task Force on Climate-related Financial Disclosures (TCFD). Over the course of the year, we invested USD$10.2 million in our communities, the environment, health and safety, and compliance. Additionally, we reiterated our commitment to the Ten Principles of the UN Global Compact and to the Sustainable Development Goals.

For the seventh consecutive year, we obtained the Great Place to Work (GPTW) Certification, which placed us in the top 25 positions in their ranking of the 100 best companies to work for in Mexico.



Energía Costa Azul



TANIA ORTIZ MENA
Chief Executive Officer
Infraestructura Energética Nova, S.A.B. de C.V.

In recognition of these and other achievements, IEnova was the first company in the energy sector to be included in the Sustainability Index of the Mexican Stock Exchange, which recently changed its name to S&P/BMV Total Mexico ESG Index. We were included for the first time in the S&P Dow Jones Sustainability Index (DJSI) Emerging Markets, which recognizes companies with best practices in sustainability in emerging markets. We are also part of a series of FTSE4Good indexes and are the first company in the energy sector to be included in the FTSE4Good BIVA index.

In 2020, we maintained an AA or Leader ranking in the ESG assessment of the MSCI. We obtained the Prime ISS ESG rating for the first time. Furthermore, in 2020 we debuted in the Carbon Disclosure Project (CDP) listing, with a B rating. We also received HR Ratings HR PAC2+ score, which was the highest granted to any company in Mexico in terms of compliance with their Integrity Policy.

One of the greatest takeaways of 2020 is the importance of gratitude. At IEnova we are very thankful to our clients for their loyalty, to our suppliers for their service, to our investors for their trust, to our Board members for their support, to our communities for being part of our projects, and to our authorities for their willingness to move forward. We are especially grateful to our employees for their dedication, commitment, trust in the company, and for working together with enthusiasm to successfully adapt to the changes the year imposed on us.

TODAY, MORE THAN EVER, I AM VERY PROUD OF THE FACT THAT AT IENOVA WE CONTINUE TO CONTRIBUTE TO BUILDING A STRONGER MEXICO AND A BETTER WORLD.

2020 IN NUMBERS

[102-6, 102-7]

FINANCE

USD$1,261 M
Revenues[1]

USD$1,006 M
+7% vs 2019
IEnova Adjusted EBITDA

USD$461 M
Profit for the year

USD$10,466 M
Total assets

USD$679 M
Capital Investment

CUSTOMERS

+136,000
Customers

99%
Customer satisfaction in Pipelines Segment

89%
Customer Satisfaction in ECOGAS

90%
Customer Satisfaction in Power Segment

INFRASTRUCTURE IN OPERATION OR UNDER CONSTRUCTION AND DEVELOPMENT

3,100 KM
Natural gas pipelines

1,044 MW
Renewable power generation capacity

320,000 M³
Liquified natural gas storage capacity

190 KM
LPG pipelines

625 MW
Natural gas fired power generation capacity

7.88 MMBL
Refined products storage capacity

4,367 KM
Natural gas distribution pipelines

80,000 BL
LPG Storage capacity

[1] Revenues from joint ventures are not included in this figure.

2020 IN NUMBERS

[102-6, 102-7]

ENVIRONMENT

1,996,222 MWh
Renewable power generation

1,843,915 tCO_2e
Scope 1 and 2 GHG emissions
-28% vs. 2019

0.25 tCO_2e/MWh
Carbon intensity from power generation
-19% vs. 2019

-28%
Waste generation vs. 2019

986,134 tCO_2e
Avoided GHG emissions
+18% vs. 2019

EMPLOYEES

1,488 employees
+26% vs 2019

30% women

70% men

29%
Women in top management positions

71%
Men in top management positions

10%
Turnover rate

57,580
Hours of training

FUNDACIÓN IENOVA

USD$3.17 M
in Donations

20
Organizations benefitted

35
Projects

+107,000
Beneficiaries

ESG INVESTMENT

USD$10.2 M
Investment in the community, environment, safety, health and compliance



DURING 2020, WE DEVELOPED RESPONSE PLANS AND ADAPTATION STRATEGIES TO FACE THE CHALLENGES OF THE COVID-19 PANDEMIC IN AN EFFICIENT AND TIMELY MANNER.

AT OUR ASSETS:

- We created a Health & Safety Committee in charge of assessing and developing measures to protect the health and safety of our employees and communities.
- Since March 2020, all employees have been working from home, except those whose presence is required for the continuity of our operations.
- We identified critical personnel and organized them into rotating groups that alternated between working on-site for two weeks, in isolation, and then from home for two weeks.
- We restricted non-essential travel and implemented quarantine mechanisms for required travel.
- We installed sanitation filters at all access points in our facilities.
- We adapted work areas by acquiring sanitation and personal protection equipment, installing acrylic partitions, and performing regular sanitation processes.
- We adapted personnel transportation vehicles by restricting capacity and employing a periodic sanitation system.
- We distributed personal protection and sanitation kits among our employees.
- We had medical staff in place to perform tests in case of suspected contagion.
- We shared information with our employees on COVID-19 and the evolution of the pandemic, as well as health and safety advice.
- We offered training to 100% of our employees, reinforcing the correct use of personal protection equipment and the implementation of protocols for reactivating operations.

Energía Sierra Juárez Wind Park







EMPLOYEE SUPPORT:

- We granted financial support to all our employees to cover the purchase of home office equipment.
- We expanded the annual allocation for the Minor Expenses insurance program to cover the purchase of school supplies for our employees' children.
- We designed the Programa Espíritu IEnova, through which we offered virtual conferences, contests and workshops on issues related to health, personal growth, and social well-being.
- We continued our Employee Support Program (Programa de Atención a Empleados, PAE), a psychological helpline staffed by experts in crisis and stress management that is open to all employees and their families.
- We offered alternative recreational activities on virtual platforms for the children of our employees.

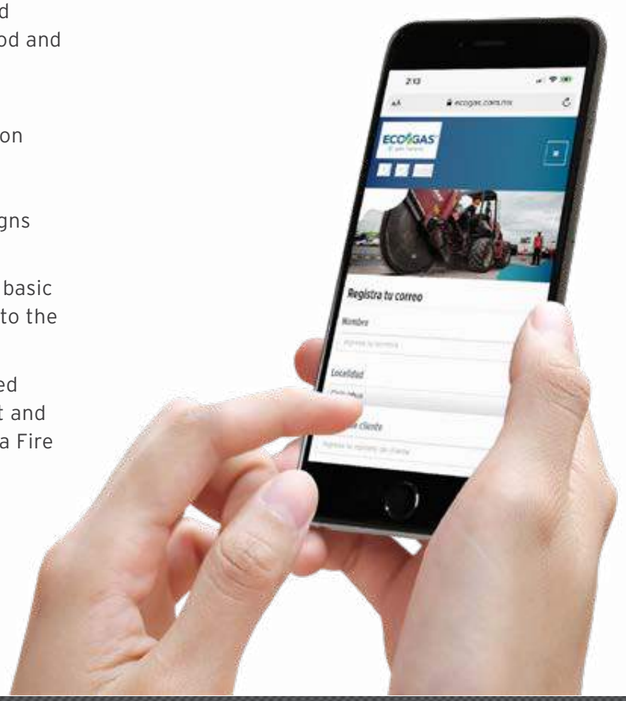


COMMUNITY SUPPORT:

- We allocated USD$2.21 million to support communities affected by the pandemic in 22 states in Mexico, granting medical equipment, protection gear and supplies and packages that included basic food and personal hygiene kits.
- We donated more than 170,000 medical equipment and protection supplies, including 264 Philips Respironics E30 ventilators, 52 ventilator circuits, and 7 vital signs monitors.
- We delivered more than 33,000 basic food packages and hygiene kits to the communities where we operate.
- Among other actions, we donated radio communication equipment and two ambulances to the Ensenada Fire Department.

CUSTOMER SUPPORT:

- We provided support to hospitals and health centers, and to customers who are registered as retired citizens, by exempting payment of their natural gas service and consumption during the first months of the pandemic.
- We implemented a campaign to promote the use of our online ECOGAS app encouraging our customers to make their payments without leaving their homes.
- We employed remote control systems to monitor operations and handle our Customer Service through call centers.



AWARDS AND RECOGNITIONS

- We were the first energy infrastructure company to be listed on the Mexican Stock Exchange.

- Since 2015, we have been part of the Sustainability Index, now known as S&P/ BMV Total Mexico ESG Index.

- For the first time, we were included in the Dow Jones Sustainability Index (DJSI) Emerging Markets.

- For the third consecutive year, we were included in the FTSE4GOOD Emerging Markets. We are the first energy company to obtain the FTSE4GOOD BIVA recognition.

- For the second consecutive year, we held the Leader rating in the ESG RATINGS assessment of the MSCI.

- We obtained for the first time the Prime rating granted by ISS ESG Corporate Rating.

- For the seventh consecutive year, we obtained the Socially Responsible Company Award.

- We received the HR PAC2+ rating from HR Ratings because of their evaluation of our Integrity Policy.

- For the seventh consecutive year, we obtained the GPTW certificate.

- We obtained the Human Rights Campaign certification, an international distinction recognizing our good practices favoring the LGBT+ community.

01.

OUR BUSINESS MODEL

AT IENOVA WE ARE FIRMLY COMMITTED TO OPERATE IN A SUSTAINABLE MANNER TO ENSURE OUR LONG-TERM SUCCESS. OUR VISION OF SUSTAINABILITY IS EMBEDDED IN OUR BUSINESS MODEL.

Energía Sierra Juárez Wind Park

OUR BUSINESS MODEL

[102-2, 102-3]

WE ARE A MEXICAN COMPANY THAT DEVELOPS, BUILDS, AND OPERATES ENERGY INFRASTRUCTURE IN THE COUNTRY. WE OPERATE IN THREE MAJOR BUSINESS SEGMENTS:

GAS

- Natural gas and ethane pipelines, compression stations, and sale and distribution of natural gas.

STORAGE

- Storage and regasification of liquefied natural gas (LNG), LPG storage and pipelines, and storage of refined products.

POWER

- Natural-gas-fired, combined-cycle power generation facility, as well as wind and solar power generation facilities.





OUR ASSETS

[102-4, 102-6, 102-10]

Our assets ensure territorial strength and diversity, both features of our business model as defined by the company's Board of Directors. Over the course of the year, and despite the enormous difficulties we faced, we maintained an aggressive construction plan and sustained operations at our facilities in a safe and uninterrupted manner, in adherence with our operational and maintenance plans.





Rumorosa Solar Park

ASSETS IN OPERATION

[102-6, 102-48, 203-1]

GAS

PIPELINES

ROSARITO PIPELINE (GR)
302 km

TRANSPORTADORA DE GAS NATURAL DE BAJA CALIFORNIA (TGN)
45 km

SONORA PIPELINE (SÁSABE-GUAYMAS SEGMENT)
505 km

SONORA PIPELINE (GUAYMAS-EL ORO SEGMENT)
330 km

RAMAL EMPALME
20 km

AGUAPRIETA PIPELINE (GAP)
13 km

NACO COMPRESSION STATION
14,340 hp

LOS RAMONES I PIPELINE
116 km

LOS RAMONES NORTE PIPELINE[1]
452 km

SAMALAYUCA PIPELINE
37 km

OJINAGA-EL ENCINO PIPELINE
220 km

SAN ISIDRO-SAMALAYUCA PIPELINE
23 km

SAN FERNANDO PIPELINE
114 km

ETHANE PIPELINE
224 km

SOUTH TEXAS-TUXPAN PIPELINE[2]
800 km

TDF LPG TRANSPORTATION SYSTEM
190 km

DISTRIBUTION

ECOGAS (NATURAL GAS DISTRIBUTION PIPELINES)
4,367 km

STORAGE

LPG STORAGE TERMINAL IN GUADALAJARA
80,000 bl

LIQUEFIED NATURAL GAS STORAGE AND REGASIFICATION TERMINAL, ENERGÍA COSTA AZUL (ECA)
320,000 m^3

VERACRUZ TERMINAL[3]
2.1 mmbl

POWER

TERMOELÉCTRICA DE MEXICALI (TDM)
625 MW

ENERGÍA SIERRA JUÁREZ (ESJ)[4]
47 wind turbines
155 MW

VENTIKA
84 wind turbines
252 MW

PIMA SOLAR
110 MW_{AC}

RUMOROSA SOLAR
44 MW_{AC}

TEPEZALÁ SOLAR
100 MW_{AC}

DON DIEGO SOLAR
125 MW_{AC}

BORDER SOLAR[5]
150 MW_{AC}

[1] Asset belonging to the joint venture with Brookfield, in which IEnova holds a 50% stake.
[2] Asset belonging to the joint venture with TC Energy, in which IEnova holds a 40% stake.
[3] Asset that started operating during the first half of 2021.
[4] IEnova acquired 100% of ESJ on March 19, 2021.
[5] Asset that started operating during the first half of 2021.

ASSETS UNDER CONSTRUCTION AND DEVELOPMENT

[102-6, 102-48, 203-1]

WE CONTINUE WITH THE DEVELOPMENT AND CONSTRUCTION OF NEW PROJECTS, MAINTAINING HIGH STANDARDS OF CONTROL AND SAFETY.

GAS



GRO EXPANSIÓN
200 km
60,000 hp

Project under development which consists of expanding and extending the Rosarito Pipeline and one compression station to meet ECA Liquefaction's transportation requirements.

It is estimated that it will be operational prior to the start of operations of ECA Liquefaction.

POWER



ENERGÍA SIERRA JUÁREZ (ESJ) EXPANSIÓN
108 MW

Expansion of the Energía Sierra Juárez wind park, located in the Sierra de Juárez mountain range in the municipality of Tecate, Baja California.

It is estimated that it will be operational in the second half of 2021.

STORAGE



VALLE DE MÉXICO TERMINAL
650,000 bl

PUEBLA TERMINAL
650,000 bl

Two in-land storage terminals for refined products in Puebla and Valle de México

GUADALAJARA TERMINAL

In-land storage terminal for refined products in Guadalajara, Jalisco. It is currently under development.



TOPOLOBAMPO TERMINAL
1.18 mmbl

Marine terminal for the receipt, storage, and delivery of refined products in the port of Topolobampo, Sinaloa.

It is estimated that it will be operational in the second half of 2021.

MANZANILLO TERMINAL[1]
2.3 mmbl

Marine terminal for the receipt, storage, and delivery of refined products in the port of Manzanillo, Colima. It is currently under development.



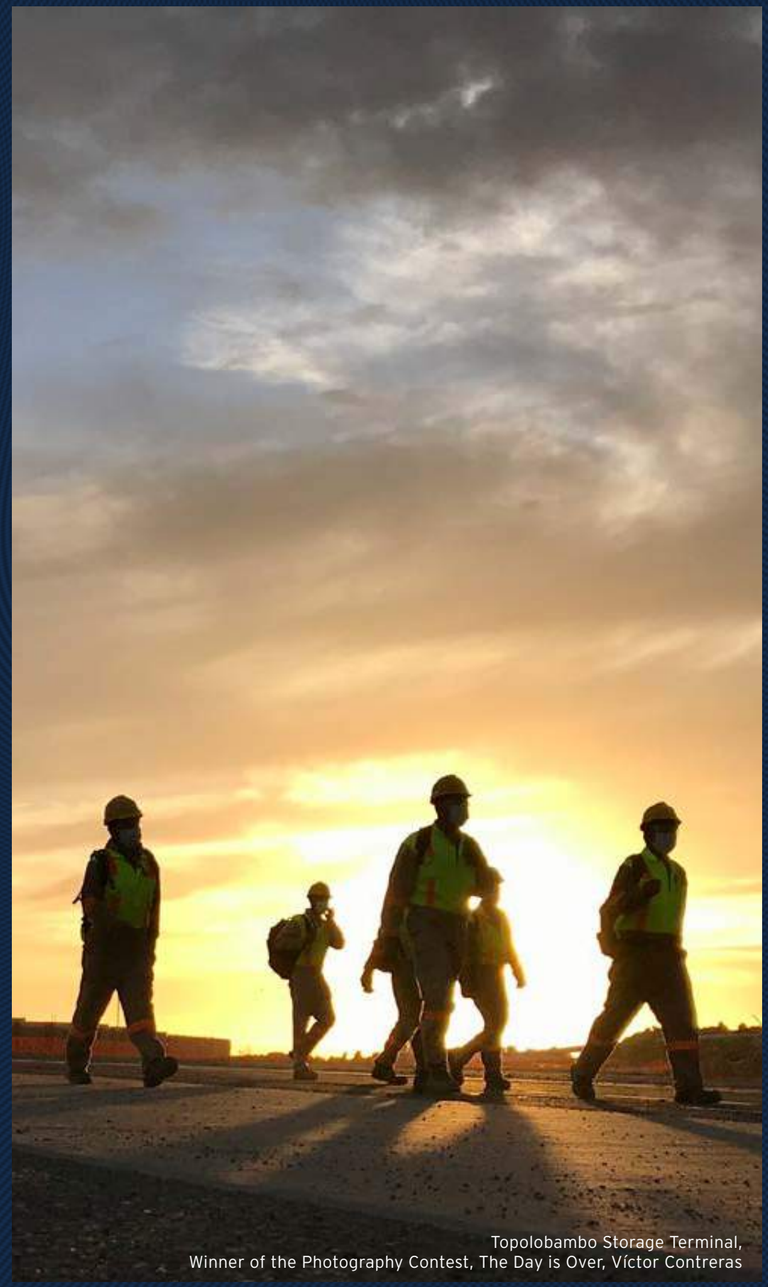
BAJA REFINADOS TERMINAL
1 mmbl

Marine terminal for the receipt, storage, and delivery of refined products in Ensenada, Baja California. It is currently under development.

ECA LIQUEFACTION[2]
12 Mtpa

Natural gas liquefaction plant, adjacent to the ECA Terminal, that is being developed in two phases. Phase 1 is currently under construction and Phase 2 is under development.

It is estimated that the first LNG cargos will be ready for export in the latter part of 2024.

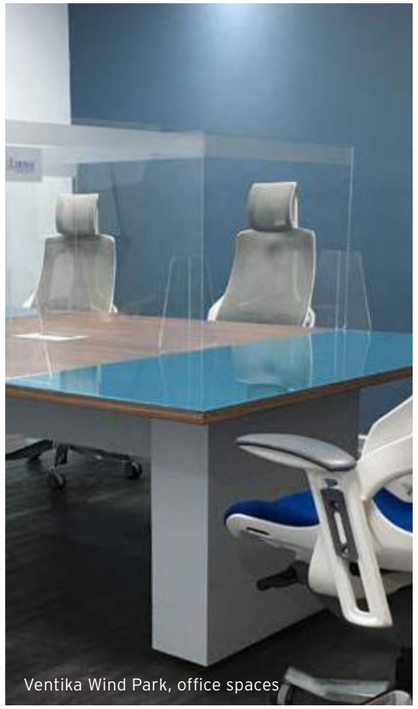


Topolobambo Storage Terminal,
Winner of the Photography Contest, The Day is Over, Víctor Contreras

[1] Asset belonging to the joint venture with Trafigura, in which IEnova holds an 82.5% stake.
[2] Asset belonging to the joint venture with Sempra LNG and a subsidiary of Total, in which IEnova holds a 41.7% stake.

ACTIVITIES AT OUR ASSETS AS A RESULT OF THE COVID-19 PANDEMIC

IN MARCH, WE PUT TOGETHER A HEALTH & SAFETY COMMITTEE THAT ASSESSED THE ACTIONS WE NEEDED TO IMPLEMENT TO COMPLY WITH THE PROTOCOLS ESTABLISHED FOR THE GRADUAL REACTIVATION OF ACTIVITIES.



Ventika Wind Park, office spaces



Torre del Ángel Corporate Offices, reception area



ECOGAS

These actions included touring our facilities and office buildings, acquiring the personal protection and sanitation equipment needed in order for us to be able to adapt to the new work modality, including gloves, face masks, face shields, protective glasses, disinfecting wipes, anti-bacterial gel and dispensers, individual thermometers, and access filters. We distributed 395 kits among our front-line workers, which included safety glasses, face masks, and sanitizing gel.

At our offices, we adapted the work areas by installing acrylic partitions and carried out regular sanitation processes. We had the support of medical staff that managed the sanitary filters installed at the entrances of all our assets, performed tests in cases of suspected contagion, and monitored the results.

We used our internal communication channels to give information to our employees on COVID-19 and its evolution as well as to provide health and safety advice.

We offered a series of training courses to 100% of our employees to reinforce the correct use of personal protection equipment and the implementation of the protocols for reactivating operations.

In collaboration with the Mexican Institute of Social Security (IMSS, in Spanish), we promoted the courses it offered on its digital platforms and contributed to the flu vaccine campaign.

Specifically, for our ECOGAS customers, we implemented a social media campaign, which reached over 500,000 views, promoting the use of our online app to support them in staying at home.

OUR CUSTOMERS

[102-6, 103-2, 103-3]

GAS

PIPELINES

- Accesgas
- BP Energía México
- CENAGAS
- CFE
- Compañía Comercializadora de Hidrocarburos y Gas Natural
- El Paso Energy Marketing
- Energas
- Energía Chihuahua
- Energía de Baja California
- Energía Solar Cachanilla
- Fevisa
- Gas Natural Zeta
- Gazprom
- Gigo Transport
- Global Trading
- IEnova Marketing
- Igasamex
- JM&RAL
- Compañía de Electricidad Los Ramones
- Geodesa
- Energy Transfer
- Naturgy
- North Baja Pipeline
- Pemex TRI
- Pharaoh International
- Producción de Energía Mexicana
- RC Energy
- Saavi
- San Diego Gas & Electric
- Shell
- Southern California Gas Company
- Tenaska
- Termoeléctrica de Mexicali
- Toyota
- Twin Eagle
- Unión Energética Noroeste
- World Fuel Services
- Zenith
- Energía Costa Azul
- Wyetree

99%
customer satisfaction in Pipelines Segment

DISTRIBUTION

89%
customer satisfaction in ECOGAS

132,317
residential clients

3,851
commercial clients

275
industrial clients

STORAGE

- BP
- Chevron
- Gazprom
- IEnova Marketing
- Marathon
- Pemex TRI
- Shell
- Trafigura
- Valero



Veracruz Storage Terminal



90%
customer satisfaction in Power Segment

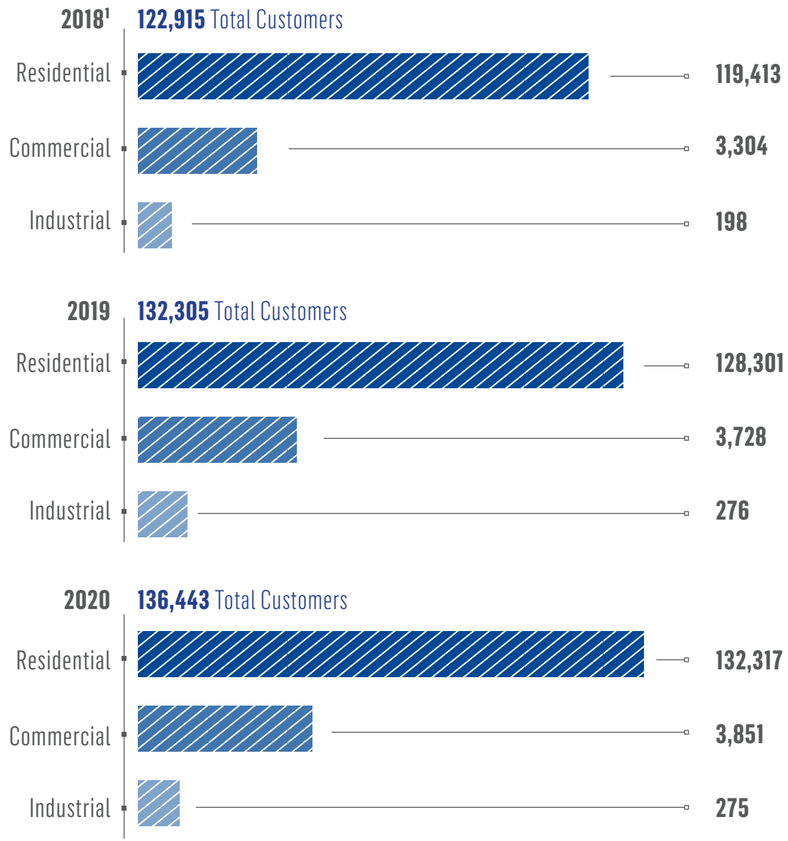
POWER

- California Independent System Operator (CAISO)
- Cementos de Chihuahua
- CEMEX
- CFE Suministrador de Servicios Básicos
- Construcentro de Chihuahua
- DeAcero
- Envases Universales
- Fiat Chrysler Automotive
- FEMSA
- Grupo Cementos de Chihuahua
- Liverpool
- Minera Autlán
- Scotiabank
- San Diego Gas & Electric
- Tecnológico de Monterrey

GAS SEGMENT

ECOGAS demonstrated great resiliency and stability over the course of the year, with a 4% increase in the number of customers and stable revenues resulting from operational savings.

DISTRIBUTION BY TYPE OF CUSTOMER

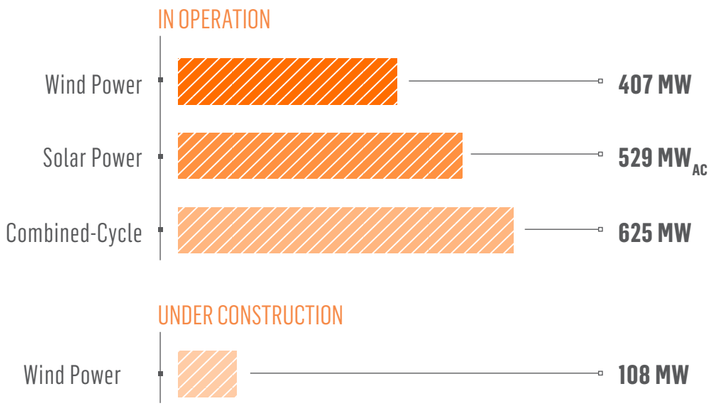


1 Derived from resolution RES/995/2015 the Mexican Energy Regulatory Commission (CRE) issued the DACGS on the protection of the end user with low consumption of natural gas. The resolution stipulates that clients whose maximum annual consumption is of up to 5,000 GJ will be classified as UFBCs (Low Consumption End User); and, determined that clients whose consumption exceeds the 5,000 GJ threshold will be classified as UFACs (High Consumption End User). Based on these modifications, we will change our classification; thus, from our 2018 report onwards, only UFBCs and UFACs will be included on small, large and industrial businesses.

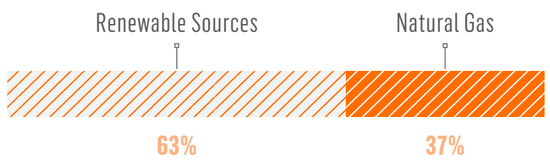


POWER SEGMENT

OUR POWER GENERATION CAPACITY



OUR POWER GENERATION CAPACITY



WE ARE ONE OF THE MAIN SOLAR AND WIND POWER GENERATORS IN MEXICO, WITH APPROXIMATELY 8% OF MARKET SHARE[1].

[1] This analysis is the result of an internal exercise carried out in 2020 on operating power facilities in Mexico. It was based on public information available at the moment.

SUPPORTING OUR CUSTOMERS IN RESPONSE TO COVID-19

During the crisis brought about by the pandemic, we implemented general measures and strategies at all our assets to mitigate the impact and support our employees as well as our customers, suppliers, and communities.

As part of the measures we implemented during the health contingency and as a means to support those on the frontline in the fight against the pandemic, at ECOGAS we helped health institutions by not invoicing them for their consumption of natural gas. We maintained this support during the months of April and May 2020; with an investment of USD$110,784 we were able to support 88 hospitals and health centers.

88
hospitals and health centers supported



COVID-19 support for Mexican Red Cross Aguascalientes



ECOGAS



ECOGAS

7,711
vulnerable customers supported

We also supported our most vulnerable customers—retired citizens who were up-to-date in their payments—by not invoicing them for their natural gas consumption during the months of April and May. The goal behind this measure was to help our elderly customers during the crisis. We allocated USD$242,622 to this support and helped 7,711 vulnerable customers.

At ECOGAS, in addition to the measures we have established at all our assets, we collaborated with our marketing team in implementing an internal campaign to promote the correct use of personal protection equipment, with the goal of reaching all our employees and contractors with this crucial information.

REGULATORY AND INDUSTRY MATTERS

[102-12, 102- 13]

AS AN ENERGY INFRASTRUCTURE COMPANY WITH OPERATIONS IN MEXICO, WE MAINTAIN A PERMANENT RELATIONSHIP WITH EACH GOVERNMENT ENTITY AND ORGANISM THAT REGULATES US:

- Ministry of Energy (*Secretaría de Energía*, SENER)
- Ministry of the Environment and Natural Resources (*Secretaría del Medio Ambiente y Recursos Naturales*, SEMARNAT)
- Ministry of Communications and Transportation (*Secretaría de Comunicaciones y Transportes*, SCT)
- Ministry of Labor and Social Welfare (*Secretaría del Trabajo y Previsión Social*, STPS)
- Ministry of the Navy (*Secretaría de Marina*, SEMAR)
- Antitrust Commission (*Comisión Federal de Competencia Económica*, COFECE)
- Energy Regulatory Commission (*Comisión Reguladora de Energía*, CRE)
- National Agency for Industrial Safety and Environmental Protection in the Hydrocarbons Sector (*Agencia Nacional de Seguridad Industrial y de Protección al Medio Ambiente del Sector Hidrocarburos*, ASEA).
- National Energy Control Center (*Centro Nacional de Control de Energía*, CENACE)
- National Natural Gas Control Center (*Centro Nacional de Control de Gas Natural*, CENAGAS)
- National Institute of Anthropology and History (*Instituto Nacional de Antropología e Historia*, INAH)



ASSOCIATIONS TO WHICH IENOVA BELONGS

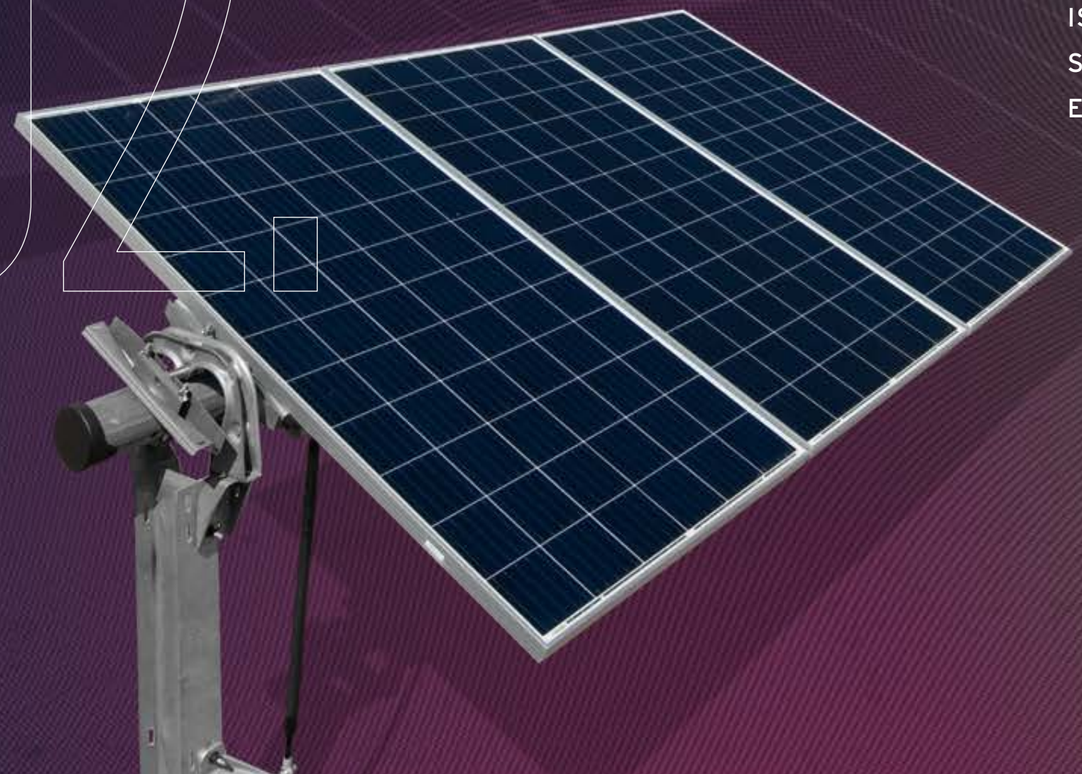
- American Chamber of Commerce, Mexico (AMCHAM)
- Business Coordinating Council (*Consejo Coordinador Empresarial*, CCE)
- Economic Development Council of Mexicali (*Consejo de Desarrollo Económico de Mexicali)*
- Economic Development for the State of Chihuahua (*Desarrollo Económico del Estado de Chihuahua)*
- Employers Confederation of the Mexican Republic (*Confederación Patronal de la República Mexicana, COPARMEX)*
- COPARMEX Ensenada
- COPARMEX Mexicali
- COPARMEX Northern Sonora
- Ensenada Economic Development Commission (*Comisión de Promoción Económica de Ensenada)*
- International Chamber of Commerce-Mexico Chapter (ICC)
- International Society for Mexico Energy (ISME)
- Mexican Association of Natural Gas (*Asociación Mexicana de Gas Natural*, AMGN)
- Mexican Association of Photovoltaic Solar Energy (*Asociación Mexicana de Energía Fotovoltaica*, ASOLMEX)
- Mexican Bar Association, Lawyers College (*Barra Mexicana, Colegio de Abogados)*[1]
- Mexican Center for Philanthropy (*Centro Mexicano para la Filantropía, Cemefi)*
- Mexican Energy Association (*Asociación Mexicana de Energía*, AME)
- Mexican Institute of Financial Executives (*Instituto Mexicano de Ejecutivos de Finanzas*, IMEF)[1]
- Mexican Institute of Public Accountants (*Colegio de Contadores Públicos de México*, IMCP)[1]
- Mexican Wind Energy Association (*Asociación Mexicana de Energía Eólica*, AMDEE)
- National Association of Corporate Lawyer, Lawyers College (*Asociación Nacional de Abogados de Empresa, Colegio de Abogados)*[1]
- Chihuahua National Chamber of the Transformation Industry (*Cámara Nacional de la Industria de la Transformación, CANACINTRA)* Chihuahua
- CANACINTRA Mexicali
- CANACINTRA Ensenada
- CANACINTRA Torreón
- RedEAmérica México
- Tecate Economic Development Commission (*Comisión de Promoción Económica de Tecate)*
- United Nations Global Compact
- World Energy Council (WEC)

[1] Personal memberships

02

IENOVA AND SUSTAINABILITY

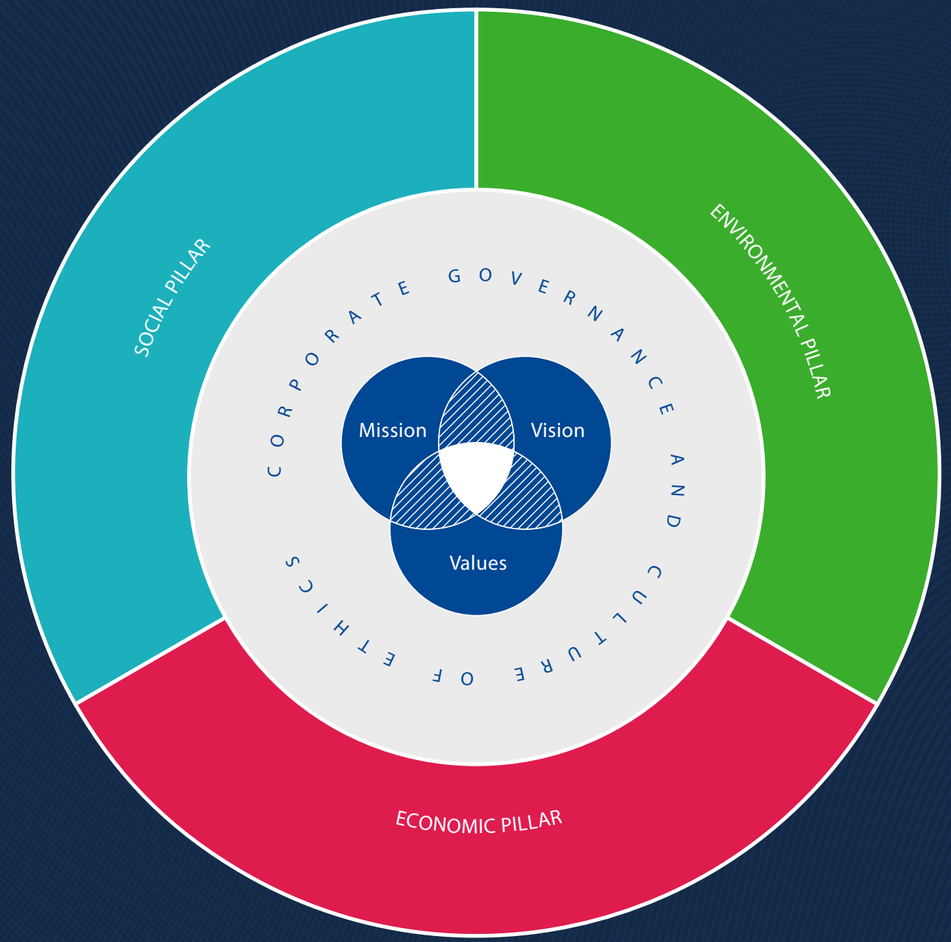
WE ARE FIRMLY COMMITTED TO A COMPREHENSIVE VISION OF SUSTAINABILITY. EACH OF OUR ACTIONS IS GEARED TOWARDS GENERATING SOCIAL, ENVIRONMENTAL, AND ECONOMIC VALUE.



Rumorosa Solar Park

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:

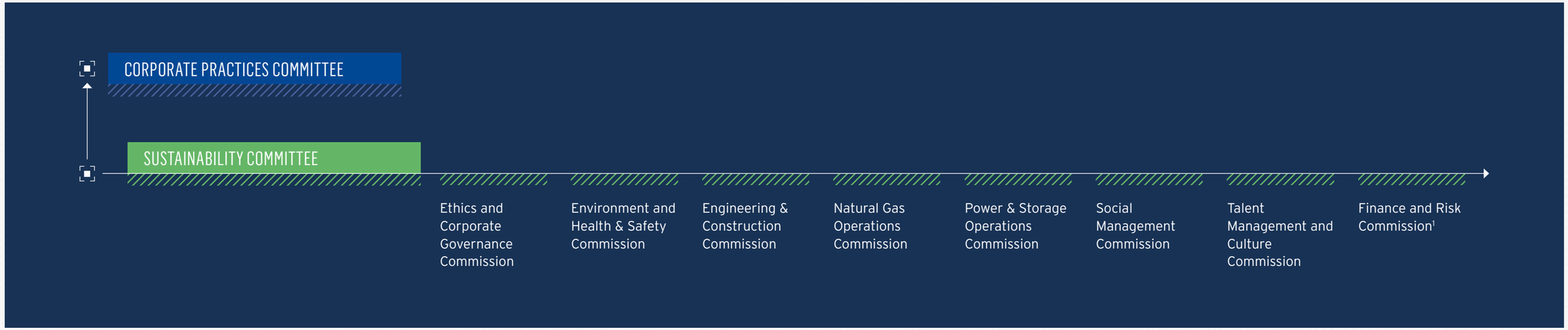
- The environment
- Health and safety in our operations and processes
- Labor and working conditions
- Employee health and safety
- Responsible and sustainable land acquisition
- Indigenous communities
- Protection of cultural heritage



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 assessment[1] 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 methodologies[2]
- 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

2020 MATERIALITY MATRIX



[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)

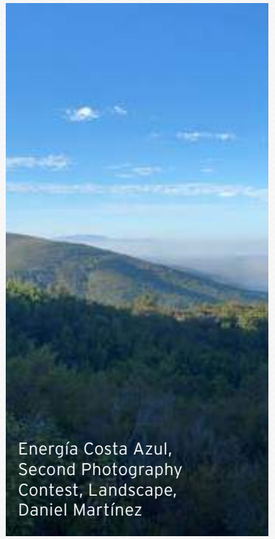
Actions
- Measure, monitor, and report periodically on GHG emissions
- Implement measures to reduce GHG fugitive emissions
- Define additional reduction targets
- Increase the generation of energy from renewable sources

Impacts Obtained
- Avoided the emission of 986,134 tCO_2e.
- 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

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

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


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

1. EMPLOYEE HEALTH & SAFETY

PERFORMANCE IN HEALTH & SAFETY	2021	2025	2030
Reduce the TRIR by 50% every 5 years with respect to our 2014 baseline.	0.7	0.35	0.18
Increase the number of our companies that are ISO 45001 certified.	50%	80%	100%

OCCUPATIONAL HEALTH AND WELL-BEING	2021	2025	2030
Increase the percentage of vulnerable employees who undergo a regular medical checkup.	75%	90%	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

Develop and implement predictive maintenance - Asset integrity for every business unit (annual compliance target).	▶ **50%** ▶ **90%** ▶ **99%**
Assess the Process Hazard Analysis for every business unit and record and implement changes through the Management of Change, MOC, program.	▶ **50%** ▶ **80%** ▶ **100%**
Tier 1, Tier 2, and Tier 3 Process Incident Rates.	▶ Establish baseline ▶ Decrease by **25%** ▶ Decrease by **50%**

BUSINESS CONTINUITY

By **2030** ▶ Identify and analyze risk scenarios where the operation of the business is interrupted, at all business units.

Develop Continuity Plans for all business units.	▶ **85%** ▶ **95%** ▶ **100%**

CLIMATE CHANGE

By **2021** ▶ Identify and define emissions compensation projects.

4. COMMUNITY AFFAIRS

SOCIAL MANAGEMENT

Conduct opinion surveys in communities where we operate to establish areas of improvement and risks related to social matters.	▶ **20%** in our communities ▶ **40%** in our communities
Increase the percentage of operations with human rights assessments.	▶ **25%** of operations ▶ **100%** of operations

FUNDACIÓN IENOVA

By **2021** ▶ Develop a volunteer program under our own brand.

By **2025** ▶ Have all business units implement the new volunteer program.

Energía Sierra Juárez Wind Park

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:



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



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 tCO_2e
- 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.



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

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.

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.

Los Ramones Norte Pipeline

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 COMMITTEES[1]: **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 COMMITTEES[1]: **3**

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

ALBERTO FELIPE MULÁS ALONSO

Member of the Board of Directors[2] since: **April 2017**

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

PARTICIPATION IN OTHER BOARD OF DIRECTORS AND/OR COMMITTEES[1]: **6**

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

JOSÉ JULIÁN SIDAOUI DIB

Member of the Board of Directors[2] since: **February 2017**

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

PARTICIPATION IN OTHER BOARD OF DIRECTORS AND/OR COMMITTEES[1]: **N/A**

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

LISA GLATCH

Member of the Board of Directors[3] since: **November 2020**

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

PARTICIPATION IN OTHER BOARD OF DIRECTORS AND/OR COMMITTEES[1]: **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 COMMITTEES[1]: **0**

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

AARÓN DYCHTER POLTOLAREK

Member of the Board of Directors[2] since: **March 2013**

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

PARTICIPATION IN OTHER BOARD OF DIRECTORS AND/OR COMMITTEES[1]: **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 COMMITTEES[1]: **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 COMMITTEES[1]: **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 COMMITTEES[1]: **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 COMMITTEES[1]: **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 COMMITTEES[1]: **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





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 provider[1]; 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



Termoeléctrica de Mexicali

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]

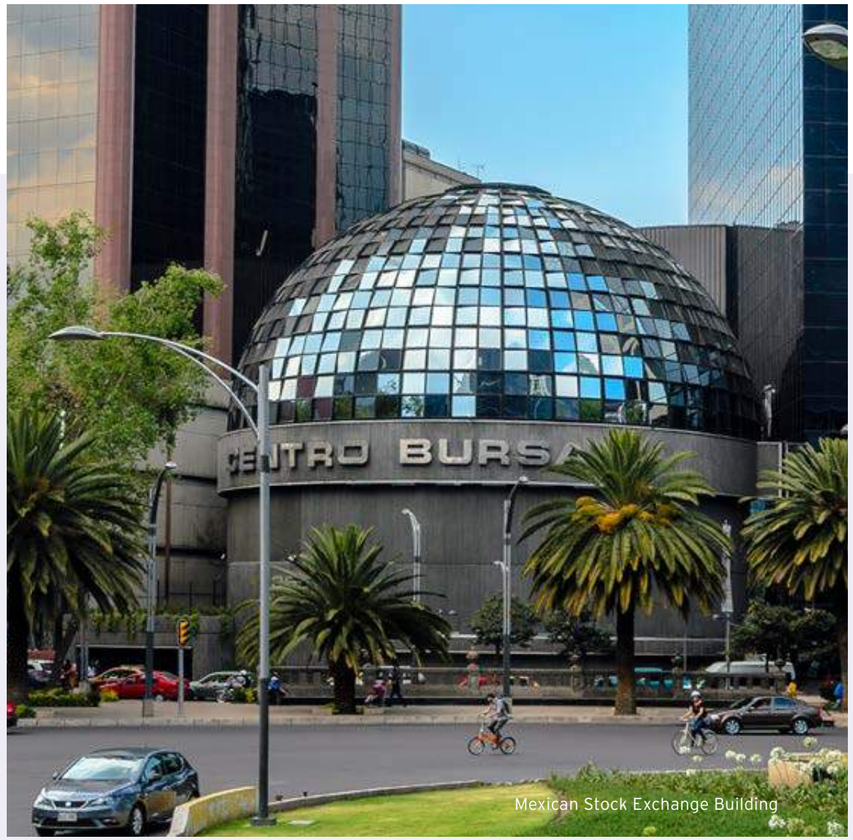


COMPENSATION FOR EXECUTIVES

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

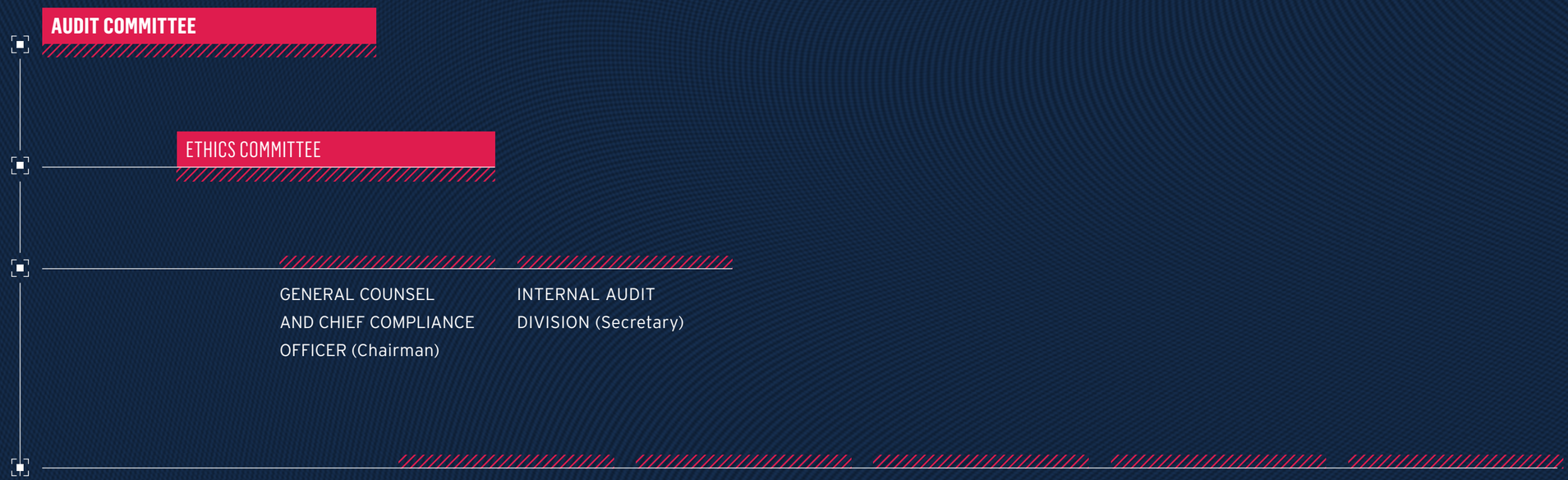
At IEnova we make no contributions in funds or assets, directly or indirectly, to political parties, campaigns, or candidates. The same principle applies to the company's employees and third parties.

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.

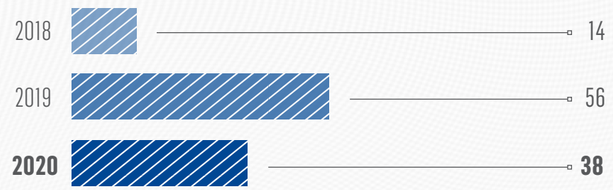
IENOVA CONTIGO



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.

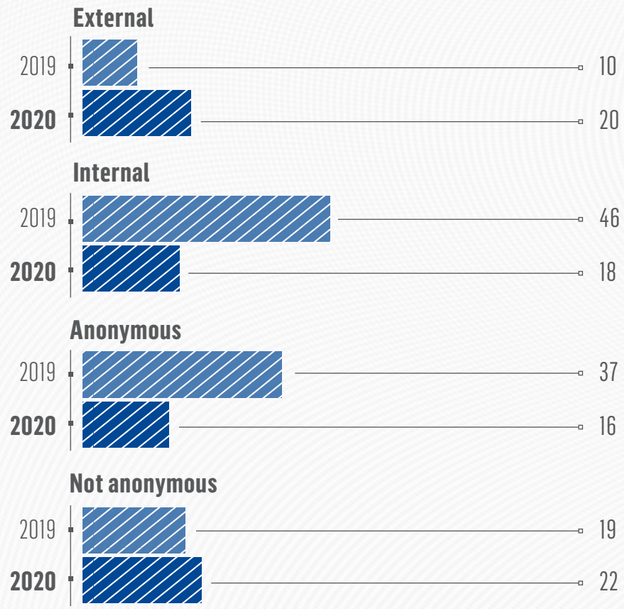
To complement our reporting mechanisms, we also have a Community Grievance Mechanism (*Mecanismo de Atención a la Comunidad*, MAC) in place, to compile information and concerns from communities, employees, contractors, and suppliers. MAC enables us to direct our efforts in a more efficient manner to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

NUMBER OF REPORTS

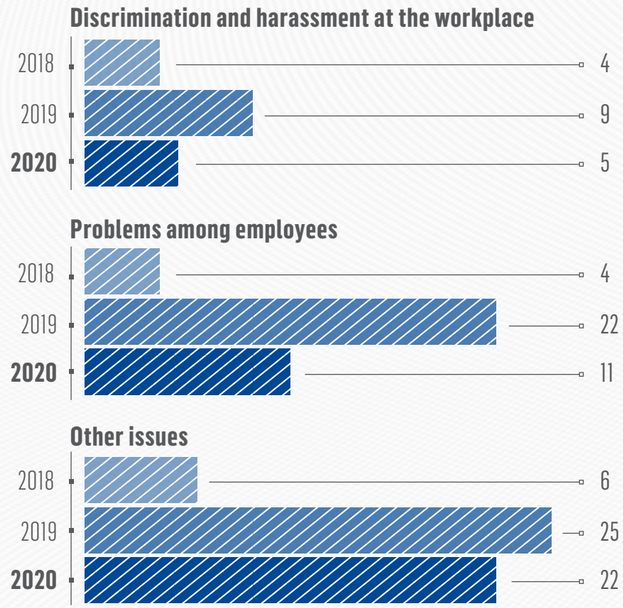


IN 2020 WE RECEIVED NO REPORTS OR COMPLAINTS REGARDING THE PROTECTION AND USE OF PERSONAL DATA.

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

4.

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

5.

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

6.

A quarterly report is sent to the Audit 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.



Energía Costa Azul

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.

IEnova 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 IEnova 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.

SUCCESS STORY

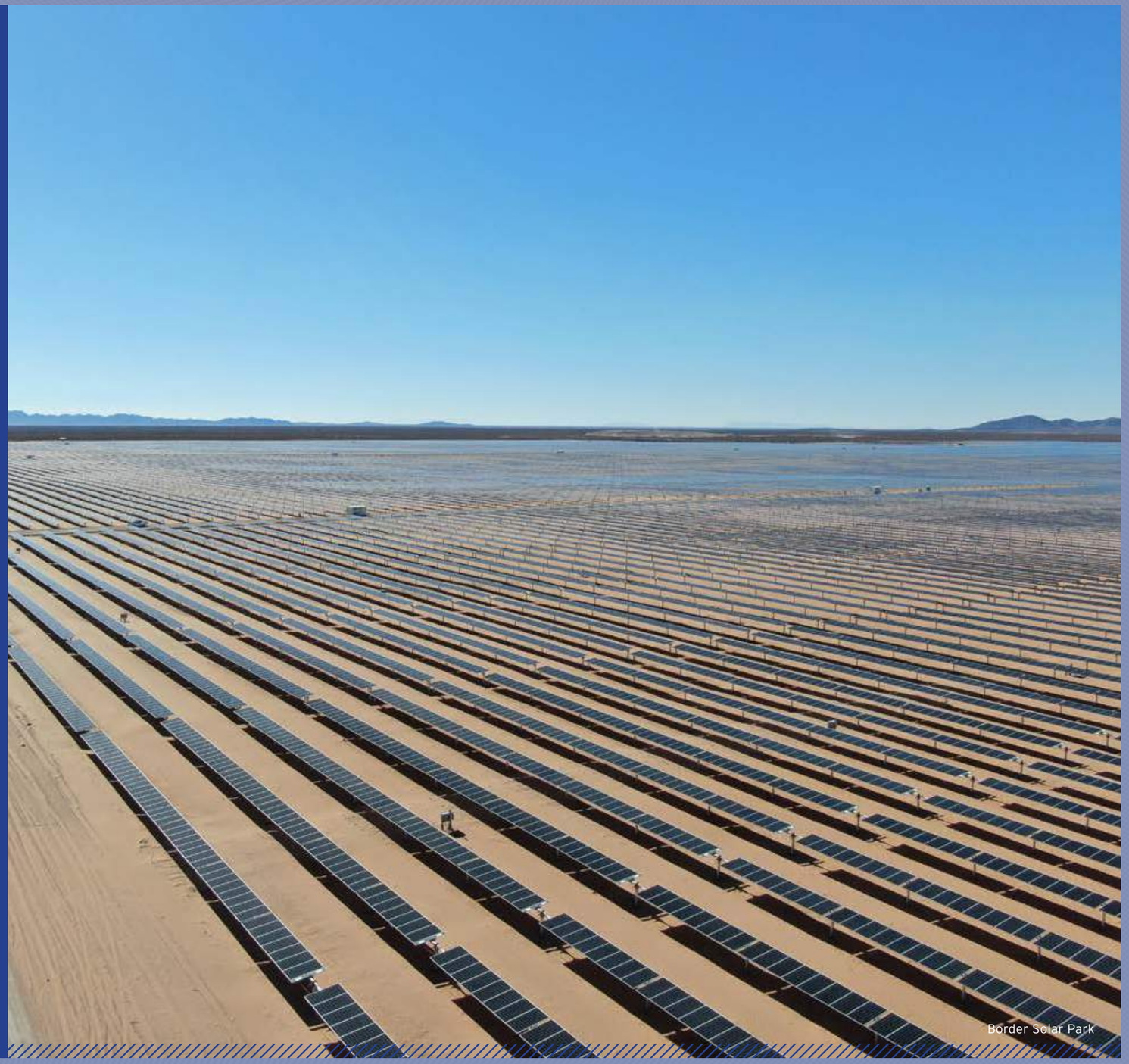
BORDER SOLAR

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]

IN PROCESS | ACHIEVED | NOT ACHIEVED

CORPORATE ETHICS

2020 Progress	Status
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.	

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.

CORPORATE GOVERNANCE

2020 Progress	Status
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.	

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.

CYBERSECURITY

2020 Progress	Status
Have at least one cybersecurity Champion in every one of the company's business units.	

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.

IN PROCESS | ACHIEVED | NOT ACHIEVED

	2020 Progress	Status
CUSTOMER SATISFACTION	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.

04



WE SHARE SOCIAL VALUE

[102-7, 201-1]

IN 2020, WE STRENGTHENED OUR COMMITMENT TO GENERATING SOCIAL VALUE AND CONTRIBUTING TO PEOPLE'S QUALITY OF LIFE. TO THIS END, WE IMPLEMENTED STRATEGIES TO ADDRESS THE MOST URGENT ISSUES FOR OUR EMPLOYEES, SUPPLIERS, CUSTOMERS, AND COMMUNITIES, PRIORITIZING HEALTH AT ALL TIMES.

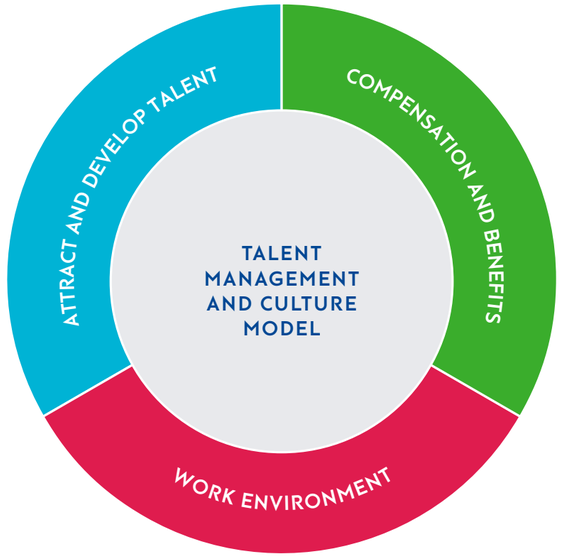
Termoeléctrica de Mexicali

OUR TALENT

THE GOAL OF OUR TALENT MANAGEMENT AND CULTURE MODEL IS TO ATTRACT, DEVELOP, AND RETAIN THE BEST TALENT.



TALENT MANAGEMENT AND CULTURE MODEL



ATTRACT AND DEVELOP TALENT

- Use innovative tools to attract the best talent.
- Offer specialized training options to develop personal competencies.
- Create development programs to promote growth opportunities within the company.

COMPENSATION AND BENEFITS

- Offer competitive compensation surpassing the market average.
- Offer benefits that ensure the health and well-being of our employees and their families.

WORK ENVIRONMENT

- Design activities that promote integration, communication, trust, and camaraderie among employees.

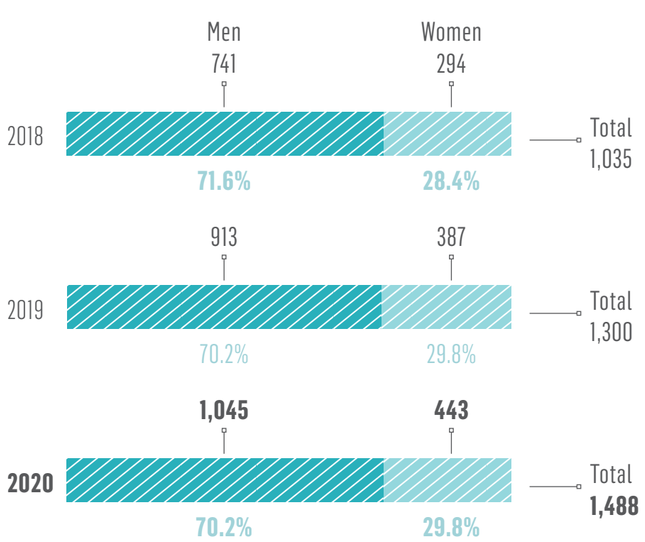


OUR TALENT

[102-7, 102-8, 103-1, 103-2]

Our employees are the basis of our success as a company. We reward their commitment and effort by providing them with the best tools for their comprehensive development and by ensuring safe and optimal workspaces.

OUR EMPLOYEES





Los Ramones I Pipeline

ATTRACT, DEVELOP, AND RETAIN TALENT

[103-2, 401-1, 404-1, 404-2]

To attract top talent, we combine the most modern technologies with traditional recruiting mechanisms, enabling us to increase the probability of finding and assessing the best candidates and to reduce our response times in the hiring process.

Since 2019, we have been employing a new online recruitment and hiring tool, through which we conduct pre-taped remote interviews as a first filter in the process. During 2020, in response to the need to work remotely as a result of the health contingency, all divisions in the company used this tool for the entire hiring process. Starting in April, all vacancies were filled using this system, with no delays or impacts on the hiring of new talent.

Our commitment to offering equal opportunities is based on a culture that promotes gender equality, starting with the hiring process. We value diversity, which is why we ensure a transparent and equal recruitment process that is free from discrimination.





Termoeléctrica de Mexicali

OUR COMMITMENT TO OFFERING EQUAL OPPORTUNITIES IS BASED ON A CULTURE THAT PROMOTES GENDER EQUALITY, STARTING WITH THE HIRING PROCESS.



Los Ramones I Pipeline

To promote professional and personal growth among our employees, we offer a variety of training and development programs focused on improving technical and interpersonal skills.

In 2018, we began to migrate our courses and trainings to a virtual format. This laid a solid foundation that enabled us to adapt to remote work quickly and efficiently during the pandemic. We met our training goals, including a record in terms of employee participation.

TRAINING HOURS

	Men	Women
2018	763	298
2019	927	388
2020	**1,077**	**451**



TOTAL INVESTMENT IN TRAINING (USD$ MILLION)

2018	1.1
2019	1.8
2020	**1.22**

AVERAGE INVESTMENT IN TRAINING PER EMPLOYEE (USD$)

2018	1,033
2019	1,337
2020	**803**

As part of our talent development strategy, we carry out an annual assessment to identify training needs by means of surveys conducted at all our business units. This analysis helps us identify strategic training requirements for each company division and design individual plans and training programs for our employees.

To assess the effectiveness of our training, we conduct an evaluation to measure the results of our programs, monitor them, and implement the required improvements.

In addition to general and individual training, we provide annual financial support to all our employees to cover educational expenses for professional development allowing them to enhance and enrich their abilities and skills. This assistance can be used to cover expenses for courses, diplomas, high school or university studies, master's degrees, or post-graduate studies. The maximum amount we grant covers up to 75% of the cost of a course, or an annual amount of up to USD$1,800 for courses and diplomas, USD$2,500 for university courses, and USD$5,000 for Masters and other postgraduate studies.

PROFESSIONAL DEVELOPMENT PROGRAM

	Men	Women	Amount allocated (USD$)	Employees
2018	57%	43%	$ 87,610	136
2019	55%	45%	$ 110,210	122
2020	**60%**	**40%**	**$ 198,736**	**180**

IENOVA OPERATORS TRAINING PROGRAM

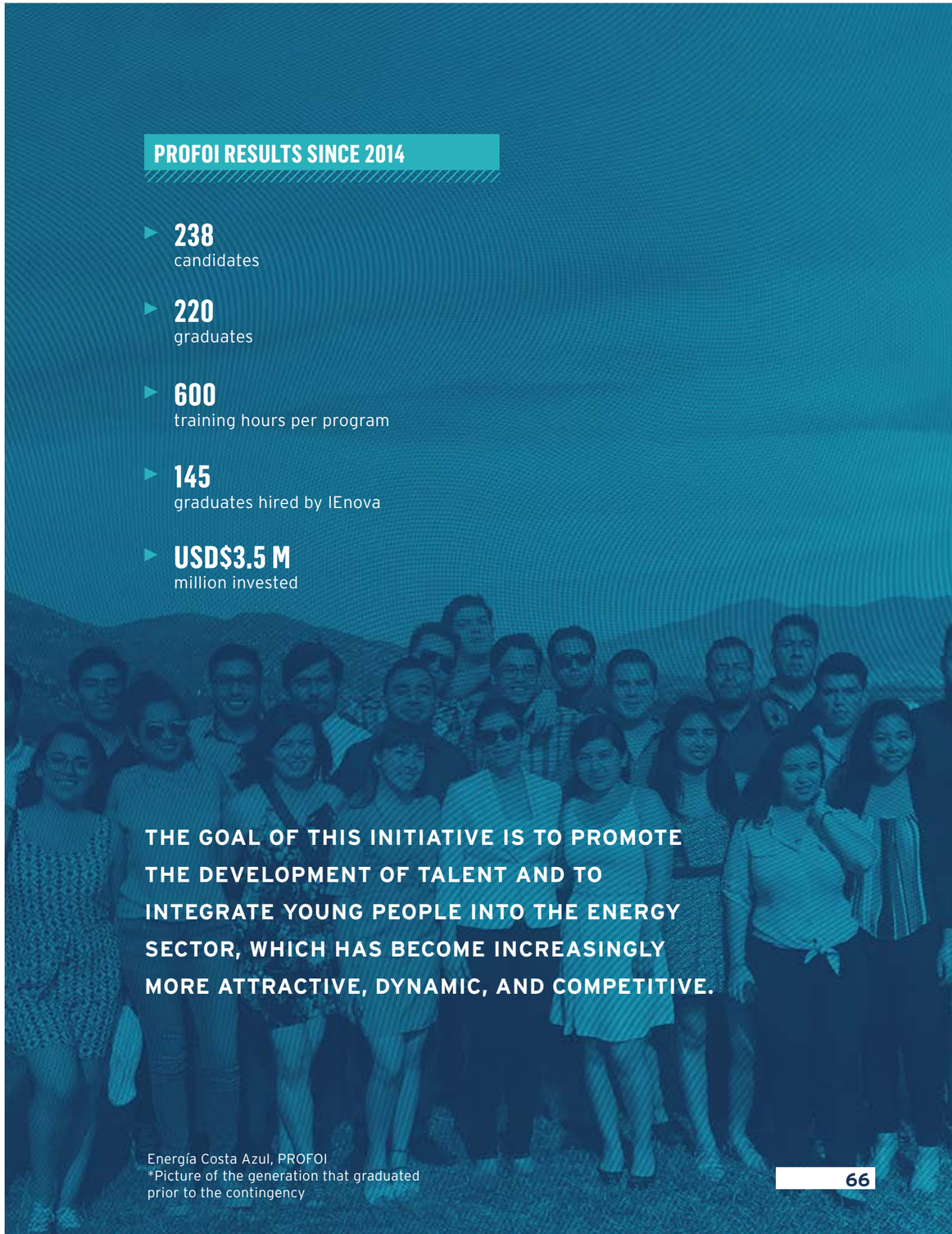
The goal of our IEnova Operators Training Program (*Programa de Formación de Operadores IEnova*, PROFOI) is to promote the development of talent and to integrate young people into the energy sector, which is becoming increasingly attractive, dynamic, and competitive. We invite women and men who have recently graduated from Chemical, Mechanical, Electric, Electro-mechanic, Industrial, Instrumentation and Control Engineering studies, or any related field, to participate in an intensive three-month technical training program. We offer financial compensation and pay for housing, food, transportation, and materials for the participants.

By introducing these candidates to our business model, we strive to foster a desire to belong to and collaborate with our area of expertise. We offer them a good professional opportunity, and, at the same time, we ensure our ability to attract the best and most compatible talent. This contributes to our goal of strengthening our community relations, as we also recruit candidates from the communities where we operate.

Due to the restrictions imposed by the COVID-19 pandemic, in 2020 we did not offer this program; we will re-initiate it once the health contingency is lifted and we are able to resume in-person training.

PROFOI RESULTS SINCE 2014

- **238** candidates
- **220** graduates
- **600** training hours per program
- **145** graduates hired by IEnova
- **USD$3.5 M** million invested



THE GOAL OF THIS INITIATIVE IS TO PROMOTE THE DEVELOPMENT OF TALENT AND TO INTEGRATE YOUNG PEOPLE INTO THE ENERGY SECTOR, WHICH HAS BECOME INCREASINGLY MORE ATTRACTIVE, DYNAMIC, AND COMPETITIVE.

Energía Costa Azul, PROFOI
*Picture of the generation that graduated prior to the contingency

LEADERSHIP IN CHALLENGING TIMES PROGRAM

In line with our commitment to foster growth opportunities within the company, in 2020 we developed the Leadership in Challenging Times Program. We offered virtual sessions for directors, managers, department heads, and supervisors to address the challenges of managing work teams remotely. During these workshops, we focused on providing leaders with the necessary tools and strategies to promote productivity in an empathetic and responsible manner, taking psychosocial impacts into consideration.



BENEFITS

[201-3, 401-2, 401-3, 403-6, 404-3]

Having the ability to attract the best talent is as important as keeping it and recognizing it. The competitive benefits we offer play an important role in our effort to attract and retain talent, positioning us as a top-tier company in Mexico.

We offer a general compensation plan that surpasses legal and market requirements. While compensation varies according to the position, the full offering includes the following benefits:

- 30-day Christmas bonus
- Vacation pay
- Food coupons
- Savings fund
- Life insurance
- Funeral expenses for employees and their direct family members
- Major health insurance for employees and their direct family members
- Minor expenses plan
- SEFORE retirement plan for pension, death, and total and permanent disability
- Short-term bonus (performance bonus)
- Long-term bonus
- Company car for Vice-Presidents and Directors
- Medical check-ups for Vice-Presidents and Directors
- School and professional growth scholarships
- Competitive salary bonus
- High-potential recognition program
- Vacation days beyond those established by law
- Complementary disability compensation, additional to Social Security
- Paid leave for parents, additional to what is established by law



In addition to the period of maternity leave guaranteed by the Federal Labor Law, we offer a remote work option for a period of up to ten weeks, and another four weeks during which new mothers can work part-time at full salary. Employees whose functions do not allow for remote work can accumulate the 14 weeks of this benefit within a part-time work schedule. For cases in which the newborn requires special care, the mother can ask for an additional unpaid leave ranging from one to three months. This benefit also applies for adoptions and same-sex couples, when our employee is the person who will give primary care to the infant.

Because we understand that individual needs differ widely, we make use of communication, evaluation, and feedback mechanisms that allow us to develop specific benefit plans that are tailored to the needs of each employee.

Since 2018, our *bIEnestar* program has given every employee the option to select additional benefits based on his or her specific needs. This way, an individual benefit plan that offers a wide range of options can be structured, including the following:

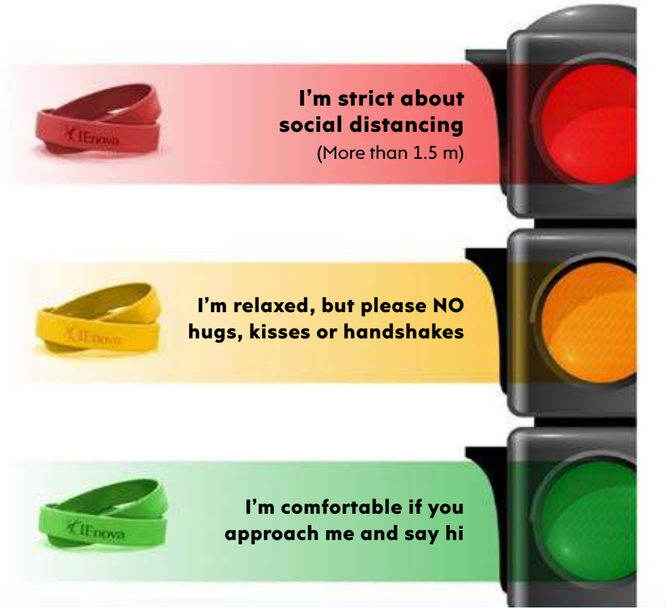
- Additional life insurance (for up to 24 months of salary)
- Major medical health insurance with coverage according to the needs and life-stage of each employee (plus, gold, or platinum plans)
- Dental plan (with an option to select one of three different insurance providers)
- Life insurance for spouses
- Pet insurance
- Doctor's appointments insurance plan
- Education protection plan
- Funeral expenses
- Car and home insurance at preferential rates
- Compensation for diagnosis of serious illness
- Compensation for cancer diagnosis

IN ADDITION TO THE MATERNITY LEAVE GUARANTEED IN THE FEDERAL LABOR LAW, WE OFFER A REMOTE WORK OPTION FOR A PERIOD OF UP TO 14 WEEKS.

SUPPORTING OUR EMPLOYEES IN RESPONSE TO COVID-19

TO SUPPORT OUR EMPLOYEES WORKING REMOTELY AS A CONSEQUENCE OF THE COVID-19 PANDEMIC, AT IENOVA WE OFFERED SEVERAL PROGRAMS AND BENEFITS, IN ADDITION TO A FLEXIBLE VACATION PLAN.





We provided financial support to all our employees to cover home office equipment expenses, so that they could work more comfortably and efficiently. A total of 1,411 employees accessed this benefit, for an investment of more than USD$350,000.

Also as a result of the health contingency and in order to offer financial support to parents, we modified the Minor Expenses insurance program, expanding annual coverage and incorporating school supply costs for children under the age of 25.

In addition to complying with the regulations concerning psychosocial risks in the workplace, we developed a psychological support program and established open communication channels for all our employees.

For those employees who had to continue to work on-site, we implemented the use of color-coded social distancing wristbands to allow each individual to indicate their emotional and protection-level situation. The color of the wristband determines the degree of social distancing being observed by each employee. This method is part of our return-to-the-office plan, and will be available to all employees.

This year we developed and implemented several programs to support the emotional health of our employees during the pandemic.

SUPPORTING OUR EMPLOYEES IN RESPONSE TO COVID-19

Espíritu IEnova Program: designed to foster the well-being of our employees during the COVID-19 contingency. This program includes three main categories:

YOUR HEALTH

- Conferences focused on promoting the health and safety of our employees and their families. We offered 28 conferences, with an average attendance of 150 employees.

YOUR GROWTH

- Conferences focused on the emotional health and personal growth of our employees and their families. We offered 27 conferences, with an average attendance of 200 employees.

YOUR SOCIAL LIFE

- Events to carry out activities outside the workplace and continue engaging with employees and their families in the safety of their own homes. We organized 22 events.

THE CONFERENCES AND SESSIONS OF THE ESPIRITU IENOVA PROGRAM ADDRESSED ISSUES SUCH AS:

- Recommendations on how to address the COVID-19 contingency
- Emotional management during the crisis
- The importance of good nutrition in times of COVID-19
- Do you know how to use emotional intelligence?
- Returning to the office
- Stress, the silent enemy
- Ergonomics

Employee Support Program (*Programa de Atención a Empleados*, PAE)**:** an emotional support helpline managed by experts in stress management that is open to all employees and their families.

IEnova JAM: internal social networking site that allows employees to interact and promotes more efficient communications. At least 85% of our employees have used this network during the pandemic.

Babilukos / Creahana Virtual Platforms: e-programs made available to our employees' families consisting of learning and recreation activities for children and teenagers during school holidays. An USD$8,422 investment was made in these programs, which were accessed by 388 employees and their families.

OUR EMOTIONAL HEALTH SUPPORT PROGRAMS INCLUDED MORE THAN 100 COURSES, ACTIVITIES, AND CONFERENCES, AND REPRESENTED AN INVESTMENT OF USD$610,000.





SUCCESS STORY

SUCCESS STORY: SUPPORT FOR OUR EMPLOYEES

Meet: **Martha Serrano**

Our employee Martha Serrano exemplifies how individuals can transform adversity into opportunity.

At the onset of the pandemic, Martha, like so many women, faced multiple challenges as she worked to adapt her lifestyle and that of her daughter to the restrictions imposed to protect their health.

Throughout this process, Martha accessed the support offered to IEnova's employees. In the face of the potential economic instability, not only did we maintain jobs and salaries, but we also covered home office expenses by offering our employees the option to buy desks, chairs, and other accessories, as well as assigning laptops. We contributed school supplies and other materials so that Martha's daughter could continue her studies, and they both accessed many of our e-programs, such as Babilukos and Creahana, which provided a wide variety of educational and entertainment activities and materials.

Martha also took advantage of the time at home to get a master's degree through our professional development program. Thanks to the medical support available through major health insurance, she was able to get the gallbladder surgery she needed.

The support programs we offer our employees were very useful for Martha and for many others who have adapted to these difficult times, with support from IEnova, and have transformed an unfavorable situation into one with opportunities for growth.



COMPENSATION

[102-35, 102-36, 102-38, 404-3]

VARIABLE COMPENSATION, LINKED TO SUSTAINABILITY GOALS, IS DESIGNED TO ALIGN THE INCENTIVES OF ALL EMPLOYEES, FROM A COMPREHENSIVE PERSPECTIVE.

To ensure that the remuneration we offer our employees is fair and competitive, each year we conduct a comparative analysis of the domestic market and the energy sector, in collaboration with an external independent expert.

We carry out annual salary analyses to ensure gender parity in remuneration. Likewise, we validate internal equity for all new hires to avoid discrepancies.

We have internal procedures and guidelines in place to define job descriptions and a remuneration range applicable to each position. All our employees and senior management receive a competitive fixed annual compensation based on updated market research done for each level. In addition, they may receive a variable compensation based on the following:

FIXED COMPENSATION: Remuneration that depends exclusively on the level defined by the position.

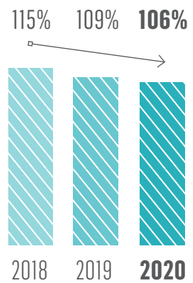
VARIABLE COMPENSATION: Short-term performance bonus linked to:

- Employee performance based on annual evaluation
- Company performance based on the achievement of certain goals established in the Incentive Compensation Plan (ICP) that are linked to business and sustainability variables:
  - Health and safety goals
  - Project execution timetable goals
  - Financial goals as established by the Board of Directors
  - Operational goals
  - New business development goals
  - Maintain GPTW certification
  - Maintain listing on the S&P/BMV Total Mexico ESG Index

With the exception of our CEO and company Vice-Presidents, who are evaluated by the Board of Directors, all our employees receive performance evaluations based on individual objectives. Our performance evaluation method includes an assessment conducted by the direct supervisor and a competencies and values assessment. We perform annual performance evaluations for 100% of our employees, based on the guidelines established in our Performance Management Policy.

WAGE RATIO BY GENDER[1]

	2018	2019	**2020**
Executive	84%	102%	**105%**
Management	107%	108%	**103%**
Non-management	112%	105%	**102%**
Global	115%	109%	**106%**



COMPENSATION BY PROFESSIONAL CATEGORY

		2020	
	Salary Level	**Fixed Base**	**Variable Base**
Chief Executive Officer	19	34%	66%
Executive VP	18	46%	54%
VP	17	55%	45%
Senior Director	16	58%	42%
Director	15	62%	38%
Deputy Director	14	76%	24%
Senior Manager	13	84%	16%
Manager	11 to 12	86%	14%
Supervisor	9 to 10	89%	11%
Individual Contributor	4 to 8	92%	8%

[1] The wage ratio data presented in the table is calculated by dividing the average salary of men between the average salary of women for each level.

WORK ENVIRONMENT

[412-2]

In an effort to offer our employees a reliable and friendly work environment, the Talent Management and Culture Division innovates and implements improvement strategies based on employee feedback. The surveys we conduct, including the GPTW survey, constitute our main source of information, in addition to recommendations we receive from external evaluators who are experts in these matters.

The annual GPTW questionnaire has served as an efficient tool to measure employee satisfaction levels. The indicators it provides have enabled us to modify and adapt our work-related strategies, whenever we have identified areas for improvement.

IEnova is proud to have obtained a 91% score on the GPTW's Trust Index[1], five percentage points above our score from the previous year, which is a remarkable achievement given the very complex 2020 environment.

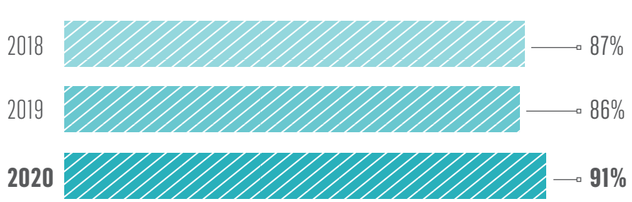




2020 GPTW RESULTS

	CREDIBILITY	RESPECT	IMPARTIALITY	PRIDE	CAMARADERIE	GESTALT	TRUST INDEX
Men	89%	88%	88%	94%	93%	93%	90%
Women	91%	90%	90%	95%	94%	97%	92%

EVOLUTION OF IENOVA'S TRUST INDEX GPTW



Based on survey results, each year the Talent Management and Culture Division holds feedback sessions with other divisions in the company to establish personalized and tailored action plans that address areas for improvement and help us maintain our status as a great place to work.

[1] It is the result of trust levels metrics within the organization resulting from work environment and culture surveys and a study of the human capital policies, processes, and practices, as well as trust, commitment, leadership, and work culture indexes and benchmarks.

DURING 2020, WE WERE GRANTED THE HUMAN RIGHTS CAMPAIGN (HRC) EQUALITY CERTIFICATE IN RECOGNITION OF A SERIES OF COMPANY PRACTICES, INCLUDING ESTABLISHING A DIVERSITY AND INCLUSION COMMITTEE, UPDATING OUR DIVERSITY POLICIES, OFFERING ONLINE WORKSHOPS ON DIVERSITY AND INCLUSION, AND FOSTERING A CULTURE OF RESPECT FOR AND AWARENESS OF GENDER, LGBT+, AND HARASSMENT ISSUES. WE OBTAINED THE MAXIMUM SCORE FOR THE 100 ITEMS EVALUATED.



Ventika Wind Park

DIVERSITY AND INCLUSION

[405-1, 412-2]

Our commitment to offering equal opportunities is constantly reinforced. We understand the importance of diversity and inclusion in the development not only of our company but also of society in general. Under no circumstances do we discriminate on the basis of gender, sex, gender identity, religion, race, sexual orientation, physical appearance, political beliefs, or for any other reason.

ACTIONS IMPLEMENTED BY THE DIVERSITY AND INCLUSION COMMITTEE

GENDER	▶ We Are All Important conference ▶ Let's Talk About Gender conference ▶ Sexual Harassment and Mobbing conference ▶ We are all GPTW conference
GENERATIONS	▶ Empathy, a Tool for Bringing Generations Together conference
PEOPLE WITH DISABILITIES	▶ Awareness of the Needs of People with Disabilities in Mexico conference
LGBT+	▶ The Pillars of Diversity and Inclusion in Mexico / An Introduction to Sexual Diversity webinar ▶ The ABCs of LGBT+ webinar ▶ LGBT+ Inclusive Language webinar ▶ The ABCs of LGBT+ workshop ▶ LGBT+ Inclusive Language workshop

HUMAN RIGHTS IN OUR WORKFORCE

At IEnova, recognition of and respect for human rights constitute a fundamental pillar for the development of our culture of corporate ethics.

Our Code of Ethics stipulates the respect and protection of the rights of all employees, without exception. Accordingly, we periodically hold sessions to emphasize the importance of labor rights. We use internal communications channels to inform of any changes in the law in relation to those rights.

To bolster our management of these issues, we carry out internal audits to identify risks and implement improvement measures. Furthermore, we continually receive verifications conducted by the Mexican labor authority, which ensures that we adhere to all applicable laws.

We fully comply with all relevant laws and we fight to defend, preserve, and ensure the human and labor rights of all our employees and partners.

We respect our employees' right to freedom of association and ensure that our collective bargaining agreements include the following clauses:

- **Remuneration:** we conduct annual negotiations in conjunction with unions and workers to establish salaries, benefits, and compensations.
- **Health and safety:** we have mixed work commissions to ensure, in collaboration with our unions, that all employees perform their jobs based on best practices.
- **Professional growth:** we provide our unionized workers with scholarships, funds for forming research libraries, and training commissions.
- **Work schedules:** we clearly and precisely define work schedules and days.
- **Equal opportunity:** we implement a variety of mechanisms to ensure we offer our employees equal opportunities for growth, including knowledge tests and hierarchy clauses.

IN 2020, WE OFFERED REMOTE TRAINING ON HUMAN RIGHTS TO 94% OF OUR EMPLOYEES.



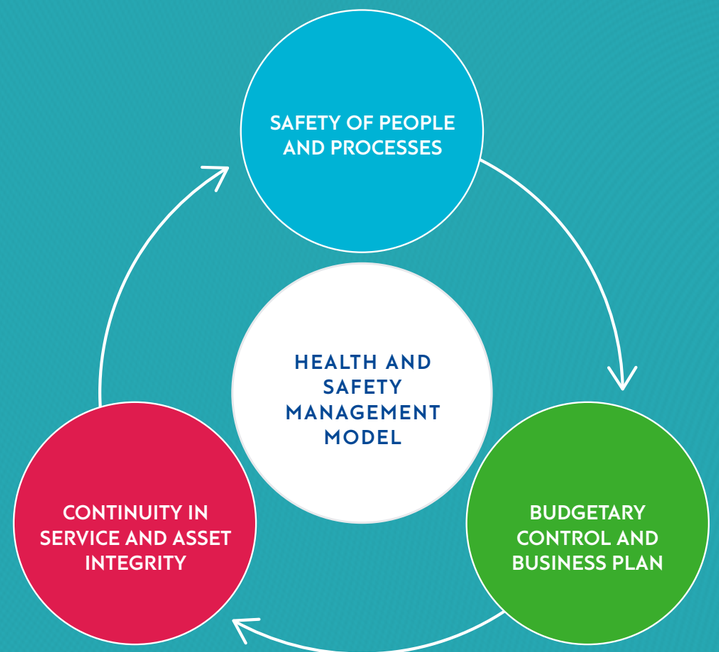
HEALTH AND SAFETY

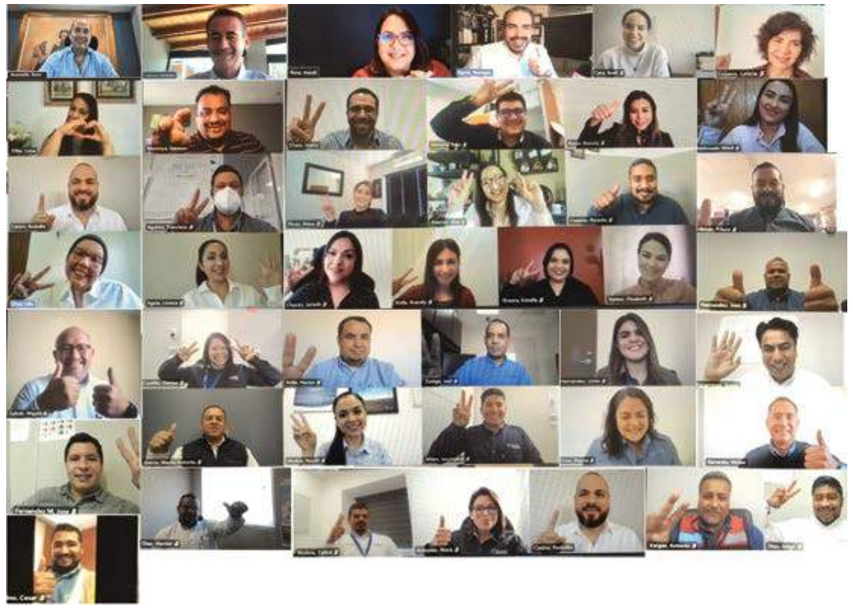
[103-2, 403-1, 403-2, 403-4, 403-6, 403-7, 403-9]

We are fully committed to ensuring that all IEnova worksites are safe and healthy. We provide spaces that comply with regulatory requirements, international standards, and with our health and safety policies.

Accordingly, we have developed a Health and Safety Management System (HSMS) aimed at addressing the principles and elements necessary to ensure the physical integrity of our employees and contractors. In terms of the hazards inherent to our activities, the HSMS aims to:

1. PREVENT
2. DETECT
3. MINIMIZE





Based on our HSMS, we maintain a trend of improvement in our accident and incident indicators, and we have met the established objectives. We spare no effort in ensuring the health and safety of our employees.

	Historic Safety Indicators[1]						
	Reported incidents	Hours worked	TRIR[2]	Lost Time Accident Rate	LTAR[3]	DAFW[4]	DAFW x 200,000 / hours worked
2016	30	7,839,813	0.77	11	0.28	559	14.26
2017	20	6,914,334	0.58	6	0.17	158	4.57
2018	19	6,535,891	0.58	6	0.18	194	5.94
2019	17	12,779,549	0.27	9	0.14	332	5.20
2020	**31**	**20,984,679**	**0.3**	**14**	**0.13**	**479**	**4.56**

OUR 2020 TRIR GOAL WAS 1.88 AND FOR LTAR IT WAS 1.42.

[1] These figures include information on IEnova's employees and the company's strategic partners (contractors)
[2] Total Recordable Incidents Rate (total recordable accidents* 200,000 / total hours worked)
[3] Lost Time Accident Rate (accidents with lost time * 200,000 / total hours worked)
[4] Days Away From Work





To efficiently implement our HSMS, we have structured and consolidated our standards and principles on health and safety in the following documents:

- Occupational and Process Safety Policy
- Occupational Safety and Wellness Policy
- Health and Safety Principles Manual
- Elements of the Health and Safety Management System Manual

These documents[1] constitute our health and safety framework and all our employees and contractors are obliged to adhere to them. They stipulate the foundations and actions required to ensure that our operations are reliable and safe. Work procedures and instructions applicable to every business line have been developed based on them. These documents are available in the Procedures section of our website.

If for any reason certain activities have to be performed by one of our strategic partners ("third parties"), whether they are suppliers, contractors, or subcontractors, we require that they do so in accordance with the expectations stipulated in these documents. It is our responsibility to monitor and ensure that these requirements are implemented and that any person that establishes a work relationship with the company understands the scope of their responsibility and our values.

Our policies, manuals, procedures, and guidelines include a wide range of lines of work, such as:

- Proper use and maintenance of protection equipment
- Management of work permits
- Tools for identifying and analyzing accidents, incidents, unsafe conditions and actions, as well as their classification, notification, control, and pertinent recommendations
- Safety standards for operating vehicles and for their due intervention
- Emergency response and follow-up

[1] These documents are aligned with our Internal Labor Bylaws and with our Code of Ethics and with several policies and procedures developed specifically to achieve a zero-accidents operation. We operate in strict compliance with the Official Mexican Standards, the Federal Labor Law, the Social Security Law, as well as other applicable regulations. All our documents are available on our website https://ienova.com.mx/politicas.php?v=2.0.0.0.

COMMITTEES AND WORK TEAMS

[403-3]

Ensuring safe work, health, and disease prevention consists of a team effort in which all employees play an essential role. Verifying that our colleagues are working under the required safety conditions is a shared responsibility. We operate optimally only when we are all safe. This is the premise that has compelled us to form the following taskforces:

SAFETY AND HYGIENE COMMISSION

238 employees

Structure: Coordinator, secretary, members

Functions and responsibilities: Identify unsafe conditions and actions, participate in investigating events, suggest preventive actions, and monitor resulting actions.

ERGONOMICS TEAM

148 employees

Structure: Employees

Functions and responsibilities: Identify areas of improvement and strive for continuous improvement.

HEALTH AND SAFETY CHAMPIONS

656 employees

Structure: Employees

Functions and responsibilities: Implement and monitor the Management System Elements.

INTERNAL CIVIL PROTECTION UNIT

360 employees

Structure: Coordinator and members

Functions and responsibilities: Draft, implement, and operate the Internal Civil Protection Program, identify and assess the risks to which the facilities are exposed, form and train brigades.

EMERGENCY PREPAREDNESS AND RESPONSE BRIGADES

674 employees

Structure: Brigade chief and members

Functions and responsibilities: Provide support in drills and emergencies.

OTHER

147 employees

Structure: Employees

Functions and responsibilities: Change Management Committees, readiness prior to pre-startup, wellbeing.



Topolobambo Storage Terminal

ELEMENTS OF THE HSMS

[103-2, 403-1, 403-2, 403-4, 403-6, 403-7, 403-9]

To establish the expectations of our HSMS, we consolidate a series of elements that allow us to standardize and ensure that the strategy can be applied to all company activities, while promoting the health and safety of our employees and our company.

To implement this initiative, we established a work team called Health and Safety Champions; a group of employees in charge of implementing and monitoring the HSMS Elements in each business unit.

For more information on each of the Elements of our HSMS, please visit the Health and Safety section of our website.

To achieve this, each Champion is assigned one of the HSMS Elements:

1. Health and Safety Plan
2. Culture, Leadership, and Participation
3. Handling Chemical Products and Reporting Hazards
4. Safety and Hygiene Commission
5. Continuous Improvement (verifications, findings, monitoring and closing, documentation)
6. Personal Protection Equipment
7. Procedures
8. Work Competencies
9. Strategic Partners (Suppliers and Contractors)
10. Integrity of Equipment, Tools, Machinery, and Processes
11. Work Permits
12. Motor Vehicle Safety
13. Management Of Change (MOC)
14. Pre-Startup Safety Review (PSSR)
15. Process, Design, and Engineering Information
16. Hazard Identification and Analysis
17. Event Notification, Investigation, and Analysis
18. Emergency Planning, Readiness, and Response
19. Health and Safety at Home
20. Certifications and Health and Safety Compliance
21. Industrial Hygiene
22. Ergonomics
23. Human Factors
24. Medical Services
25. Wellbeing
26. Communications
27. Dangerous Fauna
28. Facilities
29. Safe Work Practices (high risk and non-routine operations)
    - Working at Heights
    - Confined Spaces
    - Electrical Safety
    - Hazardous Energy Lockout (LTT/LOTO)
    - Working with High Temperatures
    - Trenches and Excavations
    - Traffic Control
    - Cranes, Block and Tackles, Forklifts
    - Manual Tools and Machinery Safety Guards
    - Explosives
    - Aircraft
    - Surface and Submarine (diving) Work
    - Rail Yard
30. Trade Secrets
31. Crisis Management
32. Asset Safety

CONTINGENCY PLANS IN CASE OF EMERGENCY

[EU-DMA]


Energía Sierra Juárez Wind Park

Element #18 of our HSMS—Emergency Planning, Readiness, and Response—is designed to prepare all business units for emergency situations, protect the lives of people who work for the company, safeguard communities, provide accurate information about existing security measures, and ensure the operational continuity of company assets.

To achieve this, every business unit establishes an Emergency Planning, Readiness, and Response program that includes the following:

- Identifying potential risk conditions (earthquakes, leaks, spills, attacks, fires, explosions, medical emergencies, severe weather, and civil disturbances, among others.)
- Emergency Response Plan
- Evacuation procedures, firefighting, emergency communications, drills, search and rescue brigades.
- Brigade training
- Emergency Response Plan Training and other specific issues such as:
  - Fire prevention and firefighting
  - Handling chemical spills
  - First Aid, CPR
- Drill scheduling
- Conducting and evaluating drills
- Updating the Emergency Response Plan

All business units have Internal Civil Protection Programs, which design and activate prevention and response measures in emergency scenarios to ensure the integrity of both people and facilities. The corresponding authority periodically reviews and approves these plans, which are developed based on official formats and guidelines.

Each time the emergency response program is activated, either in a real situation or during a drill, the effectiveness of the established protocols is assessed.

As part of the actions implemented to mitigate the risks of potential emergency situations, 100% of the employees and contractors that work at the company's assets receive theoretical and practical training based on their functions and responsibilities, consisting of applicable procedures, regulations, and emergency response plans. Every person (internal or external, temporary or full-time) that enters our facilities, has to participate in an onboarding session to review among other topics included in our HSMS, the emergency response plans.

To ensure operational continuity, our assets have developed protocols for restoring energy, for example:

- TDM is self-supplied, and, in case of operational malfunctions or blackouts, it can interconnect to the CFE network.
- Our wind parks have emergency power generation plants that operate in case of a malfunction.

With visual aids such as diagrams, signage, and layouts, we strengthen and make public all relevant information pertaining to our contingency and emergency response plans.

HEALTH AND SAFETY PRINCIPLES

The Health and Safety Principles Manual compiles the most basic measures under which all our employees need to act, whether they have an indefinite or temporary contract with us, or are contractors. Every task performed on behalf of IEnova is governed by these principles inside or outside the company's facilities.

In the event of an unsafe situation, we stop the activity until the condition is resolved, even if it means a delay in operations. We encourage our employees to stop or report any activity they believe exposes them or others to danger.

COMMUNICATION: PREVENTION MECHANISM

We maintain constant communication with our employees and contractors about health and safety initiatives, campaigns, and performance. The mechanisms we use include:

- Onboarding sessions
- Start of shift conversations
- Biweekly management meetings
- Communications meetings
- Training
- Information dashboards and blackboards at facilities
- Newsletters, posters, signage, tarps



Don Diego Solar Park

IN THE EVENT OF ANY UNSAFE SITUATION, WE STOP THE ACTIVITY UNTIL THE CONDITION IS RESOLVED, EVEN IF IT MEANS A DELAY IN OPERATION.



Ventika Wind Park

Preventing incidents and accidents is a priority on everyone's agenda, which is why we hold mandatory meetings on health and safety. Additionally, at our projects under construction we conduct Safety Stand-Downs during which we review expectations and guidelines for different activities simultaneously with all employees. These meetings offer participants an opportunity to point out hazardous conditions and unsafe practices; review the health and safety regulations and safe work procedures; analyze incidents, accidents, and potential risks; as well as make suggestions and comments. This is a bilateral communications mechanism that we conduct at least every 3 months in each project.

PERFORMANCE IN HEALTH AND SAFETY

[403-9]

We employ a health and safety performance measurement system made up of 40 proactive indicators that we use to assess all our assets. It includes the elements of the management system and determines the level of compliance with set expectations. It employs a numerical scale from 0 to 5. To monitor how this process is working, our team of Champions carries out quarterly self-evaluations and an annual cross-verification process that includes all our work centers.

Because of our joint efforts across the company, we achieved a 4.56 global score out of a possible 5 for the elements of the Health and Safety Management System. GDN and Energía Costa Azul achieved the highest scores in performance in health and safety for 2020, with 4.97 and 4.94 points, respectively.

Given the nature of our operations, we analyze hazards and risks from two perspectives: Job Safety Analysis (JSA) and Process Hazard Analysis (PHA), depending on the type of operation or chemicals employed. Results are reassessed every 5 years.



Los Ramones I Pipeline

MAIN HAZARDS BY BUSINESS SEGMENT

GAS

- Potential pressure leaks.
- Simple accidents resulting from maintenance activities such as bumps, falls, cuts, and contact with chemical substances.

STORAGE

- Potential leaks when handling hydrocarbons, the use of machinery or tools, working at heights, and ergonomics.

POWER

- Exposure to energized electric equipment.
- Working at heights and in confined spaces.
- Handling and storing chemical substances.

CONSTRUCTION

- Lifting loads or hoisting, handling materials, working at heights, jobs with manual tools.

HEALTH AND SAFETY CULTURE

During the summer of 2020, in collaboration with the US National Safety Council (NSC), we conducted a company-wide survey in order to assess our organizational health and safety culture.

We conducted the survey online and included several questions related to COVID-19. 1,509 surveys were completed, which means that 87% of our employees participated, placing us in the 99th percentile out of the possible 100 in comparison to other organizations included in the NSC's database.

As a result of this exercise, we identified that the components with the highest performance scores were: supervisor reports on safety issues, supervisor response to suggestions made by employees, procedure tests for emergency response, and how supervisors follow protocols for safe work.

We also identified areas for improvement in terms of work-related stress, safety in communications, and the frequency of meetings to deal with safety issues.

We carried out a similar exercise in 2017, ranking in the 96th percentile.

RISK MITIGATION IN OUR COMMERCIAL RELATIONSHIPS

[403-7]

Aware of the fact that there are implicit safety risks in our commercial relationships with customers, contractors, and suppliers that we need to prevent and mitigate even when these occur outside our facilities, we include clear communication about our expectations regarding health and safety in all our bidding processes and contracts. We maintain open lines of communication to listen to their perspectives and input.



Los Ramones I Pipeline

APPLIED PROGRAMS

[403-3, 403-4, 403-5, OG13]

FAMILY DAY

Our commitment to the health and safety of our employees and their families goes beyond the workplace. Accordingly, every year we hold a Family Day consisting of events focused on health and safety, including information on how to respond to an emergency, first aid, safety at home, and recommendations on wellness, among others. We invite experts from the Red Cross and local fire departments, as well as representatives from public safety authorities, among others.

This activity, which began as a local event in some cities in 2013, has evolved over the years and is currently a flagship event for our company. In 2020, we held six virtual Family Day events, which were received with the same enthusiasm by our employees.





SAFETY AND MY FAMILY DRAWING AND CALENDAR CONTEST

Every year we hold a contest aimed at promoting conversations among our employees and their families on health and safety issues in the workplace and at home. The goal of the contest is for our employees' family members to send in drawings expressing their ideas and opinions on these topics. We then select 12 winners, and their drawings are included in a calendar we distribute at the beginning of the year to all our employees. This year we received more than 400 drawings.





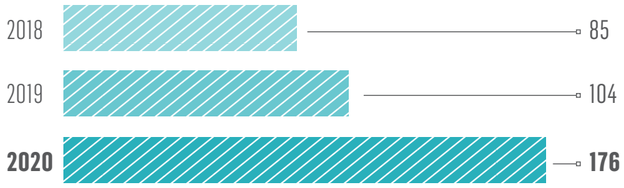


DRILLS

As a best practice and in compliance with indications from both the Ministry of Labor and Social Welfare (*Secretaría del Trabajo y Previsión Social*, STPS) and Civil Protection, we continually conduct drills that allow us to identify what we need to do and how to respond in case of an emergency, whether it is caused by a natural phenomenon or derives from our own processes.

In 2020, we carried out 176 drills, 43 of which included the participation of units from Civil Protection, the fire departments, or the Red Cross. We also increased the number of internal verifications and audits in health and safety as compared to the previous year.

DRILLS



VERIFICATIONS

	2018	2019	**2020**
Internal	145	335	**423**
External	43	42	**68**
Total	188	377	**491**


Los Ramones I Pipeline

TRAINING IN HEALTH AND SAFETY

[103-2, 403-5, 404-1, 404-2]

During 2020, we offered 19,611 hours of training courses and sessions on health and safety to 1,138 employees. The 1,167 courses we held included the following topics:

- First aid
- Firefighting
- Task safety analysis
- Confined spaces
- Welding
- Evacuation
- Dangerous fauna
- Industrial hygiene
- Ergonomics
- Safety in electricity
- Working at heights
- Safety and Hygiene Commission
- Defensive driving
- Driving a forklift
- Pressurized containers
- Psychosocial factors
- Event investigations (incidents and accidents)
- Process safety analysis
- Personal Protection Equipment



Los Ramones I Pipeline

HEALTH AND SAFETY LEADERS TRAINING PROGRAM

In 2019, we created the Health and Safety Leaders Training Program with the objective to train employees who have been designated as leaders at each of our facilities on different health and safety topics. We select high-performing personnel to participate in specialized courses that last between one and four days. Courses are taught by experts from within and outside the company, and include topics such as process hazard analysis, methodologies for root cause analyses, safe driving, ergonomics, and safety when working with electricity, among others.

During 2020, we were only able to offer three of the 22 courses included in the program as the rest of the courses require the physical presence of employees. Fifty-seven employees participated and we offered 936 hours of training.

CERTIFICATIONS IN HEALTH AND SAFETY

As part of our commitment to ensuring that we operate under the strictest health and safety standards, we voluntarily subscribe to certification programs that evaluate and validate our Health and Safety Management System using local, national, and international standards. These include the Self-Management Program in Health and Safety at Work (*Programa de Autogestión de Seguridad y Salud en el Trabajo,* PASST) of the STPS and ISO 45001, formerly known as OHSAS 18000.

To review our current certifications, please visit the Certifications section of our website.

HEALTH AND SAFETY IN THE FACE OF COVID-19

MEXICAN AUTHORITIES, PARTICULARLY THE UNDERSECRETARY OF PREVENTION AND HEALTH PROMOTION OF THE MINISTRY OF HEALTH, CLASSIFIED OUR COMPANY'S ACTIVITIES AS ESSENTIAL. ACCORDINGLY, FROM THE ONSET OF THE COVID-19 PANDEMIC WE IMMEDIATELY DEVELOPED A SERIES OF PROTOCOLS TO ENSURE THE HEALTH AND WELL-BEING OF OUR EMPLOYEES AND OF ALL THE PEOPLE WITH WHOM WE INTERACT.



We guaranteed safe working conditions for those employees who had to stay in the field in order to ensure the operation of our assets. In addition, we offered emotional support to every employee who requested it. We continue to apply all these protocols, with proven efficacy. The protocols, which have evolved along with the recommendations of the relevant authorities, include specific guidelines for establishing sanitary filters at every facility, instituting protocols and restrictions for onsite work, as well as identifying vulnerable personnel who need to continue to work from home, regardless of their functions.

We formed a Crisis Committee led by our Talent Management and Culture and Health and Safety divisions. Additionally, we have Work Committees at the local level. The company's senior management has been in constant communication with all employees in order to keep them well and timely informed about all internal processes and measures implemented to offer support and, above all, to maintain a sense of belonging despite the physical distance.

ACTIONS RELATED TO THE HEALTH CONTINGENCY CAN BE CATALOGED INTO FOUR STAGES:

1 FROM JANUARY 30, 2020



- Employees were warned to take precautions before traveling.
- Hand sanitation stations were installed at all our assets.
- Employees who were feeling sick were asked to stay home (starting on February 10th).

2 FROM MARCH 9, 2020



- Potential scenarios for continuing operations of essential and non-essential activities were discussed and prepared.
- The use of face masks was implemented for all employees, contractors, and visitors.
- Employee lists were reviewed in order to determine how to divide critical personnel into rotating groups.
- The decision was made to employ remote control systems to monitor operations and provide Customer Service through call centers.
- Restrictions were applied to domestic and international travel.
- An intranet was developed with relevant COVID-19 information.
- Filters and health monitoring stations were installed at all access points at all facilities.

3 FROM MARCH 13, 2020



- A home office policy was implemented for all non-essential activities and a tool kit on how to better manage working from home was delivered to employees. More than 1,000 employees adopted this work model.
- Daily reports were made to senior management on employees with flu symptoms, respiratory ailments, or other symptoms (starting on March 15th).
- Additional measures were implemented to select essential personnel, with energy-related activities being deemed critical.

4 DURING THE SECOND AND THIRD QUARTERS OF 2020



- Health and safety protocols were developed and implemented at all facilities, in compliance with the established regulations and the provisions of the Ministry of Health (*Secretaría de Salud)* in Mexico.
- A system of social distancing wristbands was implemented at all work sites.
- Safe-return kits were assembled.
- Workstations were adapted, including the installation of physical barriers.
- Reimbursements for home office spaces were offered.

CONTINUOUS



- Online sessions with information on COVID-19 and other issues related to health and well-being.
- Implementation of cleaning protocols for vehicles and office spaces.
- Periodical review of all COVID-19 information that has been developed, printed, or distributed, as well as related IEnova policies.
- Adoption of guidelines issued by the relevant authorities, including the World Health Organization (WHO), Center for Disease Control (CDC), Occupational Safety and Health Administration (OSHA), and the Ministry of Health in Mexico.
- Implementation of a comprehensive email communications strategy to keep employees informed and to share encouraging messages from senior management.

For IEnova, the health and safety of our employees is a fundamental value and a condition of employment.

We are responsible for ourselves and for those who collaborate with us and for us. We are guided by our policies, our principles, and our elements.

Regardless of our function, we verify that the planning and execution of our operations and projects ensure safe work practices and adequate preventive measures for people, facilities, and processes.

By doing so, we strive for a work environment in which we prevent injuries and work-related health problems.

HEALTH AND SAFETY, A LASTING VALUE, A TEAM PURSUIT.



SUPPLY CHAIN

[102-9, 203-2, 204-1, 205-1, 205-2 408-1, 409-1, 414-1]

At IEnova, we are committed to the development of our suppliers and we strive for the fulfillment of sustainability and quality expectations throughout our value chain. To achieve this, we have developed and implemented a series of processes, policies, and guidelines to form solid strategic partnerships and commercial agreements that meet the highest technical, ethical, and sustainability standards.

All our suppliers, new and existing, must comply with applicable laws and regulations, including those related to environmental and social matters. 100% of the suppliers we contract are required to adhere to our Supplier Conduct Guideline and to our Code of Ethics, which are published in the Policies and Procedures section of our website.

These documents serve as an ethical guide for all our stakeholders and address priority issues such as:

- Environmental standards
- Child labor and/or forced labor
- Human rights
- Anti-corruption
- Working conditions
- Fair remuneration
- Occupational health and safety
- Corporate ethics

At IEnova we communicate and reinforce our Code of Ethics throughout our value chain, and we enforce our ethics standards. We operate based on a policy of zero tolerance for acts of corruption, forced labor, child labor, discrimination, or human rights violations.



Rumorosa Solar Park



Ventika Wind Park

SUSTAINABILITY STRATEGY

As part of our procurement process for goods and services, each year we classify suppliers we deem critical. We assess them biannually for compliance with issues related to sustainability, such as child labor, fair remuneration, and occupational health and safety, among others. When we identify that a supplier needs to improve on any aspect or indicator, we develop corrective plans to address the issue.

To establish which suppliers are critical, we have developed an evaluation procedure that includes criteria to assess the volume of materials, components, critical services, and suppliers for whom there are no substitutes, among others.

In 2020, we made an exhaustive revision of our supplier evaluation and adapted it to stricter sustainability practices and social, environmental and economic indicators.

SOCIAL PILLAR

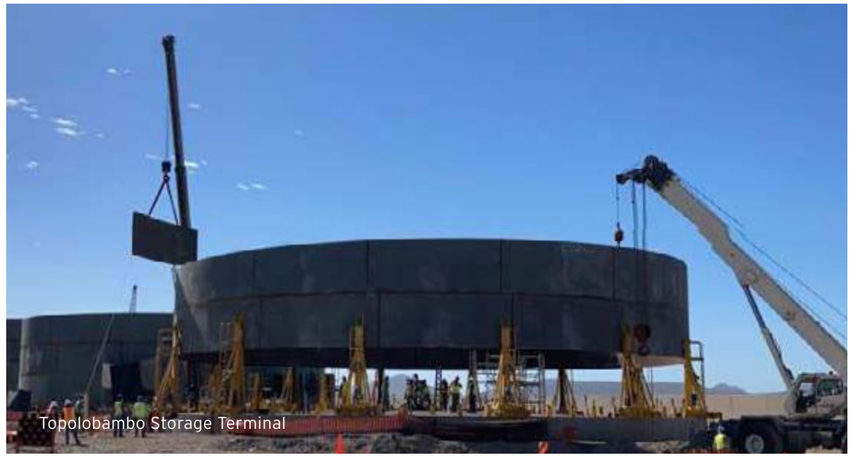
We assessed how they approach compliance through procedures and tools that demonstrate adherence to laws and regulations pertaining to privacy, transparency, anti-corruption, human rights, and labor practices.

ECONOMIC PILLAR

We assessed how they manage human capital, as well as the health and safety protocols for their employees.

ENVIRONMENTAL PILLAR

We assessed the policies and practices that evidence their interest in and efforts to reduce the impact of their operations on the environment, as well as measures taken to protect and care for the environment.



Topolobambo Storage Terminal



Energía Costa Azul

Results were analyzed taking into consideration the size of the company, enabling us to be fairer and more precise, and to establish specific strategies based on the characteristics of each company.

Additionally, during 2020 we expanded our range of action to identify and evaluate sustainability practices in Tier 2 critical suppliers; that is, those that provide services and products to our suppliers.

Our aim is to apply the sustainability evaluation every two years for Tier 1 and Tier 2 critical suppliers, in order to plan and implement efficient and well-focused strategies, and to develop a framework that will allow us to give recognition to companies that make up our supply chain for their sustainability performance.

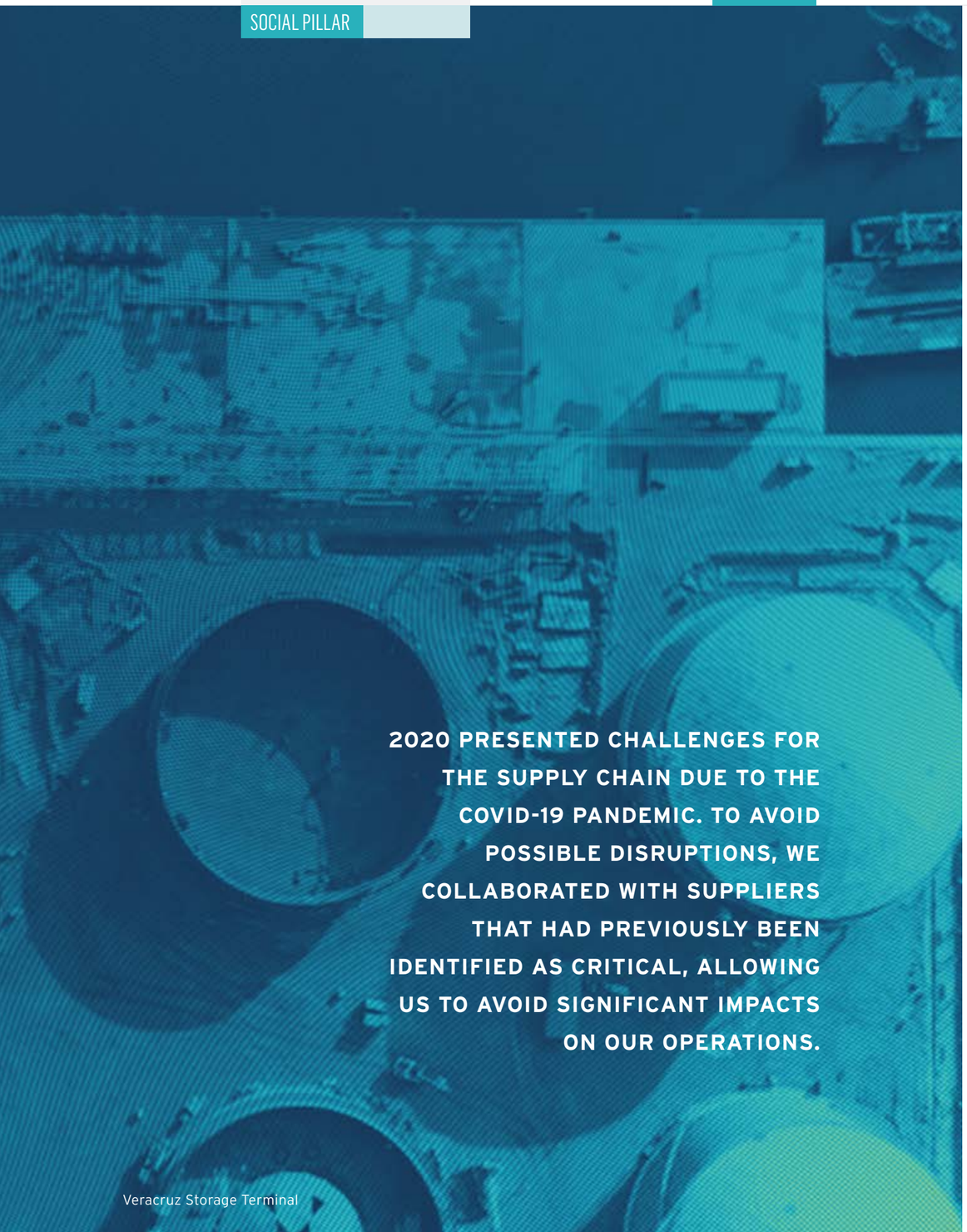
This year we assessed 232 Tier 1 critical suppliers and 4 Tier 2 suppliers. With this information, we were able to classify our suppliers, according to their level of risk, in the following three groups:

CRITICAL SUPPLIERS

		Number of suppliers	
		Tier 1	Tier 2
1	Advanced company in terms of how it manages and implements sustainability practices. Low sustainability risk.	15	0
2	Intermediate company in terms of how it manages and implements sustainability practices. It represents a sustainability risk as there is the potential for an event to occur that would interfere with the achievement of previously defined sustainability goals.	143	3
3	Beginner company in terms of how it manages and implements sustainability practices. It represents a high sustainability risk for IEnova's supply chain since it has no formal procedures and policies in place that would ensure good performance.	74	1

The goal behind our evaluations is to offer support and assistance to our suppliers in taking their operations to a higher quality level. Based on the results obtained in 2021, we will work with all suppliers in Group 3 to design a plan to strengthen their sustainability practices.

74% OF OUR ASSESSED CRITICAL SUPPLIERS ARE SME'S AND REPRESENT LESS THAN 5% OF OUR TOTAL SUPPLY CHAIN SPEND.



2020 PRESENTED CHALLENGES FOR THE SUPPLY CHAIN DUE TO THE COVID-19 PANDEMIC. TO AVOID POSSIBLE DISRUPTIONS, WE COLLABORATED WITH SUPPLIERS THAT HAD PREVIOUSLY BEEN IDENTIFIED AS CRITICAL, ALLOWING US TO AVOID SIGNIFICANT IMPACTS ON OUR OPERATIONS.

Veracruz Storage Terminal

IEvolution
Transformando a IEnova

Another relevant measure we implemented during 2020 was the adoption of the SAP Ariba system to manage the information, life cycle, and performance of all our suppliers in one place. By integrating this information, we will be able to improve our supplier development process. Additionally, SAP Ariba enables us to communicate in a more efficient, automated, and transparent manner with suppliers through a portal where they have an updated view of all their operations with IEnova.

SAP Ariba



Rosarito Pipeline

OUR SUPPLY CHAIN IN NUMBERS

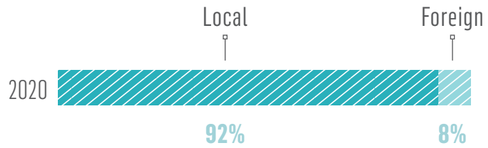
[102-7, 102-10, 203-2, 204-1]

THE MAIN ACTIVITIES OF OUR SUPPLY CHAIN ARE FOCUSED ON PROVIDING MAINTENANCE SERVICES TO OUR FACILITIES, BUILDING FACILITIES, AND SUPPLYING MAJOR EQUIPMENT.

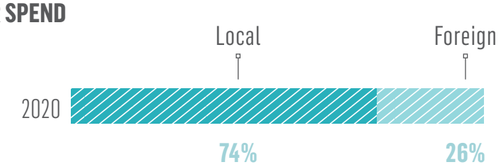

Rosarito Pipeline

NUMBER OF SUPPLIERS[1]	INDIRECT JOBS[2]
1,275 2018	2,200 2018
1,248 2019	2,662 2019
1,277 2020	1,955 2020

LOCAL AND FOREIGN SUPPLIERS



SUPPLIER SPEND



[1] Percentages in domestic and foreign numbers and spend were adjusted from prior reports given that the domestic supplier category was modified to include only companies that are legally constituted in Mexico.
[2] Are calculated based on a statistical value related to the number of direct jobs and the type of project, whether lineal (pipeline) or punctual (station).



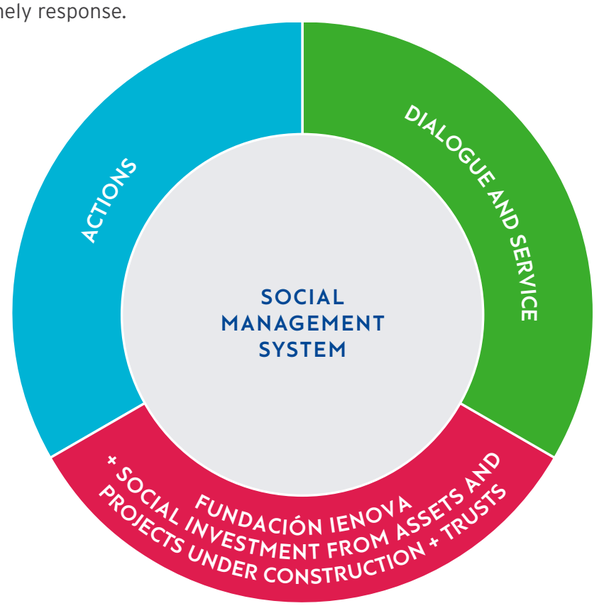
COMMUNITIES

[203-1, 413-1]

At IEnova, we are committed to building and operating the necessary energy infrastructure to contribute to the economic, social, and environmental development of the communities to which we belong.

Since establishing and maintaining a relationship with our communities is paramount, we have a team dedicated exclusively to serving them.

To better understand our communities and diverse stakeholders, we have a Social Management System in place that fosters the establishment of optimal and respectful relationships that are based on constant dialogue and timely response.



OUR SOCIAL POLICIES AND PROCEDURES ADDRESS A VARIETY OF KEY ISSUES IN ADDITION TO THE GUIDELINES TO IDENTIFY AND PRIORITIZE OUR STAKEHOLDERS.

DIALOGUE AND SERVICE

[413-1]

To understand the social and economic situation of the communities with which we interact, as well as their needs, we have developed and implemented a series of tools that, in addition to ensuring compliance with legal requirements, allow us to get to know and approach them and other stakeholders.

One such example is our Social Impact Evaluation (or EvIS in Spanish), a tool required by the Ministry of Energy that helps us compile pertinent information on the communities in the area of influence of a given project, and provides us with the information we need in order to develop and implement impact mitigation and social management plans to ensure the sustainability and social responsibility of our projects. We conduct this study for every project and we strive to develop projects that do not affect the social environment.

We also have a strong Community Grievance Mechanism (*Mecanismo de Atención a la Comunidad*, MAC). Its function is to receive, through different channels, opinions, concerns, questions, and requests from the people in our communities. The objective of this mechanism is to listen firsthand to the concerns of key players so that we are able to direct our efforts efficiently, in order to serve those areas that need it most.

The MAC is available at all times and all interested parties can communicate and express their concerns, anonymously or not. In 2020, we strengthened this mechanism by including, among other measures, the possibility of receiving anonymous communications. We also offered training to employees working on the projects enabling them to understand, communicate, and implement the MAC.

Based on the materiality assessment we carried out in 2019 and the insights we receive from local authorities, we have identified that recurring priority issues in the communities where we operate include job creation and local hiring, as well as community economic development.



COVID-19 support for Mexican Red Cross

These are some of the tools we use to establish and maintain positive relationships with the communities where we operate:

- Social Impact Evaluation (EvIS)
- Community Grievance Mechanism (MAC)
- Direct dialogue with communities and stakeholders
- Analysis of the materiality assessment results
- Mapping of the insights, risks, and concerns of the communities where we operate

HUMAN RIGHTS IN OUR COMMUNITIES

We are committed to respecting universal human rights, as stipulated in our Human Rights Policy. Our operations always work with the required permits and consents, respecting the rights of every stakeholder, including the right of indigenous peoples to free, prior and informed consent.

Based on our commitment to conduct our activities in alignment with the Guiding Principles on Business and Human Rights and the Ten Principles of the UN Global Compact, and recognizing the provisions of the Universal Declaration of Human Rights, we have established a series of principles that include the prohibition of child labor and forced labor, respect and promotion of diversity and inclusion in the workplace, freedom of opinion and expression, safeguarding the health and safety of our employees, freedom of association and collective bargaining, protection of the rights of ethnic minorities and indigenous peoples, and guaranteeing the wellbeing of our employees and communities.

Our Human Rights Policy is applicable to the company's operations, to our relationships with suppliers and commercial partners, and to the members of the communities that are impacted by our operations.



Casa Hogar del Anciano
Retirement Home



Mexican Red Cross of Chihuahua

SOCIAL INVESTMENT

[103-2, 203-1, 203-2, 413-1]

We are strongly committed to contributing to the social and human wellbeing of the communities where we operate and to which we belong. As a result, for 23 years we have carried out a variety of activities aimed at improving the quality of life of millions of Mexican people.





Árbol de la Sonrisa, Corporate Volunteering

FUNDACIÓN IENOVA

During 2020, given the public health contingency that affected Mexico and the world, Fundación IEnova's governance bodies promptly and responsibly decided to allocate the majority of the foundation's budget to support people affected by the COVID-19 pandemic with two types of contributions: medical equipment and protection supplies and food security.



USD$3.17 M
Granted by Fundación IEnova
during 2020







USD$2.21 M
allocated to support communities affected by the COVID-19 pandemic in 22 states in Mexico.

We partnered with 9 organizations in two areas of giving:

- **Medical equipment and protection supplies:** delivered approximately 170,081 units (including Tyvek protective suits, safety glasses, N-95 facemasks, gloves, and medical equipment including 264 Philips Respironics E30 ventilators, 52 ventilator circuits, and 7 vital signs monitors) in 19 states.
- **Food security:** delivered 36,537 packages (basic food supply packages and personal hygiene kits) in 13 states and partnering with 6 organizations.

USD$0.554 M
to support:

- **Museo Nacional de Energía y Tecnología** (MUNET).
- **Resilient Schools Program of the Mexican Red Cross** (that will train students and teachers on how to act in case of emergency, including natural disasters).
- **Support in Case of Natural Disasters Program** (benefiting the victims of the Tabasco floods).

USD$0.40 M
to support 20 multi-annual projects through 11 organizations in the following areas of giving:

- **Scholarships** for talented university-level students.
- **Infrastructure improvements** in foster homes.
- **Comprehensive care for children** with cancer.

For more information on Fundación IEnova, please view its 2020 Report.

OUR PROJECTS CONTRIBUTE MAINLY TO THE FOLLOWING SDGs:



EDUCATION

Thanks to these projects, at least 100 students will continue their studies during 2021.



ENVIRONMENT

In 2020, we did not participate in any environmental projects in order to allocate the majority of our resources to populations affected by the pandemic.



VULNERABLE GROUPS

In 2020, we focused on SDG 11.

Thanks to these projects, children and youngsters who live in eight foster homes we support will enjoy better infrastructure. Additionally, we supported the Yaqui community with the restoration of a ceremonial site in Belém-Guaymas, in the state of Sonora.



COMMUNITY SERVICES

Additionally, in 2020 we contributed to SDGs 10, 11 and 12, regarding reduced inequalities, sustainable cities and communities, and responsible production and consumption.

		EDUCATION	ENVIRONMENT	VULNERABLE GROUPS	COMMUNITY SERVICES
NUMBER OF PROJECTS	2018	9	1	10	7
	2019	8	8	11	8
	2020	**7**	**0**	**9**	**19**
AMOUNT GRANTED (USD$)	2018	$385,141	$24,578	$160,890	$117,632
	2019	$244,743	$364,999	$258,046	$390,412
	2020	**$617,971**	**0**	**$143,654**	**$2,412,863**

[1] This amount includes in-kind donations. In 2020, Fundación IEnova made no such donations.

TOTAL

	2018	2019	2020
NUMBER OF ORGANIZATIONS	12	24	**20**
NUMBER OF PROJECTS	24	35	**35**
TOTAL AMOUNT GRANTED (USD$)[1]	$ 668,241	$ 1,258,200	**$ 3,174,488**



IN 2015-2020, FUNDACIÓN IENOVA HAS GRANTED USD$6.41 MILLION TO THE COMMUNITY.

Árbol de la Sonrisa, Corporate Volunteering

CORPORATE VOLUNTEERS

Corporate volunteering is essential to the social commitment actions led by Fundación IEnova. Corporate volunteering events are held twice a year in the eight institutions that belong to the Triannual Foster Home Adoption Program for Infrastructure Improvements.

During 2020, we carried out virtual campaigns among our employees to directly support the foster homes and we continued the programs with the following results:



ESCUELA + SONRISAS

203
SCHOOL SUPPLIES PACKAGES

8
CITIES:
Chihuahua, Mexico City, Ensenada, Hermosillo, Mexicali, Monterrey, Torreón, and Veracruz



ÁRBOL DE LA SONRISA

183
PACKAGES INCLUDING CLOTHES, SHOES, AND TOYS

7
CITIES:
Chihuahua, Mexico City, Hermosillo, Mexicali, Monterrey, Torreón, and Veracruz

386
TOTAL PACKAGES
including school supplies, clothes, shoes, and toys donated to children and young people through our corporate volunteers program.

In response to Fundación IEnova's invitation, volunteers[1] directly supported these organizations with the resources needed to buy school supplies and technological tools as well as packages that included clothes, toys, and shoes.

[1] In 2020, we did not estimate the monetary value of the time donated by employees who participated in corporate volunteer events during work hours because no in-person events were held during the pandemic.

TRUSTS

The work we do through the Ensenada Trust promotes accountability and aims to facilitate synergies between IEnova and the stakeholders with whom we interact, including authorities. The management model for the trusts includes different elements, such as technical committees and advisory councils.

In 2020, we continued operating the Ensenada Trust, which has a Technical Committee and an Advisory Council that includes citizens, academic staff, representatives from the private sector and the health sector, experts in economic development and conservation, as well as the mayor of Ensenada and IEnova representatives. The record investment of this trust in terms of expenses directed at supporting communities most affected by COVID-19 is noteworthy.



ENSENADA TRUST

USD$7
million total 2020 budget

3
social projects sponsored

USD$734,414
in-kind donations

773,313
beneficiaries

SOCIAL WORKS OF ASSETS IN OPERATION AND UNDER CONSTRUCTION

	PIPELINES	STORAGE		POWER		
	LOS RAMONES NORTE PIPELINE A Social Investment Plan was established based on the social needs in the area. During 2020, we invested in the development of two social projects. The first consisted of donating uniforms, equipment, and a firetruck to the Civil Protection group of the municipality of Matehuala. The second project consisted of furnishings for the computer room of the José Guadalupe Zuno Hernández technical middle school, including 33 desktop computers, white boards, projectors, and furniture.	 **ECA** Support was allocated to the installation of portable sinks and to sponsor a breast cancer prevention campaign.	**TERMINALS** Support was allocated to the installation of public lighting on the Gustavo Baz Boulevard in the town of Temascalapa, State of Mexico, and to building two soccer fields for the soccer school in Tepojaco, in the municipality of Tizayuca, Hidalgo. 	 **ENERGÍA SIERRA JUÁREZ** During the Holiday season, support was allocated to provide toys to children that were economically impacted by the COVID-19 pandemic in at-risk neighborhoods, in the municipality of Tecate.	**TERMOELÉCTRICA DE MEXICALI** During the Holiday season, support was allocated to provide toys to children who were economically impacted by the COVID-19 pandemic, as well as e-tablets so that they could continue with their studies online. 	 **SOLAR PARKS** With the social investment funds of the solar parks already in operation, we sponsored school improvement projects such as the CECYTE Plutarco Elías Calles and donated a school bus for the town of Benjamín Hill, both in the state of Sonora. Additionally, support was given for communal lands, or *ejidos*, neighboring our projects.
Number of social projects	2	2	2	1	7	7
Amount granted in 2020 (USD$)	154,327[1]	9,644[1]	556,859[1]	6,048[1]	8,542[1]	121,949
Estimated number of beneficiaries	91,712	35,000	10,433	250	200	19,668

[1] Amount granted through in-kind donations
[2] Includes donations granted by Fundación IEnova, the Energía Sierra Juárez and Los Ramones Norte Pipeline social projects, as well as donations granted by the Ensenada Trust and by projects under construction and assets in operation that allocated funds to social works in 2020.

USD$4.77
MILLION[2] ALLOCATED TO SOCIAL INVESTMENT IN 2020

PROGRESS AND OBJECTIVES

[103-1, 103-2]

IN PROCESS | ACHIEVED | NOT ACHIEVED

EMPLOYEES

2020 Progress	Status
Maintain the GPTW certification.	
Foster healthy habits in employees, maintain current programs, monitor their effectiveness, and update them if needed.	
Define quantitative indicators (monetary or non-monetary) for training and development programs that will allow us to measure the impact on the business.	
Develop training on Diversity and Inclusion to strengthen awareness of these issues among our employees.	
Analyze the necessary operational conditions and infrastructure costs to allow for an optimal and safe access for people with disabilities to different areas in ECOGAS Chihuahua.	

2021 Objectives

Maintain the GTPW certification.

To help our employees transition to the new normal, implement a work-life balance program across the company.

Include sustainability-specific indicators in the ICP bonus. For example:

- Achieving GHG emission targets, CDP score, and increase in the renewable energy portfolio.
- Achieving the goals related to material topics.

Report measures taken in terms of:

- Preventing child labor.
- Programs to avoid excessive work schedules.
- Preventing forced labor.
- Promoting decent salaries.

HEALTH AND SAFETY

2020 Progress	Status
Obtain or maintain the Safe Company (self-management) certificate granted by STPS and/or ISO 45001 at all of IEnova's operating units during the first 12 months of operation or operational control.	
Reach the established performance goals in terms of accident rates: ▶ TRIR: 1.88 ▶ LTAR: 1.42 ▶ Ensure that research and analysis reports are made for every event and implement lessons learned for each of them.	
Consolidate the 2020 Leadership Training Program with 11 specialized topics, 2 rounds, and 400 participants. Implement a program of activities geared towards improving the wellbeing of employees (including topics such as: sleeping well, workplace stress and psycho-social factors, nutrition, sports, etc.).	

IN PROCESS ACHIEVED NOT ACHIEVED

HEALTH AND SAFETY

2021 Objectives
Get 50% of the companies ISO 45001 certified.
Develop and implement predictive maintenance - Asset integrity for every business unit.
Conduct at least one critical emergency drill a year.
Get 25% of employees involved in Health and Safety committees.
Get 75% of vulnerable employees to receive a periodic medical evaluation.
Reach the established performance goals in terms of accident rates: ▶ TRIR: 1.88 ▶ LTAR: 1.42

SUPPLY CHAIN

2020 Progress	Status
Send the sustainability requirements included in our Procurement Policy to all our critical suppliers on an annual basis.	
Develop a procedure to identify Tier 2 critical suppliers (those who supply products and services to IEnova suppliers).	
Develop a framework to grant recognition to suppliers with good performance in terms of sustainability.	
Include specific sustainability requirements in the selection of suppliers.	
Conduct a bi-annual sustainability survey with our critical suppliers (Tier 1 and Tier 2).	

2021 Objectives
Train our procurement staff on key sustainability issues.
Train suppliers on anti-corruption issues.
Grant recognition to suppliers with good performance in terms of sustainability.
Include a sustainability evaluation as a requirement for hiring new suppliers or making purchases.
Identify local suppliers to support them in developing and improving their performance in compliance with IEnova's guidelines.

COMMUNITY RELATIONS

2020 Progress	Status
Publish on IEnova's website the public version of follow-up reports for Social Impact Evaluations (EvIS) and distribute hard copies to stakeholders. Publish on IEnova's website the procedures for our Community Grievance Mechanism (MAC), Social Investment Plan, and Community Relations and Stakeholder Engagement.	
Keep operating Fundación IEnova in compliance with all applicable administrative, accounting, tax, and anti-money-laundering practices and regulations, expanding the number of states in which Fundación IEnova is present in comparison to 2019. Fine-tune the methodology to estimate economic indicators for Corporate Volunteering in order to quantify and monitor them annually.	
Finalize and implement the Strategic Social Management Plan, establishing the social project guidelines to be implemented IEnova's Investment Projects. These guidelines will need to consider IEnova's social policies, capabilities developed; the requirements resulting from the Social Impact Evaluations and corresponding resolutions issued by the authority, as well as budgetary provisions to be considered in Investment Projects.	

IN PROCESS ACHIEVED NOT ACHIEVED

COMMUNITY RELATIONS

2021 Objectives
Conduct opinion surveys in 20% of the communities where business units operate in order to establish areas for improvement and identify risks related to social matters. Social Impact Evaluations carried out.
Disclose the following information: ▶ Social Impact Studies carried out. ▶ Process to identify and mitigate risks. ▶ Topics identified. ▶ Mitigation plan for each of them.
Develop a volunteer program under our own brand that can be implemented at IEnova, with the support of the Talent Management and Culture division.
Execute a Fundación IEnova budget by developing a COVID-19 action plan and an operational plan for multi-annual projects and new projects.
Propose guidelines for IEnova's social investment activities that take into consideration the business model and include measurable indicators.

05



Energía Costa Azul, Second Photography Contest, Pelican, Andrés Espejel

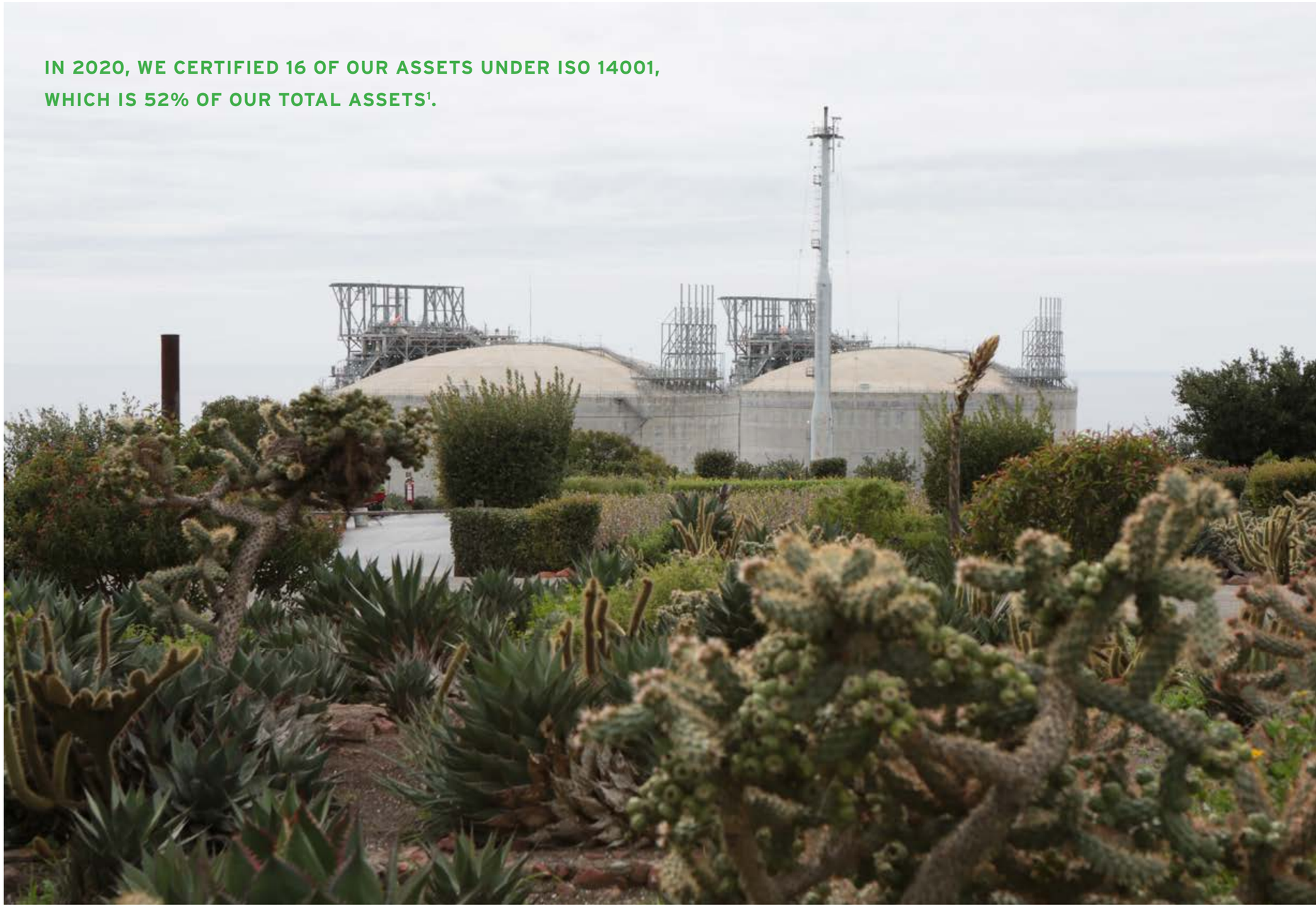
ENVIRONMENT

[103-1, 103-2, 103-2b, 103-2c]

IN 2020 WE CONTINUED IMPLEMENTING THE CORPORATE GUIDELINES FOR ENVIRONMENTAL MANAGEMENT THAT ENABLE US TO STANDARDIZE ENVIRONMENTAL PROGRAMS AND ACTIVITIES ACROSS OUR BUSINESS UNITS.

All our assets either have their own Environmental Management System or are in the process of implementing one. In addition, in 2020 we updated our Environmental Policy, a document that establishes our commitment to adhering to applicable environmental laws, bylaws, and standards—and we adopted best environmental practices. We strive to mitigate the impact of our operations on the environment, and we employ strategies to reduce our GHG emissions.

IN 2020, WE CERTIFIED 16 OF OUR ASSETS UNDER ISO 14001, WHICH IS 52% OF OUR TOTAL ASSETS[1].



[1] TDF, TDN, and GDS are not subject to ISO certification, for contractual reasons; they are operated by Pemex and were not included in the final percentage. All our solar assets are currently in the process of obtaining their ISO 14001 certification.

CLIMATE CHANGE

[102-15, 102-26, 102-31, 103-2]

At IEnova we are committed to contributing in an active and decisive manner to building a low-carbon future. Accordingly, we incorporate measures into our business strategy that help mitigate the effects of climate change and we are taking firm steps to strategically address climate change risks and opportunities.

In 2020, we updated our Climate Change Strategy and we are in the process of conducting studies on transition risks and physical risks to which we are exposed. To do this, we have followed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and we are currently in the initial stage of implementation.

CLIMATE CHANGE STRATEGY LINES OF ACTION

INVESTMENT AND ASSET DEVELOPMENT

- Develop infrastructure that strengthens Mexico's energy security and supports the transition towards a low-carbon sector.



MANAGEMENT OF CLIMATE RISKS AND OPPORTUNITIES

- Integrate climate risks and opportunities into the company's internal risk and business management.



EMISSIONS REDUCTION AND ENERGY EFFICIENCY

- Promote GHG emissions reduction projects and increase energy efficiency in our processes.



TRANSPARENCY AND COLLABORATION

- Communicate to all our stakeholders our performance in terms of climate change and work with them to address the challenges of climate change.



GOVERNANCE

We have developed a solid transversal corporate structure in which the whole company participates.



Pima Solar Park

BOARD OF DIRECTORS

Monitors and oversees compliance with the Climate Change Strategy.

CORPORATE PRACTICES COMMITTEE

Reports to the Board of Directors on the implementation and impact of the Climate Change Strategy.

RISKS COMMITTEE AND SUSTAINABILITY COMMITTEE

The Risks Committee supervises the implementation of the climate change risk management strategy.

The Sustainability Committee approves the Climate Change Strategy and subsequent updates, and authorizes the activities, initiatives, and plans that apply to the corresponding business units.

BUSINESS UNIT DIRECTORS AND MANAGERS

Plan and implement measures related to climate change.

ENVIRONMENTAL AND COMPLIANCE MANAGERS

Identify the measures that will ensure compliance with and application of this strategy.

QUALITY AND ENVIRONMENT EXECUTORS AND SUPERVISORS

Support management in identifying measures and work in coordination with the operations' division to ensure compliance with and implementation of this strategy.

STRATEGY AND RISK MANAGEMENT

At IEnova we are committed to contributing to the international agreement of limiting global warming in this century to well below 2oC above pre-industrial levels. For this reason, we are developing a series of studies to identify climate change risks and opportunities that could have an important financial impact on our company, given the nature of our business, regulatory framework, and geographic area of operation. This will enable us to develop a strategy to manage each of the elements we identify. Based on the results of this study, we will assess the resilience of our strategy and of our assets so that we can set up a climate change mitigation and adaptation plan for this century.

CLIMATE-RELATED RISKS

By analyzing different possible future scenarios, we are exploring and understanding what the impact of these risks could have on our operation by 2040.

CLIMATE-RELATED RISKS

	TRANSITION RISKS	PHYSICAL RISKS
Definition of the type of risk	Risks that are caused by the transition to a low-carbon economy which result in political, legal, technological, and market changes. It they are not mitigated; these risks can have financial and reputational impacts on organizations.	These risks can produce acute events or long-term chronic changes in climate patterns and can have repercussions on an organization, such as direct damages on infrastructure or an indirect impact resulting from interruptions in the supply chain.
Methodology and Scope	TCFD Guidelines using information from the International Energy Agency (IEA). Assets in our Gas and Power segments were included.	TCFD Guidelines using information from the Intergovernmental Panel on Climate Change (IPCC). The following assets were included: GR, Sonora Pipeline, Ojinaga-El Encino Pipeline, Los Ramones I Pipeline, Los Ramones Norte Pipeline, San Fernando Pipeline, ECOGAS Chihuahua, ECA, Veracruz Terminal, Topolobampo Terminal, Manzanillo Terminal, TDM, ESJ, Ventika, and Border Solar.
Scenarios employed[1]	**Current Policies Scenarios (CPS)** Analyzes how global energy markets would evolve if governments made no changes in their current climate change policies.	**RCP 4.5 (Representative Concentration Pathway)** Intermediate emissions scenario, consistent with a future of relatively ambitious emission reductions and a slight increase in GHG emissions before they start to decrease around 2040. Characterized by a GHG emissions profile that would result from implementing the 2015 Nationally Determined Contributions (NDCs), followed by a 50% global reduction by 2080.
	Stated Policies Scenario (SPC) Considers what would happen if the initiatives and policies for emission reductions that have been announced were applied. Reflects the implementation of current plans and highlights consequences.	**RCP 8.5 (Representative Concentration Pathway)** The "business-as-usual" scenario is consistent with a future with no substantial changes in the policies to reduce emissions. Characterized by an increase in GHG emissions that would result in high concentrations in the atmosphere. Aligns with current policies.

[1] The Sustainable Development scenario was used as reference in the risk assessment.



Topolobampo Storage Terminal

IDENTIFIED CLIMATE-RELATED RISKS[1]

TRANSITION RISKS		PHYSICAL RISKS	
TYPE OF RISK	POTENTIAL IMPACT	TYPE OF RISK	POTENTIAL IMPACT
Regulatory	▶ Eliminate subsidies on certain fossil fuels. ▶ Implement reforms to limit and prohibit fuels. ▶ Implement reforms to limit the development of natural gas infrastructure.	**More serious extreme atmospheric phenomena**	▶ Tropical cyclones and floods that could interrupt the continuity of operations. ▶ Impact on modes of transportation. ▶ Heavy seas that could affect loading and unloading activities in facilities located near the sea.
Social and reputation	▶ Consumer rejection of fossil products. ▶ Consumer preference for sustainable products.	**Snow and hail**	▶ Frozen infrastructure, which could interrupt the continuity of operations. ▶ Interruption in modes of transportation. ▶ Impact on infrastructure. For example: implementation, electronic equipment, and auxiliary and communication systems.
Market	▶ Changes in the demand for fossil fuels.	**Droughts**	▶ Fire, which could interrupt the continuity of operations.

[1] In 2020 we started analyzing risks related to climate change. Given that this is the first time we have done this, we did mostly a qualitative assessment, which allowed us to gain a preliminary understanding of both the risks and opportunities related to climate change. We will continue our assessment to obtain further information on the implications of climate change in our planning and operations.

CLIMATE-RELATED OPPORTUNITIES

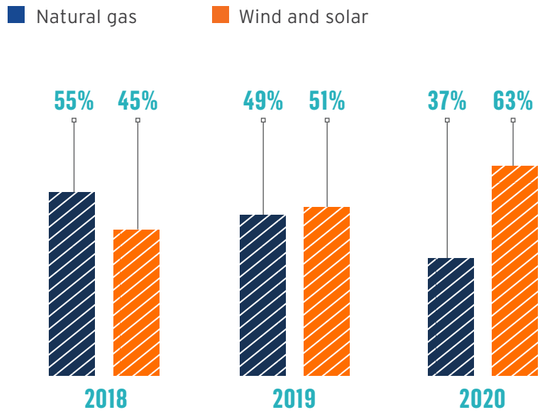
The demand for clean energy is increasing around the world. In response, private and public efforts are being made to generate and distribute renewable energy. For IEnova, increasing our generation capacity from renewable sources is a priority.


Tepezalá Solar Park

IDENTIFIED CLIMATE-RELATED OPPORTUNITIES

TYPE OF OPPORTUNITY	DESCRIPTION OF THE OPPORTUNITY	IMPACT
Source of energy	Higher demand for renewable energy.	Increase in number of customers who want renewable energy.
	Decrease in renewable energy costs.	Greater access and acquisition capacity of residential, commercial, or industrial customers.
Markets	Greater access to financing.	Greater investor appetite for bonds aimed at the development of renewable and low-carbon infrastructure.
	Energy transition.	Lower investment and operational costs, as well as a reduction in GHG emissions.

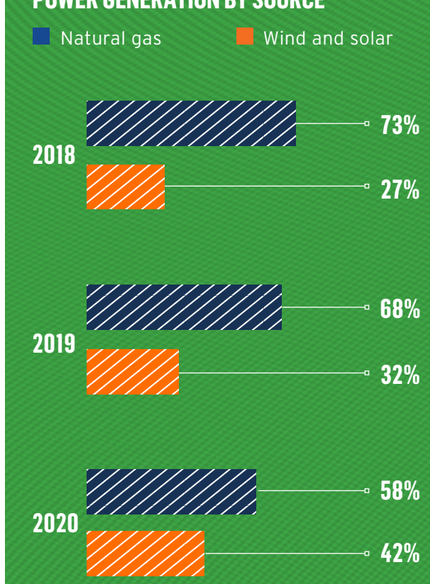
POWER GENERATION CAPACITY BY SOURCE



FINANCIAL IMPACTS

- In 2020, our revenues from the sale of renewable electricity generation amounted to USD$151 million[1].
- We have implemented a strategy that will allow us to access sources of financing to develop clean energy infrastructure.
- Currently, 63% of our power generation capacity comes from renewable sources.

POWER GENERATION BY SOURCE



[1] This figure includes revenues from joint ventures.

METRICS AND TARGETS

OUR TARGETS AND INDICATORS TO ADDRESS CLIMATE-RELATED ISSUES:



Guadalajara Gas Terminal

ASSET INTEGRITY

- Conclude the climate change physical risks assessment in at least 50% of our assets by 2021.


Los Ramones I Pipeline

EMISSIONS REDUCTION

- By 2030, reduce GHG fugitive emissions 50% from our 2019 baseline.



Los Ramones I Pipeline

OPERATIONAL EFFICIENCY

- In the Pipelines segment, keep emissions below 11.80 tCO_2/MMm^3.
- In the Power segment, keep emissions below 0.35 tCO_2/MWh.

IMPACT

- We generate and supply renewable energy for 13 industrial organizations. In 2020, we generated 1,996,222 MWh of energy from renewable sources.
- Our solar and wind assets provide zero-emissions energy to industrial customers and to the electricity grid in Mexico and the US.
- Our natural gas pipelines and distribution systems grant industrial, commercial, and residential users access to this resource and minimize the use of diesel, LPG, fuel oil, and carbon, all of which contribute greatly to global warming.
- In collaboration with Sempra Energy and a subsidiary of Total, we made the decision to invest in the development, construction, and operation of the ECA Liquefaction project, which will enable us to supply natural gas to isolated populations in the states of Baja California and Baja California Sur, generating an economic benefit in the region, in addition to supplying the export market with a low-carbon energy source.
- The gas transportation and distribution systems have predictive and preventive maintenance annual programs in place. All employees from this segment who hold management positions (including junior, middle and senior) must comply with in at least 96% of the program's requirements. This program results in the control and reduction of fugitive methane emissions derived from leakages in the systems. If the mentioned goal is reached, said employees are remunerated as part of their variable compensations.

OUR RENEWABLE ENERGY ASSETS

Because of our renewable power generation, we avoided 986,134 tCO_2e in the country, which is equivalent to:

NET ELECTRIC POWER GENERATED IN 2020 (MWH)

110,779	244,897	270,978	70,000	416,568	883,000
RUMOROSA SOLAR	TEPEZALÁ SOLAR	PIMA SOLAR	DON DIEGO SOLAR	ESJ	VENTIKA

THE OPERATION OF THESE SOLAR AND WIND PARKS OVER THE COURSE OF THE YEAR IS EQUIVALENT TO:

54,725	120,979	133,863	34,580	205,785	436,202
55,783	123,318	136,451	35,249	209,763	444,635
11,897	26,300	29,101	7,517	44,736	94,827
7,587,603	16,773,767	18,560,137	4,794,521	28,532,055	60,479,452

Avoided GHG emissions per year (tCO_2e/year)

Homes' electricity use annually

Passenger vehicles out of circulation annually

LED lamps switched on annually

Don Diego Solar Park



Los Ramones Norte Pipeline

GHG EMISSIONS

[302-1, 302-3, 305-1, 305-2, 305-3, 305-5]

As a company committed to the fight against climate change, at IEnova we employ strict methodologies to continually calculate and update our GHG emissions inventory[1], including emissions generated by those assets over which we have operational control. We employ the calculation methodologies defined in the Bylaws of the General Climate Change Law (*Ley General de Cambio Climático*) related to the National Emissions Registry (*Registro Nacional de Emisiones*, RENE).

SCOPE 1

Direct emissions resulting from the combustion of fixed and mobile sources which are owned by the company or controlled by it.

SCOPE 1 GHG EMISSIONS

	2018	2019	2020
Carbon dioxide equivalent (tCO_2e)	2,579,606	2,347,431	1,833,278
Carbon dioxide (tCO_2)	2,115,629	2,179,159	1,691,923
Methane (tCH_4)	16,526	5,964	5,010
Nitrous oxide (tN_2O)	4	4	2

This year we reported a considerable reduction in Scope 1 emissions compared to the previous year, mainly because of large maintenance processes at TDM, which resulted in a temporary halt in operations at the facility.

SCOPE 2

Indirect emissions derived from the consumption of electric or thermal energy purchased by the company.

SCOPE 2 GHG EMISSIONS

	2018	2019	2020
Carbon dioxide equivalent (tCO_2e)	7,585	7,947	10,636

The increase in Scope 2 emissions was a result of the use of external electric power at our thermoelectric plant due to maintenance processes, and at our solar parks due to an increase in operation times.

1 Emissions factors and global warming estimates used to calculate our Scope 1 emissions are established by SEMARNAT; for Scope 2 we employ the emissions factor published annually by CRE.

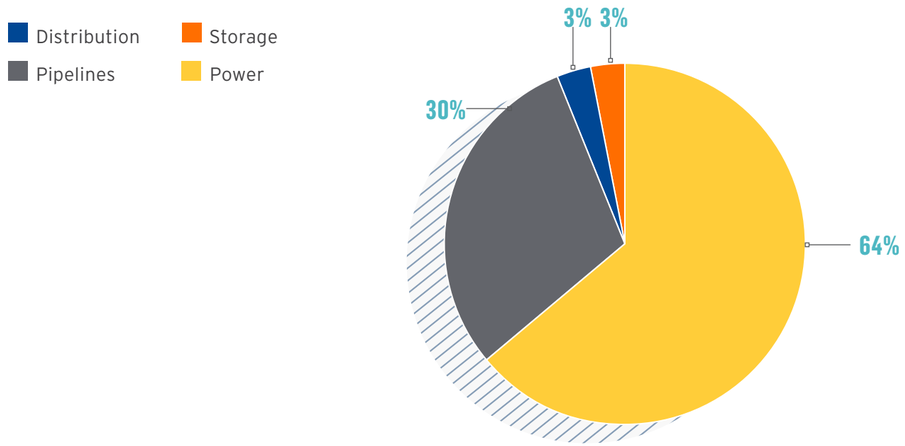
OUR SOURCES OF SCOPE 1 AND 2 EMISSIONS

- Power generation at TDM (64%)
- Natural gas combustion for gas compression and self-consumption in the Pipelines segment (25%).
- Fugitive emissions and gas venting in our pipelines, storage, and distribution systems (7%).
- Self-consumption of electric power at ECA (3%).
- Consumption of external electric power (1%).

OUR ENERGY CONSUMPTION (MWh)

	2018	2019	2020
Natural gas	10,427,197	10,723,692	8,285,856
Gasoline and diesel	23,847	15,004	15,681
LPG	64	29	14
Electric power	17,165	18,106	28,488
Total	10,468,273	10,756,831	8,330,039

OUR ENERGY CONSUMPTION BY SEGMENT





Ojinaga-El Encino Pipeline

FUGITIVE EMISSIONS

In 2020, fugitive emissions represented 13.8% of total GHG emissions in the Pipelines segment and 4.1% of IEnova's total. Our 2030 goal is to reduce these emissions by 50% from our 2019 baseline. This year, we registered a 13,569 tCO_2e reduction[1] in fugitive emissions in the Pipelines segment, 15% lower than the previous year.

WE WORK TIRELESSLY ON IMPROVING THE EFFICIENCY OF OUR NATURAL GAS PIPELINES TO CONTINUE REDUCING FUGITIVE METHANE EMISSIONS.

Our operational controls and preventive maintenance work employ the highest industry standards to monitor and reduce gas leaks.



Ethane Pipeline



GAS LEAKAGE RATE[2] (%)

	2018	2019	2020
Pipelines	0.0294	0.0105	0.0097
Distribution	0.2788	0.2788	0.274
Storage	0.0057	0.0063	0.0063

[1] Estimated reduction, calculated based on the amount of transported gas.
[2] Measured as a percentage of loss in the total amount of transported, distributed, or stored gas.



ECOGAS

SCOPE 3

Indirect emissions resulting from the company's activities (excluding those reported as Scope 2) and that occur at sources that are not owned or controlled by the company.

Our Scope 3 emissions are mainly derived from the use of the gas we transport and distribute. We currently report emissions from the gas we deliver to industrial, commercial, and residential users in our Distribution and Pipelines segments, and from our employees' air travel.

SCOPE 3 GHG EMISSIONS (tCO_2e)

	2018	2019	2020
Natural gas consumed by customers	17,509,486	17,913,714	18,372,080
Air travel by employees	-	1,149	73

POWER GENERATION

[302-1, 305-4, OG3]

In keeping with our strategy, in 2020 we increased our generation of renewable energy by 15% compared to the previous year. Thus, our energy mix reflects our commitment to the environment and the fight against climate change.


Border Solar Park

POWER GENERATION (MWh)

Natural gas

2018	3,700,837
2019	3,719,498
2020	2,703,149

Wind

2018	1,397,190
2019	1,334,227
2020	1,299,568

Solar

2019	371,382
2020	696,654

Total 2018	Total 2019	**Total 2020**
5,098,027	5,425,107	4,699,371

1,996,222
MWh of renewable energy generated in 2020

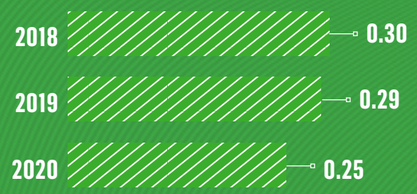

Termoeléctrica de Mexicali

CARBON INTENSITY

Resulting from the start of operations of our solar parks, our carbon intensity has had a sustained decrease, with a reduction of 16% compared to the previous year. In addition, all our facilities and processes take into consideration, from the design stage and throughout operation, the best technologies to reduce GHG emissions.

TDM's combined-cycle technology enables it to take full advantage of the use of natural gas; in our Pipelines and Distribution segments we have highly efficient processes and equipment that make it possible for systems to operate in compliance with the strictest national and international standards.

GHG EMISSIONS INTENSITY FROM POWER GENERATION[1]
(tCO_2e/MWh)





[1] Calculations of the GHG emissions intensity from electric power generation take into consideration our gross generation.

Termoeléctrica de Mexicali

BIODIVERSITY

[304-1, 304-2, 304-3, OG4]



Los Ramones I Pipeline Nursery

BIODIVERSITY MANAGEMENT MODEL

FLORA RESTORATION, CONSERVATION, AND COMPENSATION

- We execute reforestation programs
- We reproduce endemic species in nurseries that we maintain longer than required by the authority
- We protect and produce, in a controlled environment, plant species of high ecological value that are native to the area
- We preserve species and develop the ability to produce seeds of species that are at risk of extinction

PROTECTION AND RESCUE OF WILDLIFE

- Before we start developing any project, we conduct studies to measure a project's potential impact on the ecosystem
- We employ stricter practices than those established by environmental legislation
- We suggest additional measures to authorities regarding protection of habitat and species of wildlife found in the region
- We rescue fauna and relocate it to safe places

At IEnova, we have different biodiversity conservation programs that are based on the specific characteristics of a given project and on the ecosystem of the site where we build or operate an asset. To achieve our goals, we work continuously with expert organizations in biodiversity management such as universities, civil society organizations, and specialized companies.

Before developing a project, we assess its potential impact on the ecosystems, and we always make sure we do not have an impact on Protected Natural Areas or areas of high biodiversity. To this end, we apply the mitigation hierarchy principle: avoid, minimize, restore, and compensate.


Energía Costa Azul Nursery

MITIGATION HIERARCHY PRINCIPLE

1 AVOID
2 MINIMIZE
3 RESTORE
4 COMPENSATE

Our practices are often stricter than environmental legislation, which is why we suggest to the authorities measures that we believe have to be implemented in order to protect habitat and species of wild flora and fauna found in the area.

All flora and fauna rescue and relocation activities are carried out by environmental specialists and reported on by the technical personnel at the work site. For these activities, we employ special tools to ensure the welfare of each species.

Our commitment to preserve biodiversity also extends to those assets we develop in collaboration with other companies. We have implemented measures to ensure flora and fauna rescue, relocation, protection, and conservation programs at these assets comply with IEnova's best practices.


Aguaprieta Pipeline

BEFORE STARTING THE CONSTRUCTION OF ANY OF OUR ASSETS, WE CONDUCT ENVIRONMENTAL IMPACT STUDIES ENDORSED AND APPROVED BY THE ENVIRONMENTAL AUTHORITY.

Most of our assets have an Environmental Management System in place that includes procedures for measuring and controlling impacts. We have matrixes in place to assess environmental aspects that indicate the level of importance of each topic, their impact on the environment, and management and control measures implemented by the company.

We keep a record of the flora and fauna species found in the areas where we operate, and we classify them based on the Red List of the International Union for Conservation of Nature (IUCN) and the regulations established by SEMARNAT.

FLORA AND FAUNA CONSERVATION AND PROTECTION PROJECTS

ASSET OR SEGMENT	CONSERVATION AND PROTECTION PROGRAM	SYNERGY WITH EXPERT ORGANIZATIONS
Ojinaga–El Encino Pipeline	We maintain wild flora focusing on species that are relevant because of their ecological, economic, and cultural value and on species deemed to be at risk by the Official Mexican Standard NOM-059-SEMARNAT-2010. Maintenance works are scheduled based on species development and adaptation. For the duration of the project, we monitor the status and sanitary conditions of the relocated flora. To do this, we collect data by species for each lot, label each plant, and record the information in databases, all of which allows us to closely monitor every specimen we relocate.	For this task, we have the support of a specialized company that provides flora maintenance, reposition, and monitoring services.
Sonora Pipeline (Sásabe-Guaymas Segment)	Monthly maintenance services at every segment: ▶ 6-8 liters of water per plant. ▶ Reconstruct pots to improve rainwater harvesting. ▶ Apply liquid humus in a dose of 100 liters of humus for every 1,000 liters of water to ensure better growing conditions without damaging the soil. ▶ Organic fertilizers in the temporary rights-of-way, per segment.	For this task, we have the support of a specialized company that provides flora maintenance, repositioning, and monitoring services.
Sonora Pipeline (Guaymas-El Oro Segment)	▶ Reconstruct pots to improve rainwater harvesting. ▶ Irrigate reforested plants with mobile water tanks.	For this task, we have the support of a specialized company that provides flora maintenance, repositioning, and monitoring services.
Los Ramones I and Los Ramones Norte Pipelines	▶ During the construction stages of both projects, we created temporary relocation areas where we could maintain and ensure the survival of the flora present in the project area. ▶ Once construction was finalized, we established 5 permanent nurseries with more than 176 thousand plants of 68 different species, with a 93.1% survival rate. ▶ At these nurseries, we have collected more than 10 million seeds of 38 species, of which 14 are deemed to be at risk of extinction, and we have been able to reproduce more than 22,000 plants of 41 species, of which 10 are deemed at risk of extinction. Seeds are kept in a specialized seed bank of the Universidad Autónoma de Nuevo León (UANL).	The School of Forestry Sciences of the UANL is in charge of safekeeping, handling, and maintaining the nurseries, under the supervision of the Environmental division of IEnova.

FLORA AND FAUNA CONSERVATION AND PROTECTION PROJECTS

ASSET OR SEGMENT	CONSERVATION AND PROTECTION PROGRAM	SYNERGY WITH EXPERT ORGANIZATIONS
Energía Costa Azul (ECA)	▶ Over the past 14 years, we have implemented our Flora and Fauna Rescue, Protection, and Conservation Program. ▶ Native plants have been reproduced in nurseries, particularly those that, given their importance for conservation, require more attention, maintenance, propagation, and reproduction efforts. ▶ We have also reproduced species that are endemic to Baja California, such as the coastal cactus. These efforts have allowed us to consolidate a nursery with more than 50,000 plants of 28 species that are native to the Northwestern region of Baja California.	For this nursery, which is located within the company's property, we collaborate with companies specializing in offering global services. We also carry out activities for the rescue, compensation, reforestation, care, and production of endemic plants.
Energía Sierra Juárez (ESJ)	We have three biodiversity conservation projects: ▶ Program to monitor birds and bats, currently in operation. ▶ Environmental compensation program. ▶ Program for the conservation of eagles and California condors.	For this task, we work with three expert organizations: ▶ **BIIG:** in charge of the plant compensation and maintenance programs. ▶ **INECOL:** in charge of monitoring the birds and bats to determine if they are being affected by the operation of the park; they mainly study flight patterns and potential impact noise on the species. ▶ **San Diego Zoo:** in charge of monitoring eagles and California condors to understand their flight patterns and establish a protocol for when one of these animals flies near the park.
Ventika	We have several programs in place: ▶ Flora and fauna management and rescue program. ▶ Birds and bats monitoring program. ▶ Program to study the effect of noise on bird and bat populations. ▶ Program to monitor the Monarch Butterflies on an annual basis. ▶ Soil conservation program. ▶ Environmental stewardship program.	For this task, we work with two expert organizations: ▶ **Natura Ferox:** Company specializing in bird, mammal, and insect populations. They execute programs to monitor birds, bats, and the Monarch Butterfly. ▶ **IGAMEX:** Company specializing in controlling erosion and the environmental restoration of ecosystems. Updated the Program to manage and control erosion at both facilities.
Solar Parks	We have programs to rescue and relocate flora and fauna species, as well as reforestation and compensation programs that enable us to preserve the biodiversity value in each of the sites.	For this task, we have the support of a specialized company that provides flora maintenance, repositioning, and monitoring services.

SUCCESS STORY

LOS RAMONES NORTE NURSERIES

This is the success story of a synergy between a private company focused on environmental and social issues and an academic institution with proven expertise in handling protected species. As a result of these two companies' joint efforts, the nurseries at Los Ramones Norte Pipeline have become an example of collaboration that merits recognition and that should be replicated elsewhere.

IEnova is firmly committed to sustainable development in Mexico. The company manages its operations in alignment with the highest environmental responsibility standards. This is demonstrated by the successful operation of five nurseries in the states of Nuevo León, Tamaulipas, and San Luis Potosí, which are part of the Environmental Management and Monitoring Program (PMyMA) of the Los Ramones Norte Pipeline.

In addition to ensuring compliance with environmental regulations and minimizing impacts near the pipeline, the goal of this flagship project is to become a model for the conservation and reproduction of cacti species that are important for the region and for ecosystems in general. At the same time, its social contribution is key to the area as the program is a source of economic revenues and generates technical expertise and environmental awareness. This project has been successful in bringing together the environmental and social arenas.

WE COLLABORATED WITH EXPERTS FROM THE FACULTY OF FOREST SCIENCES OF THE AUTONOMOUS UNIVERSITY OF NUEVO LEÓN (UANL) TO CONDUCT NATIVE FAUNA RESCUE, MAINTENANCE, AND SURVIVAL EFFORTS.



Efraím Hernández Xolocotzi Nursery, Los Ramones Norte Pipeline

SUCCESS STORY



Efraím Hernández Xolocotzi Nursery, Los Ramones Norte Pipeline

LOS RAMONES NORTE NURSERIES

Since 2016, we have invested USD$1,358,514 in the PMyMA. We currently hold approximately 176,232 specimens of 68 species of flora. We have collected 10,480,395 seeds of 38 species, of which 8,206,321 belong to 14 species deemed to be at risk of extinction, which are being kept in a seed bank at the UANL. Survival rates for the rescued plants is 93.1%, which exceeds what is required by the General Law of Sustainable Forest Development (*Ley General de Desarrollo Forestal Sustentable*).

At the same time, we encourage the elaboration of professional dissertations about this project, scientific articles, and books on soil use and vegetation in the areas crossed by the pipeline. Additionally, the UANL implements an environmental education program through an agreement with the Ministry of Education of the state of Nuevo Leon, which offers elementary and middle and high school students tours of the Efraím Hernández Xolocotzi Botanical Gardens, which was reactivated and enriched with species from the nursery. In 2018-2019, visitors from 23 institutions toured the facilities, which translates into more than 3,000 students from different education levels in the region.

While currently 31% of the cacti worldwide are deemed at risk of extinction as a result of increasing pressure from human activity, illegal trade of living plants and seeds for the horticultural industry and private collections, as well as non-sustainable exploitation, the Los Ramones Norte nurseries have had a positive impact on three lines of action: environmental, with the conservation and reproduction of plants that hold great value for the ecosystem and are at risk of extinction; social, by strengthening relationships with communities in the area; and, finally, academic, by contributing to environmental education and creating awareness of the importance of caring for the species and the environment in general.

BY FOLLOWING THIS PATH, WE ARE CERTAIN THAT WE WILL BECOME A MODEL FOR THE CONSERVATION AND REPRODUCTION OF SPECIES OF NATIONAL RELEVANCE AND THAT WE WILL BE ABLE TO REPLICATE THIS SUCCESSFUL MANAGEMENT SYSTEM, WHICH COMBINES ENVIRONMENTAL, SOCIAL, AND ACADEMIC ELEMENTS, IN OUR FUTURE PROJECTS.



Energía Costa Azul, Second Photography Contest, Francisco López

WATER MANAGEMENT

[303-1, 303-2, 303-3, 303-4]

At IEnova we promote the responsible use of water. Accordingly, we use water in a highly efficient manner and, at some of our assets, we return water to its original source in similar or better conditions than when it was first withdrawn.

WATER USE BY EXTRACTION SOURCE (M³)

Extraction Source	2018	2019	2020
Groundwater	4,599	13,738	6,040
Municipal wastewater	5,427,746	5,457,266	4,873,995
Municipal water suppliers	14,499	13,140	6,046
Seawater	96,093,411	94,234,845	98,596,740
Total	101,540,254	99,718,989	**103,482,821**

DISCHARGE BY DESTINATION WATER (M³)

Destination	2018	2019	2020
Municipal wastewater treatment plants	7,026	9,117	12,088
Surface water[1]	988,943	766,869	1,323,735
Seawater	95,964,730	94,111,796	98,491,764
Total	96,960,699	94,887,782	**99,827,588**

100% OF THE WATER WE WITHDRAW AND CONSUME AT OUR SITES IS DISCHARGED IN ITS CORRESPONDING DESTINATION IN FULL ADHERENCE TO MEXICAN REGULATIONS RELATED TO WATER DISCHARGE QUALITY.

[1] Municipal wastewater that is used and treated at TDM, which is discharged into federal drainage in better conditions than when it was extracted.

ECA

Currently, 95.28% of the total water withdrawn by our operations is used by ECA:

- 100% of the water is withdrawn from the ocean and is desalinated for use in our processes.
- Water is used to increase the temperature of liquefied natural gas so that it can be regasified.
- Water is never subjected to processes that could contaminate it.
- Water is returned to the ocean, always in strict compliance with the corresponding discharge permits.
- Every three months, an accredited laboratory analyzes the physical and chemical properties of the discharged water to ensure that it complies with the conditions established by the regulation.



TDM

Our power generation plant, TDM, is among the cleanest combined-cycle plants supervised by the Western Electricity Coordinating Council (WECC) in the US. To achieve this level of excellence, at TDM we use state-of-the-art environmental technologies that comply with all applicable standards in Mexico and in the state of California.

To ensure that water consumed at TDM is discharged in the same or better conditions than when it was first withdrawn:

- TDM withdraws municipal wastewater from the oxidation lagoons in Mexicali, Baja California.
- Water is pumped to a water treatment plant at a maximum flow of 920m^3/h, it is treated so it can be used in the process, and then reused several times in the steam, cooling, and condensation processes.
- After being treated, water can be discharged in compliance with the parameters established by all applicable regulations, with considerably better quality than when it was first withdrawn.

Additionally, TDM has strategic plans for implementing efforts related to water savings and efficient consumption:

- Reduce the supply of water from 350 m^3/h to 300 m^3/h when the plant is not operating.
- Improve planning for stopping and starting the wastewater treatment plant to minimize the amount of treated water that is not used.
- Close off the cooling system valves when not in service.
- Automate the purging process in the cooling tower to reduce over-purging.
- Install a valve to ration sulfuric acid (controlling pH) in the cooling tower to reduce the presence of sulfates.





WATER STRESS

[303-2]

We monitor the availability of water in Mexico every year. Based on this, we have determined that most of our assets are located in areas that are classified under water stress by the World Resources Institute (WRI). However, our consumption of groundwater is minimal, and we do not extract any surface water, which means our operations have a low impact on the supply of water in our neighboring communities and we do not contribute to worsening the water scarcity problem in the country.

WASTE

[301-2, 306-2]

To manage waste, we collaborate with specialized authorized companies to adequately dispose of or repurpose it. When its physical and chemical nature allows, we work with suppliers that either recycle or reuse waste. 100% of our waste is handled based on federal or local regulations and, whenever it cannot be reused, waste is disposed of in authorized sites.

IN ALL OUR BUSINESS SEGMENTS WE DEVELOP AND IMPLEMENT TRAINING AND AWARENESS PROGRAMS TO ADEQUATELY MANAGE HAZARDOUS AND NON-HAZARDOUS WASTE.

These programs are designed to comply with applicable local and national regulations, in addition to international best practices. The following are the main modules of our training programs:

- Adequate separation and classification of waste
- Packing
- Labeling
- Temporary storage

In 2019, at TDM we implemented an initiative to reduce non-hazardous waste consisting of replacing the type of coagulant we use in the wastewater treatment plant with an organic coagulant. This has allowed us to reduce our non-hazardous waste by 23% annually, which amounts to 3,500 tons of waste in two years.

Another benefit of this project is that environmental and health and safety risks are reduced, as it employs a less hazardous substance. It also improves maintenance times for the wastewater treatment plant, brings down our operational expenses, and reduces our indirect GHG emissions due to a decrease in transportation by suppliers.



Energía Costa Azul

GENERATION OF HAZARDOUS AND NON-HAZARDOUS WASTE (ton)

Generation of hazardous waste (ton)			
Disposal method	**2018**	**2019**	**2020**
Recycling or reuse	13	5	8
Energy recovery	7	5	5
Disposal in authorized sites	55	65	63
Total	75	75	**76**
Generation of non-hazardous waste (ton)			
Recycling or reuse	94	428	54
Disposal in authorized sites	10,159	8,175	6,643
Total	10,253	8,603	**6,697**

ENVIRONMENTAL CERTIFICATIONS

In alignment with our commitment to the environment, we constantly update the certifications of our assets.

To review our current certifications, please visit the Certifications section of our website.

PROGRESS AND OBJECTIVES

[103-1, 103-2]

IN PROCESS | ACHIEVED | NOT ACHIEVED

ENVIRONMENT

2020 Progress	Status
Continue operating and monitoring the Sustainable Office Program and implement it at those assets that begin operation in 2020.	
Obtain or maintain the Clean Industry or Environmental Quality certificate granted by PROFEPA and/or ASEA at all our operating assets during the first 12 months after they begin to operate, or after we gain operating control over them.	
Finish updating the Climate Change Strategy and publish it. Continue to identify and assess the main physical risks resulting from climate change (current and future) that have the potential to generate a substantial change in operations, revenues, or expenses for the company.	
Respond publicly to the Carbon Disclosure Project (CDP) questionnaire.	
Define initiatives and projects for reducing and mitigating emissions to establish annual Scope 1 and Scope 2 GHG emissions (reduction science-based targets) for 2020-2021.	
By 2030, reduce fugitive GHG emissions by 50% compared to 2019.	
Begin the process to participate in and comply with obligations derived from the Emissions Trading System.	

2021 Objectives
Continue operating and monitoring the Sustainable Office Program and implement it at those assets that begin operation in 2021.
Obtain or maintain the Clean Industry or Environmental Quality certificate granted by PROFEPA and/or ASEA at all our operating assets during the first 12 months after they begin to operate, or after we gain operating control over them.
Continue to respond to the CDP.
By 2030, reduce fugitive GHG emissions by 50% with respect to 2015.
Establish the process to participate in and comply with obligations derived from the Emissions Trading System.

OPERATIONAL ECO-EFFICIENCY

2020 Progress	Status
ECOGAS Distribution:	
▶ Reduce water consumption per employee by 2% compared to 2019.	
Storage:	
▶ Maintain hazardous waste generation at ECA below 10 tons annually and keep the generation permit in the Small Generator category. Search for options to adequately dispose of waste that requires special handling at ECA and that can be recycled.	
▶ Reduce energy consumption at TDF by 3% compared to 2019.	
▶ Promote recycling of materials at TDF by increasing recycling by 5% compared to 2019.	
▶ Reduce toxic dispersion at TDN by 5%.	
Generation:	
▶ Reduce the generation of waste that requires special handling at TDM compared to the previous year.	
▶ Maintain the water consumption index below 1.7 per MWh generated.	
▶ Implement a water management plan based on the need for cleaning photovoltaic panels.	

2021 Objectives
ECOGAS Distribution:
▶ Reduce water consumption per employee by 2% compared to 2019.
▶ Install solar panels in the Chihuahua headquarters.

06.



APPENDIX

- ABOUT THIS REPORT
- INDEPENDENT ASSURANCE REPORT
- PRINCIPLES OF THE GLOBAL COMPACT
- GRI CONTENT INDEX
- SASB STANDARDS RESPONSES
- TCFD ALIGNMENT
- ESG PERFORMANCE
- FINANCIAL HIGHLIGHTS
- AUDITED FINANCIAL STATEMENTS
- GLOSSARY AND FORMULAS

Don Diego Solar Park

ABOUT THIS REPORT

[102-46, 102-47, 102-50]

The Sustainability and Corporate Communications division, which reports directly to the Chief Sustainability, Corporate and Public Affairs Officer, has prepared this Report that describes our environmental, social, and governance performance.

This is IEnova's eighth Sustainability Report which was drafted following the Core option of the Global Reporting Initiative (GRI) Standards and includes content and information pertaining to our material topics and stakeholders. We adhere to best reporting practices based on the GRI Reporting Principles for defining reporting content and quality: stakeholder inclusiveness, sustainability context, materiality, completeness, accuracy, balance, clarity, comparability, reliability, and timeliness. An independent third party reviewed the 2020 Sustainability Report and audited forty GRI indicators for this year, as established in the scope of the Independent Assurance Report. In addition, the report aligns to the following standards, frames of reference, and sustainability principles:

- Sustainability Accounting Standards Board (SASB)
- Recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD)
- Communication on Progress (COP)
- UN Sustainable Development Goals (SDGs)

Given that IEnova is a signatory of the UN Global Compact since 2015, this report constitutes our sixth COP. We have included herein the progress we have made in terms of the Global Compact's ten principles and our contribution to the SDGs.



REPORTING SCOPE

In this document we have summarized material information spanning the period between January 1st and December 31st, 2020 for the Gas, Power, and Storage business segments, and have included 100% of the information pertaining to the joint ventures in which IEnova holds a stake of 50% or more: Los Ramones Norte Pipeline and Energía Sierra Juárez wind park. IEnova acquired 100% of ESJ on March 9th, 2021. Our Report includes the activities of our companies that transport and store natural gas, LPG, and ethane; store liquefied natural gas; distribute natural gas; receive, store, and deliver refined products; as well as the activities of our combined-cycle power plant and our wind and solar parks, all of which generate electric power.

This report does not include information on the storage terminals that we currently have under development or construction. These will be included in the Report once they start operating.

Unless otherwise specified, health and safety indicators include information on all our operating assets and on all projects under construction, for both our employees and contractors.

Throughout the Report we describe the formulas used to calculate the indicators and we specify the business units for which we are reporting the information. We have also clearly identified any changes in our metrics with respect to information reported in prior years.

All figures included in the Report are presented in US dollars. Unless otherwise specified, we employed an exchange rate of $19.9487 pesos per USD$1.

Unless otherwise specified, whole numbers included in the Report were rounded off; we rounded up all decimals of 0.5 or above, and rounded down decimals below 0.5.

MATERIAL INFORMATION AND ESG GOALS

We constantly update our materiality assessment to confirm the validity of what we have identified as the most relevant environmental, social, and corporate governance (ESG) elements.

In 2020, we carried out our most recent update, which showed that these are currently our most relevant topics: employee health and safety, communities, political context, operational continuity, safety in processes and operations, financial performance, gender equality, climate change strategy, corporate governance, energy transition, GHG emissions, ESG Standards, supply chain, and, finally, attracting, retaining, and developing talent. Our materiality matrix is published on page 31

Based on the results of our materiality assessment, our Sustainability Committee agreed that IEnova will be a leader in the following topics:

- Employee Health & Safety
- Safety in Processes and Operations
- Attracting, Developing and Retaining Talent
- Community Affairs

To this end, we established short, medium, and long-term goals and objectives that will allow IEnova to contribute to the SDGs and improve its ESG performance. For more details, please review the section entitled Short, Medium, and Long-term Sustainable Goals in this Report.

► INDEPENDENT ASSURANCE REPORT

Don Diego Solar Park

Deloitte.

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Independent assurance report on the 2020 Sustainability Report to Infraestructura Energética Nova, S.A.B. de C.V., (IEnova) to the Management of IEnova.

Responsibilities of IEnova and independent reviewer

The Management of IEnova is responsible for the elaboration of the 2020 Sustainability Report (SR) for the period from January 1st to December 31st, 2020, as well as ensuring its content, definition, adaptation and maintenance of the management systems and internal control from which the information is obtained, and which is also free of material misstatement due to fraud or error. Our responsibility is to issue an independent report based on the procedures applied during our review.

This report has been prepared exclusively in the interest of IEnova in accordance with the terms of our agreement letter dated October 29th, 2020, therefore we do not assume any responsibility to third parties and is not intended to be nor should it be used by someone other than the Management of IEnova.

Scope of our work

The scope of our assurance was limited which is substantially lower than a reasonable assurance scope, therefore the assurance provided is also lower. This report in no case can be understood as an audit report.

We conducted the 2020 SR review under the following conditions and/or criteria:

a) The adaptation on the 2020 SR disclosures to the Sustainability Reporting Standards Guidelines of the Global Reporting Initiative (GRI) and according to the materiality study provided by IEnova.
b) The review of the GRI Standards disclosures in accordance with the reporting requirements as specified in the GRI Content Index of the 2020 SR.
c) The data consistency between the information included in the 2020 SR with supporting evidence provided by the Management.

We have complied with the independence and ethics requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code) based on integrity, objectivity, professional competence and due care, confidentiality and professional behavior principles.

Assurance standards and procedures

We have performed our work in accordance with the International Auditing Standard ISAE 3000 Revised Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Boards (IAASB) del International Federation of Accountants (IFAC).

Our review work included the formulation of questions to the Management as well as various departments of IEnova that have participated in the elaboration of the 2020 SR and the application of certain analytical and sample screening tests procedures that are described below:

a) Meetings with staff of IEnova to learn the principles, systems and applied management approaches.
b) Analysis of the process to collect, validate and consolidate the data presented in the 2020 SR.
c) Analysis of scope, relevance and integrity of the information included in the 2020 SR in terms of the understanding of IEnova and of the requirements that stakeholders have identified as material topics.
d) Selected sample review from the evidence that supports the information included on the 2020 SR.
e) Quality assurance by an independent partner of the project that verifies consistency between this report and the proposal, as well as work process quality and deliverables.

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The following table details the revised contents according with the GRI Standards Guide

102-8	**102-16**	**102-17**	**102-31**	**102-36**	**102-41**	**102-42**	**102-44**
102-46	**201-1**	**203-1**	**204-1**	**205-2**	**302-1**	**303-1**	**303-3**
303-4	**304-1**	**304-2**	**304-3**	**305-1**	**305-2**	**305-3**	**305-5**
305-7	**306-2**	**306-3**	**307-1**	**401-1**	**403-1**	**403-9**	**404-1**
404-3	**408-1**	**410-1**	**411-1**	**413-1**	**EU-DMA**	**OG3**	**OG-10**

These contents were selected for the independent review in accordance with the following criteria:

a) Materiality of IEnova referred in the 2020 SR.
b) Information provided during the meetings with the interviewed staff.
c) Review of the evidence provided by IEnova staff of this project.

Conclusions

Based on our work described in this report, the performed procedures and the evidence obtained, nothing comes to our attention that could make us believe that the contents and disclosures reviewed in the 2020 SR contain significant errors or have not been prepared in accordance with the reporting requirements established in the GRI Standards. For those GRI Standards disclosures where IEnova did not report in quantitative terms (numeric) the independent reviewer only reviewed the qualitative information, which includes procedures, policies, evidence of the activities performed, among others.

Action alternatives

Deloitte has provided IEnova a report with the most significant action alternatives for future reporting, which do not modify the conclusions expressed in this independent review report.

Deloitte Asesoría en Riesgos, S.C.

Deloitte Touche Tohmatsu Limited affiliated Firm

Rocio Canal Garrido
Partner of Deloitte Asesoría en Riesgos, S.C.
May 28th, 2021

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PRINCIPLES OF THE UN GLOBAL COMPACT

Since 2015, IEnova has been committed to the corporate responsibility initiative and its Principles related to human rights, labor standards, the environment, and anti-corruption.

	PRINCIPLES OF THE GLOBAL COMPACT	RELATED GRI DISCLOSURE
	HUMAN RIGHTS	
1.	Businesses should support and respect the protection of internationally proclaimed human rights.	412-2, 410-1, 411-1, 103-2, 413-1
2.	Businesses should make sure that they are not complicit in human rights abuses.	412-2, 406-1, 407-1, 408-1, 409-1, 410-1, 411-1, 412-1, 414-1, 414-2, 103-2
	LABOR	
3.	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	102-41
4.	Businesses should uphold the elimination of all forms of forced and compulsory labor.	409-1
5.	Businesses should uphold the effective abolition of child labor.	408-1
6.	Businesses should uphold the elimination of discrimination in respect of employment and occupation.	102-8, 401-1, 401-2, 404-1, 404-3, 406-1
	ENVIRONMENT	
7.	Businesses should support a precautionary approach to environmental challenges.	302-1, 303-1, 305-1, 305-2, 305-3, 305-7
8.	Businesses should undertake initiatives to promote greater environmental responsibility.	301-2, 302-1, 303-1 to 303-3, 304-1 to 304-3,305-1 to 305-5, 305-7, 306-1 to 306-3, 307-1
9.	Businesses should encourage the development and diffusion of environmentally friendly technologies.	302-1, 305-5
	ANTI-CORRUPTION	
10.	Businesses should work against corruption in all its forms, including extortion and bribery.	102-16, 102-17, 205-1 to 205-3, 415-1

GRI CONTENT INDEX

[102-55]

For the Materiality Disclosures Service, GRI Services reviewed that the GRI Content Index is clearly presented and the referenced for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report. This service was performed on the Spanish version of the report.

GRI MATERIALITY DISCLOSURES SERVICE 2021

DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE AND/OR DIRECT RESPONSE	OMISSIONS	INDEPENDENT ASSURANCE
UNIVERSAL STANDARDS				
GRI 101: FOUNDATION 2016				
GRI 102: GENERAL DISCLOSURES 2016				
102-1	Name of the organization	Infraestructura Energética Nova S.A.B. de C.V. (IEnova)		
102-2	Activities, brands, products, and services	7, 17		
102-3	Location of headquarters	Mexico City		
102-4	Location of operations	18		
102-5	Ownership and legal form	IEnova is a public stock corporation with variable capital (S.A.B. de C.V.) established under the laws of Mexico.		
102-6	Markets served	11, 12, 18, 19, 20, 22		
102-7	Scale of the organization	11, 12, 61, 63, 93		
102-8	Information on employees and other workers	63	All information is consolidated for IEnova as a whole and not by operating unit or type of contract.	135, 136
102-9	Supply chain	89		
102-10	Significant changes to the organization and its supply chain	18, 93		
102-11	Precautionary principle or approach	31, 32, 54		
102-12	External initiatives	26		
102-13	Membership of associations	26		
102-14	Statement from senior decision maker	8, 9		
102-15	Key impacts, risks, and opportunities	31, 32, 54, 57, 108		
102-16	Values, principles, standards, and norms of behavior	7, 48		135, 136
102-17	Mechanisms for advice and concerns about ethics	48-50, 53		135, 136
102-18	Governance structure	29, 42, 44		
102-19	Delegating authority	29		

DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE AND/OR DIRECT RESPONSE	OMISSIONS	INDEPENDENT ASSURANCE
102-20	Executive-level responsibility for economic, environmental, and social topics	29 The Chief Sustainability, Corporate and Public Affairs Officer chairs the Sustainability Committee which, according to its bylaws, reports to the Corporate Practices Committee of the Board of Directors.		
102-22	Composition of the highest governance body and its committees	42		
102-23	Chair of the highest governance body	42 Carlos Ruiz Sacristán serves as Chairman of the Board of Directors and Executive Chairman of IEnova.		
102-24	Nominating and selecting the highest governance body	42		
102-25	Conflicts of interest	42, 45, 48, 50		
102-26	Role of the highest governance body in setting purpose, values, and strategy	42, 108 The role of the highest governance body is described in IEnova's Bylaws.		
102-28	Evaluating the highest governance body's performance	42 The Corporate Practices Committee is responsible for reviewing the performance of the Board of Directors once a year.		
102-29	Identifying and managing economic, environmental, and social impacts	31, 32, 42, 54		
102-30	Effectiveness of risk management processes	32, 42, 54 Risk management is headed by the Chief Financial Officer. The division is mainly responsible for measuring, managing, reporting, and monitoring all risks. This division is also in charge of establishing timely mitigation measures that contribute to limiting the potential impact of any risk on the business.		
102-31	Review of economic, environmental, and social topics	29, 31, 32, 42, 54, 108		135, 136
102-32	Highest governance body's role in sustainability reporting	29 The Chief Sustainability, Corporate and Public Affairs Officer chairs the Sustainability Committee which, according to its bylaws reports to the Corporate Practices Committee of the Board of Directors.		
102-33	Communicating critical concerns	29, 42, 44		
102-35	Remuneration policies	42, 46, 72 The company continually reviews salaries, bonuses, and other economic compensation plans in order to offer competitive compensation.		
102-36	Process for determining remuneration	42, 44, 72 The Corporate Practices Committee of the Board of Directors determines remuneration frameworks for Board members and senior management.		135, 136

DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE AND/OR DIRECT RESPONSE	OMISSIONS	INDEPENDENT ASSURANCE
102-38	Total annual compensation ration	72	For security and privacy reasons related to this information, the decision was made to omit this information.	
102-40	List of stakeholder groups	30, 31		
102-41	Collective bargaining agreements	158		135, 136
102-42	Identifying and selecting stakeholders	30 The IEnova Stakeholders Management Model is a process through which the members of the Sustainability Committee every year make sure that the most relevant stakeholders are included in the company's sustainability strategy. They also monitor compliance with the annual goals of the Sustainability Commissions, including addressing those expectations that have been deemed a priority. For more information, please view our Sustainability Policy.		135, 136
102-43	Approach to stakeholder engagement	30, 31		
102-44	Key topics and concerns raised	31, 32		135, 136
102-45	Entities included in the consolidated financial statements	Audited Financial Statements (section 2.3.1 Basis of consolidation)		
102-46	Defining report content and topic boundaries	29-32, 133 We adhere to the Principles for drafting reports related to the definition of quality: Principle of sustainability context, Principle of materiality, Inclusion of stakeholders, Precision, Equilibrium, Clarity, Comparability, Reliability, Punctuality.		135, 136
102-47	List of material topics	31, 32, 133		
102-48	Restatements of information	A footnote has been included for those cases for which a restatement exists.		
102-49	Changes in reporting	For the first time we are reporting under the TCFD and SASB methodologies.		
102-50	Reporting period	133 January 1st to December 31st, 2020.		
102-51	Date of most recent report	The last report was published on May 31, 2020, and it covered the period between January 1 and December 31, 2019.		
102-52	Reporting cycle	Annual		
102-53	Contact point for questions regarding the report	Corporate Headquarters Paseo de la Reforma 342, 24th Floor, Colonia Juárez, Alcaldía Cuauhtémoc, Mexico City, 06600 Phone (5255) 91380100 sustentabilidad@ienova.com.mx		

DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE AND/OR DIRECT RESPONSE	OMISSIONS	INDEPENDENT ASSURANCE
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the Core option of the GRI Standards.		
102-55	GRI content index	138-145		
102-56	External assurance	135, 136		
GRI 103: MANAGEMENT APPROACH 2016				
This reference to GRI 103: Management Approach 2016 and the corresponding Disclosures 103-1, 103-2, and 103-3 applies to all material topics included in the following topic-specific Standards: GRI 201: Economic Performance 2016, GRI 203: Indirect Economic Impacts 2016, GRI 204: Procurement Practices 2016, GRI 205: Anti-Corruption 2016, GRI 206: Anti-competitive Behavior 2016, GRI 301: Materials 2016, GRI 302: Energy 2016, GRI 303: Water and Effluents 2018, GRI 304: Biodiversity 2016, GRI 305: Emissions 2016, GRI 306: Effluents and Waste 2016, GRI 307: Environmental Compliance 2016, GRI 401: Employment 2016, GRI 403: Occupational Health and Safety 2018, GRI 404: Training and Education 2016, GRI 405: Diversity and Equal Opportunity 2016, GRI 406: Non-discrimination 2016, GRI 408: Child Labor 2016, GRI 409: Forced or Compulsory Labor 2016, GRI 410: Security Practices 2016, GRI 411: Rights of Indigenous Peoples 2016, GRI 412: Human Rights Assessment 2016, GRI 413: Local Communities 2016, GRI 414: Supplier Social Assessment 2016, GRI 415: Public Policy 2016, GRI 416: Customer Health and Safety 2016, GRI 417: Marketing and Labeling 2016, GRI 419: Socioeconomic Compliance 2016, OG Sector Supplement, EU Sector Supplement.			
103-1	Explanation of the material topic and its boundary	31, 36, 59, 63, 103, 106, 131 The material topics identified in this Report are based on the results of the materiality assessment we conducted in 2019, which was reinforced with the 2020 update. The materiality assessment was conducted under the supervision of the Sustainability Committee, employing internationally-recognized standards.		
103-2	The management approach and its components	22, 31, 36, 54, 59, 63, 64, 76, 79, 85, 97, 103, 106, 108, 131		
103-2b	A statement of the purpose of the management approach	106		
103-2c	A description of the following, if the management approach includes that component: i. Policies ii. Commitments iii. Goals and targets iv. Responsibilities v. Resources vi. Grievance mechanisms vii. Specific actions, such as processes, projects, programs and initiatives	106		
103-3	Evaluation of the management approach	22, 31, 32		
TOPIC-SPECIFIC STANDARDS				
GRI 200: ECONOMIC STANDARDS				
GRI 201: ECONOMIC PERFORMANCE 2016				
201-1	Direct economic value generated and distributed	61, 161		135, 136
201-3	Defined benefit plan obligations and other retirement plans	67		
201-4	Financial assistance received from government	The company does not receive financial assistance from the government.		

DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE AND/OR DIRECT RESPONSE	OMISSIONS	INDEPENDENT ASSURANCE
GRI 203: INDIRECT ECONOMIC IMPACTS 2016				
203-1	Infrastructure investments and services supported	19, 20, 94, 97		135, 136
203-2	Significant indirect economic impacts	89, 93, 97		
GRI 204: PROCUREMENT PRACTICES 2016				
204-1	Proportion of spending on local suppliers	89, 93, 160		135, 136
GRI 205: ANTI-CORRUPTION 2016				
205-1	Operations assessed for risks related to corruption	48, 50, 54, 89		
205-2	Communication and training about anti-corruption policies and procedures	48, 50, 53, 89 IEnova's Corporate Ethics Policy establishes that only those who come in direct or indirect contact with authorities need to be certified in anti-corruption. At year-end 2020, 100% of our employees had taken the course.		135, 136
205-3	Confirmed incidents of corruption and actions taken	50, 163 There were no corruption incidents during the year.		
GRI 206: ANTICOMPETITIVE BEHAVIOR, 2016				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices.	There were no claims regarding anticompetitive behavior.		
GRI 300: ENVIRONMENTAL STANDARDS				
GRI 301: MATERIALS 2016				
301-2	Recycled input materials used	130, 152		
GRI 302: ENERGY 2016				
302-1	Energy consumption within the organization	115, 119, 150		135, 136
GRI 303: WATER AND EFFLUENTS 2018				
303-1	Interactions with water as a shared resource	127		135, 136
303-2	Management of water discharge-related impacts	127, 129		
303-3	Water withdrawal	127, 152		135, 136
303-4	Water discharge	127, 152		135, 136
303-5	Water consumption	127, 152		135, 136
GRI 304: BIODIVERSITY 2016				
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	121, 148		135, 136
304-2	Significant impacts of activities, products, and services on biodiversity	121, 153, 154		135, 136
304-3	Habitats protected or restored	121, 148, 154		135, 136

DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE AND/OR DIRECT RESPONSE	OMISSIONS	INDEPENDENT ASSURANCE
		GRI 305: EMISSIONS 2016		
305-1	Direct (Scope 1) GHG emissions	115, 151		135, 136
305-2	Energy indirect (Scope 2) GHG emissions	115, 151		135, 136
305-3	Other indirect (Scope 3) GHG emissions	115, 151		135, 136
305-4	GHG emissions intensity	120, 151		
305-5	Reduction of GHG emissions	115		135, 136
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	152		135, 136
		GRI 306: EFFLUENTS AND WASTE 2016		
306-2	Waste by type and disposal method	130, 152		135, 136
306-3	Significant spills	There were no significant spills. Based on the criteria established by PROFEPA (Criteria for classifying environmental emergencies in member organizations of the National Environmental Audit Program), an event can be classified as minor if the volume spilled is less than $1m^3$.		135, 136
		GRI 307: ENVIRONMENTAL COMPLIANCE 2016		
307-1	Non-compliance with environmental laws and regulations	During 2020, there were no instances of non-compliance with environmental laws and regulations.		135, 136
		GRI 400: SOCIAL STANDARDS		
		GRI 401: EMPLOYMENT 2016		
401-1	New employee hires and employee turnover	64, 156, 157		135, 136
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	67		
401-3	Parental leave	67, 158		
		GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018		
403-1	Occupational health and safety management system	76, 79		135, 136
403-2	Hazard identification, risk assessment, and incident investigation	76, 79		
403-3	Occupational health services	78		
403-4	Worker participation, consultation, and communication on occupational health and safety	76, 79, 84		
403-5	Employee training on occupational health and safety	84, 85, 158, 159		
403-6	Promotion of worker health	79, 67, 76		
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	76, 79, 83		
403-9	Work-related injuries	76, 79, 82, 160		135, 136

DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE AND/OR DIRECT RESPONSE	OMISSIONS	INDEPENDENT ASSURANCE
GRI 404: TRAINING AND EDUCATION 2016				
404-1	Average hours of training per year per employee	64, 85, 158, 159		135, 136
404-2	Programs for upgrading employee skills and transition assistance programs	64, 85		
404-3	Percentage of employees receiving regular performance and career development reviews	67, 72		135, 136
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016				
405-1	Diversity of governance bodies and employees	42, 74, 155, 156		
GRI 406: NON-DISCRIMINATION 2016				
406-1	Incidents of discrimination and corrective actions taken	50, 163		
GRI 408: CHILD LABOR 2016				
408-1	Operations and suppliers at significant risk for incidents of child labor	89 There were no potential risks of incidences of child labor identified by the operation.		135, 136
GRI 409: FORCED OR COMPULSORY LABOR 2016				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	89 There were no potential risks of incidences of child labor identified by the operation.		
GRI 410: SECURITY PRACTICES 2016				
410-1	Security personnel trained in human rights policies or procedures	159		135, 136
GRI 411: RIGHTS OF INDIGENOUS PEOPLES 2016				
411-1	Incidents of violations involving rights of indigenous peoples	In 2017, construction of the Sonora Pipeline was finalized in adherence to all applicable human rights laws, regulations, and recommendations. We conducted a free and well-informed consultation with the indigenous peoples, complying with international human rights standards and agreements, and with all applicable Mexican laws and regulations, and we received approval from the Ministry of Energy to build the pipeline. That same year, the members of a local indigenous tribe took out a 7.62-meter of the pipeline that crossed their territory at Loma Bácum, leaving the pipeline out of service. The group presented a legal complaint which was not granted by the judge. We are currently awaiting the final decision as to whether we will be allowed to repair the pipeline. The federal government in Mexico has entered into negotiations with the tribe in an effort to reach a definitive solution.		135, 136

DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE AND/OR DIRECT RESPONSE	OMISSIONS	INDEPENDENT ASSURANCE
GRI 412: HUMAN RIGHTS ASSESSMENT 2016				
412-2	Employee training on human rights policies and procedures	48, 53, 73, 74, 159 100% of employees receive training on the Code of Ethics, which includes human rights topics.		
GRI 413: LOCAL COMMUNITIES 2016				
413-1	Operations with local community engagement, impact assessments, and development programs	94, 95, 97		135, 136
GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016				
414-1	New suppliers that were screened using social criteria.	89		
GRI 415: PUBLIC POLICY 2016				
415-1	Political contributions	48 There were no financial or in-kind contributions made to any political parties and/or their representatives.. Our Code of Ethics prohibits this practice.		
GRI 416: CUSTOMER HEALTH AND SAFETY 2016				
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	During 2020, no incidents of non-compliance concerning the health and safety of products and services were identified.		
GRI 417: MARKETING AND LABELING 2016				
417-2	Incidents of non-compliance concerning product and service information and labeling	During 2020, no incidents of non-compliance concerning product and service information and labeling were identified.		
GRI 419: SOCIOECONOMIC COMPLIANCE 2016				
419-1	Non-compliance with laws and regulations in the social and economic area.	During 2020, there were no instances of non-compliance with laws and regulations in the social and economic area.		
O&G SECTOR SUPPLEMENT				
EU-DMA	Disaster/emergency plans and response	80		135, 136
OG2	Total amount invested in renewable energy	The total amount invested in renewable energy during 2020 was USD$225 million.		
OG3	Total amount of renewable energy generated by source	119		135, 136
OG4	Number and percentage of significant operating sites in which biodiversity risk has been assessed and monitored	121, 148		
OG-10	Number and description of relevant disputes with local communities and indigenous peoples.	Please view response to Disclosure 411-1.		135, 136
OG13	Number of process safety events, by business activity	84		

SASB STANDARDS RESPONSES

SASB CODE	ACCOUNTING METRICS	2018	2019	2020
GAS UTILITIES AND DISTRIBUTORS STANDARD				
ENERGY AFFORDABILITY				
IF-GU-240a.1	Average retail gas rate for residential customers (USD$/MMBtu)	-	-	19.73
	Average retail gas rate for commercial customers (USD$/MMBtu)	-	-	12.17
	Average retail gas rate for industrial customers (USD$/MMBtu)	-	-	9.1
	Average retail gas rate for transportation services only (USD$/MMBtu)	-	-	0.9
IF-GU-240a.2	Typical monthly gas bill for residential customers for 50 MMBtu of gas delivered per year (USD$)	$ 78	$ 76	$ 80
	Typical monthly gas bill for residential customers for 100 MMBtu of gas delivered per year (USD$)	$ 157	$ 152	$ 160
IF-GU-240a.3	Number of residential customer gas disconnections for non-payment	72,202	65,790	45,413
	Percentage of residential customer gas disconnections that are reconnected within 30 days	94%	95%	91%
INTEGRITY OF GAS DELIVERY INFRASTRUCTURE				
IF-GU-540a.1	Number of reportable pipeline incidents	0	0	0
	Number of corrective action orders	0	0	0
	Notices of probable violation	0	0	0
IF-GU-540a.2	Percentage of distribution pipeline that is cast and/or wrought iron	7%	6%	6%
	Percentage of distribution pipeline that is unprotected steel	0%	0%	0%
IF-GU-540a.3	Percentage of gas transmission pipelines inspected	99%	97%	97%
	Percentage of gas distribution pipelines inspected	100%	100%	100%
IF-GU-540a.4	Description of efforts to manage the integrity of gas delivery infrastructure, including risks related to safety and emissions	Strategic actions related to identified risks, safety in processes and operations Greenhouse Gas Emissions Fugitive Emissions		
ACTIVITY METRICS				
IF-GU-000.A[1]	Number of residential customers served	119,413	128,301	132,317
	Number of commercial customers served	3,304	3,728	3,851
	Number of industrial customers served	198	276	275
IF-GU-000.B	Amount of natural gas delivered to residential customers (MMBtu)	2,202,720	1,973,316	2,081,028
	Amount of natural gas delivered to commercial customers (MMBtu)	1,442,915	1,315,508	1,175,636
	Amount of natural gas delivered to industrial customers (MMBtu)	29,678,886	28,761,886	26,838,738
	Amount of natural gas transferred to a third party (MMBtu)	26,124	38,738	32,931
IF-GU-000.C	Length of gas transmission pipelines (km)	2,435	2,435	2,435
	Length of gas distribution pipelines (km)	3,947	4,138	4,367

SASB CODE	ACCOUNTING METRICS[1]	2018	2019	2020
ELECTRIC UTILITIES & POWER GENERATORS STANDARD				
GREENHOUS GAS EMISSIONS & ENERGY RESOURCE PLANNING				
IF-EU-110a.1	Gross global Scope 1 emissions (tCO_2e)	1,576,244	1,601,983	1,179,638
	Percentage of emissions covered under emissions-reporting regulations	100%	100%	100%
	Percentage of emissions covered under emissions-limiting regulations	0%	0%	0%
IF-EU-110a.2	Greenhouse gas (GHG) emissions associated with power deliveries (tCO_2e)	1,580,296	1,606,200	1,185,510
IF-EU-110a.3	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Climate change strategy Climate-related financial opportunities Avoided GHG emissions Climate-related Metrics and Targets		
AIR QUALITY				
IF-EU-120a.1	NOx emissions (ton)	104	148	86
	SOx emissions (ton)	-	-	6
	Particulate matter emissions (ton)	-	-	80
WATER MANAGEMENT				
F-EU-140a.1	Total water withdrawn (thousand m^3)	5,429	5,458	4,869
	Total water consumed (thousand m^3)	4,439	4,691	3,544
	Percentage extracted from municipal water (%)	99.98%	99.98%	99.98%
F-EU-140a.2	Number of incidents of non-compliance associated with water quality and/or quantity permits, standards, and regulations	0	0	0
F-EU-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	Water management		
WORKFORCE HEALTH & SAFETY				
IF-EU-320a.1	Total recordable injury incident rate (TRIR)	0.58	0.27	0.3
	Fatality rate	0	0	0
	Near miss frequency rate (NMFR)	5.60	4.04	3.62
ACTIVITY METRICS				
IF-EU-000.D	Total electricity generated (natural gas) (MWh)	3,700,837	3,719,498	2,788,872
	Total electricity generated (wind) (MWh)	1,397,190	1,334,227	1,305,067
	Total electricity generated (solar) (MWh)	0	371,382	635,537
IF-EU-000.E	Total wholesale electricity purchased (MWh)	9,201	9,861	19,540

[1] Data included in this table corresponds to electric power generation assets in operation.

SASB CODE	ACCOUNTING METRICS[1]	2018	2019	2020
OIL& GAS –MIDSTREAM STANDARD				
GREENHOUSE GAS EMISSIONS				
EM-MD-110a.1	Gross global Scope 1 emissions (tCO_2e)	958,975	691,431	608,039
	Percentage of gross global Scope 1 emissions from methane emissions	-	17%	18%
	Percentage emissions covered under emissions-reporting regulations	100%	100%	100%
IF-MD-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Climate Change Strategy Climate-related financial opportunities Climate-related Metrics and Targets		
AIR QUALITY				
M-MD-120a.1	NOx emissions (ton)	80	718	650
	SOx emissions (ton)	-	-	3
	Particulate matter emissions (ton)	-	-	35
ECOLOGICAL IMPACTS				
EM-MD-160a.1	Description of environmental management policies and practices for active operations	Biodiversity management		
EM-MD-160a.2	Percentage of land owned, leased, and/or operated within areas of protected conservation status or endangered species habitat	-	-	1%
EM-MD-160a.3	Terrestrial acreage disturbed	-	-	12,463
	Percentage of impacted area restored	-	-	2%
EM-MD-160a.4	Number and aggregate volume of hydrocarbon spills	0	0	0
COMPETITIVE BEHAVIOR				
EM-MD-520a.1	Total amount of monetary losses as a result of legal proceedings associated with federal pipeline and storage regulations (USD$)	$ 0.00	$ 0.00	$ 0.00
OPERATIONAL SAFETY, EMERGENCY PREPAREDNESS & RESPONSE				
EM-MD-540a.1	Number of reportable pipeline incidents	1	0	0
EM-MD-540a.2	Percentage of natural gas pipelines inspected	99%	97%	97%
	Percentage of hazardous liquid pipelines inspected	100%	100%	100%

[1] Data included in this table corresponds to Pipelines and Storage assets in operation.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ALIGNMENT

RECOMMENDED DISCLOSURES	SECTION IN THE REPORT
GOVERNANCE	
a) Describe the Board's oversight of climate-related risks and opportunities.	Governance
b) Describe management's role in assessing and managing climate-related risks and opportunities.	Our Sustainability Model Governance Risk Management
STRATEGY	
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long-term.	Strategy and Risk Management Climate-Related Opportunities Financial Impacts
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, include a 2°C or lower scenario.	
RISK MANAGEMENT	
a) Describe the organization's processes for identifying and assessing climate-related risks.	Strategy and Risk Management Governance Risk Management
b) Describe the organization's processes for managing climate-related risks.	
c) Describe the organization's processes to identify, assess, and manage climate-related risks in the organization's overall risk management.	
METRICS AND TARGETS	
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Climate-Related Opportunities Metrics and Targets
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks.	GHG Emissions Impacts Strategy and Risk Management
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Metrics and Targets

ESG PERFORMANCE[1]

ENVIRONMENTAL

	2018	2019	2020
ENERGY CONSUMPTION BY TYPE OF FUEL			
Natural Gas (MWh)	10,427,197	10,723,779	8,285,856
Diesel and gasoline (MWh)	23,847	15,005	15,681
LPG (MWh)	64	29	14
Electric power from the grid (MWh)	17,165	18,106	28,488
Total (MWh)	10,468,273	10,756,919	8,330,039
ENERGY CONSUMPTION BY ASSET			
Pipelines (MWh)	2,382,616	2,545,983	2,183,662
Distribution (MWh)	3,616	3,948	3,475
LNG storage and regasification terminal (MWh)	276,958	274,042	290,023
Combined-cycle power generation asset (MWh)	7,800,813	7,928,203	5,842,928
Wind power generation assets (MWh)	4,270	4,743	5,041
Solar power generation assets (MWh)	0	0	4,910
Total (MWh)	10,468,273	10,756,919	8,330,039
POWER GENERATION BY ENERGY SOURCE			
Natural Gas (MWh)	3,700,837	3,719,498	2,703,149
Wind (MWh)	1,397,190	1,334,227	1,299,568
Solar (MWh)	0	371,382	696,654
Total (MWh)	5,098,027	5,425,107	4,699,371

	2018	2019	2020
GAS TRANSPORTED AND DISTRIBUTED			
Gas transportation (MMBtu)	-	1,399,290,903	1,376,410,387
Average daily transportation (MMBtu)	-	3,833,674	3,760,684
Gas distribution to residential customers (MMBtu)	2,202,720	1,973,316	2,081,028
Gas distribution to commercial customers (MMBtu)	1,442,915	1,315,508	1,175,636
Gas distribution to industrial customers (MMBtu)	29,678,886	28,761,886	26,838,738
Gas transferred to third parties (MMBtu)	26,124	38,738	32,931
Total Gas Distributed (MMBtu)	33,350,645	32,089,448	30,128,333
Total Gas Transported and Distributed (MMBtu)	-	1,431,380,351	1,406,538,720
SMART METERS[2]			
Percentage of total meters installed that are smart meters	0.00090%	1.04%	8.34%
COST OF PURCHASING ELECTRICITY			
Pipelines (USD$)	-	-	$899,044
Distribution (USD$)	-	-	$67,562
LNG storage and regasification terminal (USD$)	-	-	$0
Combined-cycle power generation asset (USD$)	-	-	$390,272
Wind power generation assets (USD$)	-	-	$394,220
Solar power generation assets (USD$)	-	-	$1,805
Total (USD$)	-	-	$1,752,904

[1] Environmental, Social, and Governance Performance.

[2] This figure corresponds to Distribution meters, it does not include Pipelines data.

ESG PERFORMANCE

ENVIRONMENTAL

	2018	2019	2020
COST OF PURCHASING FUELS FOR ENERGY CONSUMPTION			
Pipelines (USD$)	-	-	$20,517,768
Distribution (USD$)	-	-	$273,993
LNG storage and regasification terminal (USD$)	-	-	$0
Combined-cycle power generation asset (USD$)	-	-	$54,944,762
Wind power generation assets (USD$)	-	-	$37,134
Solar power generation assets (USD$)	-	-	$29,517
Total (USD$)	-	-	$75,803,175
TOTAL ENERGY CONSUMPTION COSTS			
Total energy consumption costs (USD$)	$86,331,415	$86,452,883	$77,556,079
IENOVA SCOPE 1 GHG EMISSIONS			
Carbon dioxide (tCO_2)	2,115,629	2,179,160	1,691,923
Methane (tCH_4)	16,526	5,965	5,010
Nitrous oxide (tNO_2)	4	4	2
Carbon dioxide equivalent (tCO_2e)	2,579,606	2,347,431	1,833,278
SCOPE 1 EMISSIONS BROKEN DOWN BY TYPE OF ASSET			
Pipelines	35%	27%	30%
Distribution	2%	2%	2%
LNG storage and regasification terminal	2%	2%	2%
Combined-cycle power generation asset	61%	68%	64%
Wind power generation assets	0%	0%	0%
Solar power generation assets	0%	0%	0%

	2018	2019	2020
IENOVA SCOPE 2 GHG EMISSIONS			
Carbon dioxide equivalent (tCO_2e)	7,585	7,947	10,636
SCOPE 2 EMISSIONS BROKEN DOWN BY TYPE OF ASSET			
Pipelines	41%	42%	42%
Distribution	6%	5%	3%
LNG storage and regasification terminal	0%	0%	0%
Combined-cycle power generation asset	29%	30%	33%
Wind power generation assets	25%	23%	14%
Solar power generation assets	0%	0%	8%
SCOPE 3 GHG EMISSIONS			
Natural gas sold to customers (tCO_2e)	17,509,486	17,913,714	18,372,080
Employee air travel (tCO_2e)	-	1,149	73
CARBON INTENSITY FROM POWER GENERATION			
GHG emissions intensity (tCO_2e/MWh)	0.3	0.29	0.25
AVOIDED GHG EMISSIONS THROUGH RENEWABLE POWER GENERATION			
Avoided GHG emissions (tCO_2e)	-	852,701	986,134
FUGITIVE EMISSIONS			
Pipelines[1]	0.0294%	0.0105%	0.0097%
Distribution[2]	0.2788%	0.2788%	0.274%
Storage terminals[3]	0.0057%	0.0063%	0.0063%

[1] Fugitive emissions and blowouts
[2] Fugitive emissions
[3] Measured as a percentage of the gas losses from the total gas transported, distributed, or stored

ESG PERFORMANCE

ENVIRONMENTAL

	2018	2019	2020
OTHER EMISSIONS			
NO_x (ton)	184	866	736
SO_x (ton)	-	-	9
Particulate matter (ton)	-	-	115
Volatile organic compounds (ton)	-	-	83
WATER USE BY EXTRACTION SOURCE			
Ground water (m^3)	4,599	13,738	6,040
Municipal discharge water (m^3)	5,427,746	5,457,266	4,873,995
Water from third parties (m^3)	14,499	13,140	6,046
Ocean water (m^3)	96,093,411	94,234,845	98,596,740
Total (m^3)	101,540,254	99,718,989	103,482,821
WATER DISCHARGE BY DESTINATION			
Percentage of water discharged in the same or better conditions than when it was first withdrawn	95%	95%	96%
Municipal water treatment plants (m^3)	7,026	9,117	12,088
Surface water[1] (m^3)	988,943	766,869	1,323,735
Ocean water (m^3)	95,964,730	94,111,796	98,491,764
Total (m^3)	96,960,699	94,887,782	99,827,588

	2018	2019	2020
WATER CONSUMPTION INTENSITY FROM POWER GENERATION			
Water consumption intensity (m^3/MWh)	1.47	1.43	1.01
WATER STRESS			
Assets in operation located in water stress areas	-	92%	96%
Assets under construction located in water stress areas	-	70%	100%
HAZARDOUS WASTE BY DISPOSAL METHOD			
Recycling or reuse (ton)	13	5	8
Energy recovery (ton)	7	5	5
Disposal in authorized sites (ton)	55	65	63
Total (ton)	75	75	75
NON-HAZARDOUS WASTE BY DISPOSAL METHOD			
Recycling or reuse (ton)	94	428	54
Disposal in authorized sites (ton)	10,159	8,175	6,643
Total (ton)	10,253	8,603	6,697
SPILLS			
Volume of significant spills[2] (m^3)	0	0	0

[1] Municipal discharge water that is treated and used at TDM, which is discharged into the federal drainage in better conditions than when it was extracted.
[2] As per PROFEPA criteria, a spill is considered significant when it is greater than $1m^3$.

ESG PERFORMANCE

ENVIRONMENTAL

	2018	2019	2020
SPECIES OF FAUNA LOCATED WITHIN OUR ASSETS THAT ARE PART OF THE IUCN[1] RED LIST OF THREATENED SPECIES			
Number of species in critical danger	-	-	1
Number of species in danger	-	-	0
Number of vulnerable species	-	-	0
Number of threatened species	-	-	2
Number of low-concern species	-	-	56
SPECIES OF FLORA LOCATED WITHIN OUR ASSETS THAT ARE PART OF THE IUCN[1] RED LIST OF THREATENED SPECIES			
Number of species in critical danger	-	-	0
Number of species in danger	-	-	1
Number of vulnerable species	-	-	1
Number of threatened species	-	-	0
Number of low-concern species	-	-	39

	2018	2019	2020
ENVIRONMENTAL MANAGEMENT SYSTEM			
Assets that have been ISO 14001 certified	55%	36%	50%
Assets with verifications and certifications from expert third-parties	-	0%	65%
Assets with internal verifications and audits	-	-	50%
Power generation capacity of ISO14001 certified assets (MW)	780	780	1,132
ENVIRONMENTAL VIOLATIONS			
Number of violations with economic sanctions	0	0	0
Significant sanctions	0	0	0
Total value of fines (USD$)	$0	$0	$0
Total value of fines that have not been imposed (USD$)	$0	$0	$0
Number of litigations	0	0	0

[1] International Union for Conservation of Nature (IUCN)

ESG PERFORMANCE
ENVIRONMENTAL

BIODIVERSITY

BIODIVERSITY INDICATORS (FLORA)	NUMBER OF RELOCATED SPECIES	PERCENTAGE OF RELOCATED SPECIES	SURVIVAL OF RELOCATED SPECIES	SURVIVAL GOAL ESTABLISHED FOR RELOCATED SPECIES
Ojinaga-El Encino Pipeline	20,093	100%	86%	85%
Sonora Pipeline (Sásabe-Guaymas segment)	44,624	100%	92%	85%
Sonora Pipeline (Guaymas-El Oro Segment)	223,399	100%	94%	85%
Empalme Lateral	50	100%	93%	85%
San Isidro-Samalayuca Pipeline	8,229	100%	90%	85%
Veracruz Terminal	198	100%	100%	100%
Energía Sierra Juárez	24,295	100%	88%	80%
Ventika	6,400	100%	96%	85%
Tepezalá Solar	3,265	20%	96%	85%
Rumorosa Solar	1,141	0.25%	96%	85%

BIODIVERSITY INDICATORS (FAUNA)	NUMBER OF RELOCATED SPECIES	PERCENTAGE OF RELOCATED SPECIES	SURVIVAL OF RELOCATED SPECIES
Veracruz Terminal	174	100%	99%
Puebla Terminal	17	100%	88%
Valle de México Terminal	16	-	100%
Ventika	3	2%	100%
Tepezalá Solar	14	51%	-

ESG PERFORMANCE

SOCIAL

	2018	2019	2020
WORKFORCE			
Total number of employees	1,035	1,300	1,488
WORKFORCE BY SEX			
Men	741	913	1,045
Women	294	387	443
WORKFORCE BY AGE			
20-29	187	244	290
30-39	438	548	626
40-49	301	367	426
50-59	86	114	116
60-69	23	25	28
Over 70 years old	0	2	2
WORKFORCE BY PROFESSIONAL CATEGORY			
Executive Chairman	1	1	1
CEO	1	1	1
Executive VP	7	7	7
VP	2	2	1
Senior Director	0	1	5
Director	27	28	26
Deputy Director	0	3	5
Senior Manager	18	22	29
Manager	125	140	137
Department Head or Supervisor	234	303	349
Individual Contributor	620	792	927
WORKFORCE BY NATIONALITY			
Mexican	1,022	1,292	1,482
Foreign	13	8	6

	2018	2019	2020
WORKFORCE BY TYPE OF CONTRACT			
Undefined	878	1,058	1,243
Temporary	157	242	245
Part-time	0	0	0
Full-time	1,035	1,300	1,488
WOMEN IN THE WORKFORCE BY AGE GROUP			
20-29	54	82	98
30-39	147	180	203
40-49	80	108	122
50-59	10	14	17
60-69	3	3	3
Over 70 years old	0	0	0
WORKFORCE BY NATIONALITY AND PROFESSIONAL CATEGORY (MEXICAN)			
Executive Chairman	1	1	1
CEO	1	1	1
Executive VP	6	6	7
VP	2	2	1
Senior Director	0	1	5
Director	24	27	25
Deputy Director	0	3	5
Senior Manager	17	22	29
Manager	120	137	135
Department Head or Supervisor	233	302	348
Individual Contributor	618	790	925

ESG PERFORMANCE

SOCIAL

	2018	2019	2020
WORKFORCE BY NATIONALITY AND PROFESSIONAL CATEGORY (FOREIGN)			
Executive Chairman	0	0	0
CEO	0	0	0
Executive VP	1	1	0
VP	0	0	0
Senior Director	0	0	0
Director	3	1	1
Deputy Director	0	0	0
Senior Manager	1	0	0
Manager	5	3	2
Supervisor	1	1	1
Individual Contributor	2	2	2
MEN IN THE WORKFORCE BY AGE GROUP			
20-29	133	162	192
30-39	291	368	423
40-49	221	259	304
50-59	76	100	99
60-69	20	22	25
Over 70 years old	0	2	2
MEN IN THE WORKFORCE BY PROFESSIONAL CATEGORY			
Executive Chairman	1	1	1
CEO	0	0	0
Executive VP	6	6	7
VP	2	2	1
Senior Director	0	0	3
Director	18	19	17
Deputy Director	0	3	5
Senior Manager	15	14	18
Manager	90	103	101
Department Head or Supervisor	164	206	229
Individual Contributor	445	559	663

	2018	2019	2020
WOMEN IN THE WORKFORCE BY PROFESSIONAL CATEGORY			
Executive Chairman	0	0	0
CEO	1	1	1
Executive VP	1	1	0
VP	0	0	0
Senior Director	0	1	2
Director	9	9	9
Deputy Director	0	0	0
Senior Manager	3	8	11
Manager	35	37	36
Department Head or Supervisor	70	97	120
Individual Contributor	175	233	264
WOMEN IN THE WORKFORCE BY TYPE OF CONTRACT			
Undefined	267	339	389
Temporary	27	48	54
Part-time	0	0	0
Full-time	294	387	443
MEN IN THE WORKFORCE BY TYPE OF CONTRACT			
Undefined	611	719	854
Temporary	130	194	191
Part-time	0	0	0
Full-time	741	913	1,045
WOMEN IN STRATEGIC POSITIONS			
Top Management	29%	30%	29%
Junior Management	30%	32%	34%
All Management	29%	30%	32%
% of management with revenue-generating functions	-	56%	40%
NEW HIRES BY SEX			
Men	-	221	241
Women	-	108	101

ESG PERFORMANCE

SOCIAL

	2018	2019	2020
NEW HIRES BY AGE			
20-29	-	107	111
30-39	-	138	148
40-49	-	60	69
50-59	-	21	14
60-69	-	3	0
Over 70 years old	-	0	0
HIRING RATE BY AGE			
20-29	-	44%	38%
30-39	-	25%	24%
40-49	-	16%	16%
50-59	-	18%	12%
60-69	-	12%	0%
Over 70 years old	-	0%	0%
HIRING RATE FOR WOMEN BY AGE			
20-29	-	16%	14%
30-39	-	9%	7%
40-49	-	5%	4%
50-59	-	3%	1%
60-69	-	0%	0%
Over 70 years old	-	0%	0%
General hiring rate for women	-	8%	7%
HIRING RATE FOR MEN BY AGE			
20-29	-	28%	24%
30-39	-	17%	16%
40-49	-	11%	13%
50-59	-	16%	11%
60-69	-	12%	0%
Over 70 years old	-	0%	0%
General hiring rate for men	-	17%	16%

	2018	2019	2020
INTERNAL HIRES			
Number of open positions	428	329	456
Number of open positions filled by internal candidates	171	187	119
Percentage of internal hires	40%	57%	26%
PERFORMANCE EVALUATIONS			
Men	-	-	685
Women	-	-	318
TOTAL HIRING COSTS			
Annual costs (USD$)	$148,163	$264,845	$195,560
Cost by employees (USD$/employee)	$1,411	$805	$572
TURNOVER RATE[1]			
Voluntary	5%	5%	6%
Involuntary	5%	3%	4%
Total	10%	8%	10%
TURNOVER RATE BY SEX			
Number of men that left the organization	73	74	109
Number of women that left the organization	26	26	45
Turnover rate (men)	10%	8%	10%
Turnover rate (women)	9%	7%	10%
TURNOVER RATE BY AGE GROUP			
20-29	10%	5%	10%
30-39	9%	9%	11%
40-49	8%	7%	8%
50-59	15%	6%	10%
60-69	22%	12%	32%
Over 70 years old	0%	0%	0%

[1] Turnover rate = Number of employees that left the organization in the year / Total number of employees.

ESG PERFORMANCE

SOCIAL [102-41]

	2018	2019	2020
FREEDOM OF ASSOCIATION			
Unionized women	3	2	3
Unionized men	27	28	27
Percentage of unionized employees	2.9%	2.31%	2.02%
PARENTAL LEAVE			
Women who took parental leave	5	10	10
Percentage of women who went back to work after parental leave	100%	77%	100%
Percentage of women who were still working at IEnova 12 months after their leave	100%	77%	100%
Men who took parental leave	9	42	38
Percentage of men who went back to work after parental leave	100%	100%	100%
Percentage of men who were still working at IEnova 12 months after their leave	100%	100%	100%
WAGE RATIO BY GENDER[1]			
Executive	84%	102%	105%
Managerial	107%	108%	103%
Non-managerial	112%	105%	102%
Overall	115%	109%	106%
TOTAL EMPLOYEE-RELATED EXPENSES[2]			
Total employee-related expenses (USD$)	$67,279,341	$78,084,654	$106,975,026

	2018	2019	2020
GENERAL TRAINING			
Number of women who received training	298	388	451
Number of men who received training	763	927	1,077
Training hours for women	9,205	8,320	11,350
Training hours for men	34,561	30,225	26,619
Total training hours	43,766	38,545	37,969
GENERAL TRAINING HOURS BY PROFESSIONAL CATEGORY			
Executive Chairman	-	-	0
CEO	-	-	3
Executive VP	-	-	25
VP	-	-	4
Senior Director	-	-	130
Director	-	-	531
Deputy Director	-	-	80
Senior Manager	-	-	665
Manager	-	-	3,939
Department Head or Supervisor	-	-	11,560
Individual Contributor	-	-	21,032
Total training hours	-	-	37,969
HEALTH & SAFETY TRAINING			
Number of women who received training	-	-	322
Number of men who received training	-	-	816
Total number of employees who received training	-	1,077	1,138
Training hours for women	-	-	3,533
Training hours for men	-	-	16,079
Total training hours[3]	42,122	143,400	19,611

[1] The data referring to the wage ratio included in the table is obtained by dividing the average salary for men over the average salary of women for each level.
[2] Total employee-related expenses includes salaries, benefits, and bonuses.
[3] During 2019, we implemented Health and Safety Leaders Training Program, but it couldn't be implemented in 2020 because of the COVID-19 pandemic.

ESG PERFORMANCE

SOCIAL

	2018	2019	2020
HEALTH & SAFETY TRAINING HOURS BY PROFESSIONAL CATEGORY			
Executive Chairman	-	-	0
CEO	-	-	0
Executive VP	-	-	8
VP	-	-	0
Senior Director	-	-	14
Director	-	-	64
Deputy Director	-	-	6
Senior Manager	-	-	42
Manager	-	-	750
Department Head or Supervisor	-	-	3,563
Individual Contributor	-	-	15,165
Total training hours	-	-	19,611
HUMAN RIGHTS TRAINING			
Number of women who received training	-	108	430
Number of men who received training	-	221	962
Total Employees who received training	-	329	1,392
Training hours for women	-	54	505
Training hours for men	-	111	1,143
Percentage of the security personnel trained	-	19%	71%
CODE OF ETHICS[1] TRAINING			
Percentage of women who received training	100%	100%	100%
Percentage of men who received training	100%	100%	100%
Total number of employees who received training	100%	100%	100%

[1] Training c8ourses on the Code of Ethics include topics such as harassment at the workplace, discrimination, anti-corruption, conflicts of interest, compliance, and human rights.

	2018	2019	2020
TRAINING INVESTMENT			
Total investment (USD$)	$1,096,920	$1,757,986	$1,227,502
Total number of employees who received training	1,061	1,315	1,529
Percentage of employees who received training	100%	100%	100%
Average investment per employee (USD$/employee)	$1,034	$1,337	$803
GPTW RESULTS (EMPLOYEE ENGAGEMENT)			
Trust Index TI	87%	86%	91%
GPTW (EMPLOYEE ENGAGEMENT) RESULTS FOR WOMEN			
Credibility	83%	85%	91%
Respect	82%	82%	90%
Impartiality	82%	82%	90%
Pride	91%	89%	95%
Camaraderie	90%	88%	94%
Gestalt	94%	90%	97%
Trust Index TI	85%	85%	92%
GPTW (EMPLOYEE ENGAGEMENT) RESULTS FOR MEN			
Credibility	86%	86%	89%
Respect	84%	84%	88%
Impartiality	84%	85%	88%
Pride	92%	92%	94%
Camaraderie	90%	90%	93%
Gestalt	93%	92%	93%
Trust Index TI	87%	87%	90%

	2018	2019	2020
HEALTH & SAFETY INDICATORS (EMPLOYEES)			
Hours worked	2,520,847	3,032,641	3,661,996
Recorded accidents	4	3	2
Lost Time Accident Rate	2	3	0
Total days lost from accidents	6	194	0
Number of fatalities	0	0	0
TRIR[1]	0.32	0.20	0.11
LTAR[2]	0.16	0.20	0
HEALTH & SAFETY INDICATORS (CONTRACTORS)			
Hours worked	4,001,015	9,816,958	17,322,683
Recorded accidents	15	14	29
Lost Time Accident Rate	4	6	14
Total days lost from accidents	188	138	479
Number of fatalities	0	0	0
TRIR[1]	0.75	0.29	0.33
LTAR[2]	0.20	0.12	0.16
HEALTH & SAFETY INDICATORS (EMPLOYEES + CONTRACTORS)			
Hours worked	6,535,891	12,779,549	20,984,679
Recorded accidents	19	17	31
Lost Time Accident Rate	6	9	14
Number of fatalities	0	0	0
Number of near miss accidents	183	258	380
Total days lost from accidents	194	332	479
TRIR[1]	0.58	0.27	0.30
LTAR[2]	0.18	0.14	0.13
NMFR[3]	5.60	4.04	3.62

[1] TRIR (Total Recordable Incident Rate) per 100 full-time employees = (total recordable incidents X 200,000)/hours worked.
[2] LTAR (Lost Time Accident Rate) per 100 full-time employees = (total accidents X 200,000)/hours worked.
[3] NMFR (Near Miss Frequency Rate) per 100 full-time employees = (number of near miss accidents X 200,000)/ hours worked.
[4] Domestic suppliers are suppliers legally constituted under Mexican law.
[5] To standardize this calculation with that of our parent company, Sempra Energy, starting in 2020 we report on purchase orders that have been invoiced and received for payment, including payments to suppliers that are processed by divisions other than Supply Chain. Does not include projects under construction. The 2020 amount for projects under construction was USD$509 million.
[6] To classify a supplier as critical, we consider criteria related to the volume of materials, components, critical services, and suppliers for whom there are no substitutes.
[7] ESG evaluations of suppliers are carried out every 2 years in order to work over the course of the intermediate year with suppliers who obtain low score.

	2018	2019	2020
DRILLS			
Total drills	85	104	176
Drills in which specialized organizations participated	25	30	43
VERIFICATIONS			
Internal	145	335	423
External	43	42	68
COURSES ON HEALTH & SAFETY			
Total courses offered	910	1,106	1,167
HEALTH & SAFETY VIOLATIONS AND SANCTIONS			
Number of violations	0	0	0
Number of economic sanctions	0	0	0
Amount of economic sanctions (USD$)	$0	$0	$0
SUPPLIERS			
Number of suppliers	1,275	1,248	1,277
DIVERSITY IN SUPPLY CHAIN			
Local suppliers[4]	1,165	1,137	1,188
Foreign suppliers	110	111	89
INVESTMENT IN SUPPLY CHAIN[5]			
Local suppliers[4] (USD$ millions)	386	636	117
Foreign suppliers (USD$ millions)	79	379	23
CRITICAL SUPPLIERS[6]			
Number of tier 1 critical suppliers	223	160	369
Number of tier 2 critical suppliers	-	-	3
Total percentage of the supply chain spend allocated to critical suppliers	69%	43%	80%
SUPPLY CHAIN ASSESSMENTS[7]			
Number of critical suppliers with ESG evaluation	108	-	232
Number of ESG corrective plans developed	-	39	-

ESG PERFORMANCE

SOCIAL

	2018	2019	2020
TIER 1 SUPPLIER CLASSIFICATION BY ESG RISK			
Number of low-risk suppliers	8	8	15
Number of mid-risk suppliers	61	61	143
Number of high-risk suppliers	39	39	74
TIER 2 SUPPLIER CLASSIFICATION BY ESG RISK			
Number of low-risk suppliers	-	-	0
Number of mid-risk suppliers	-	-	3
Number of high-risk suppliers	-	-	1
DONATIONS GRANTED BY FUNDACIÓN IENOVA			
Education (USD$)	$385,141	$244,743	$617,971
Environment (USD$)	$24,578	$364,999	$-
Vulnerable Groups (USD$)	$160,890	$258,046	$143,654
Community Services (USD$)	$117,632	$390,412	$2,412,863
Total investment (USD$)	$688,241	$1,258,200	$3,174,488
NUMBER OF PROJECTS SPONSORED BY FUNDACIÓN IENOVA			
Education	6	8	7
Environment	1	8	0
Vulnerable Groups	10	11	9
Community Services	7	8	19
Total supported projects	24	35	35

[1] Includes in-kind donations. In 2020, Fundación IEnova made no donations of this type.

[2] GRI indicators that are reported and verified for the first time this year.

[3] Operating Costs excluding depreciation, includes employee salaries and benefits. In 2019, we registered a reduction in Operating Costs, but not in salaries.

[4] Investments in community includes the donations granted by Fundación IEnova, social investment by assets in operation, joint ventures, projects under construction, and the Ensenada Trust.

	2018	2019	2020
ESG INVESTMENT			
Investment in environment, safety, health, and compliance (USD$)	$3,880,490	$4,814,191	$5,474,402
Fundación IEnova's Social Investment (USD$)	$688,241	$1,258,200	$3,174,488
Social investment of projects under construction and trusts (USD$)	$1,165,380	$751,784	$1,591,783
Total investment in community, environment, safety, health, and compliance[1] (USD$)	$5,734,111	$6,824,176	$10,240,673
INDIGENOUS PEOPLES[2]			
Number of incidents of violations involving the rights of indigenous peoples	-	-	0
Disputes with local communities and indigenous peoples	-	-	0
ECONOMIC VALUE GENERATED			
Revenues	$1,368,555	$1,379,256	$1,261,301
Interest Income	$27,449	$45,665	$58,513
Income from Asset Sales	$0	$0	$0
Direct Economic Value Generated (a+b+c)	$1,396,004	$1,424,921	$1,319,814
ECONOMIC VALUE SHARED			
Operating Costs[3]	$600,310	$594,594	$522,371
Shareholders	$210,000	$220,000	$0
Taxes and Duties Paid	$57,090	$119,122	$179,860
Investment in community, environment, safety, health, and compliance[4]	$5,734	$6,824	$10,218
Economic Value Distributed (e+f+g+h)	$873,134	$940,540	$712,449
ECONOMIC VALUE SHARED			
Economic Value Retained (d-i)	$522,870	$484,381	$607,365

ESG PERFORMANCE

GOVERNANCE AND BUSINESS

	2018	2019	2020
STRUCTURE OF THE BOARD OF DIRECTORS			
Number of directors	13	11	12
Executive directors	1	2	2
Number of independent directors	4	3	3
Percentage of independent directors	31%	27%	25%
Number of women on the Board	1	1	3
Percentage of women on the Board	8%	9%	25%
Average Tenure	3	3	2
SHARES			
Number of non-voting shares	330,000,000	0	0
Number of voting shares	1,534,023,812	1,529,403,812	1,452,281,032
Number of votes per share	1	1	1
Total number of shares	1,864,023,812	1,529,403,812	1,452,281,032
FINANCIAL HIGHLIGHTS			
Revenues[1] (USD$ million)	$1,369	$1,379	$1,261
CAPEX (USD$ million)	$11,369	$11,784	$12,450
Capital Investment (USD$ million)	$631	$679	$679
Total Asset Value (USD$ million)	$8,679	$9,553	$10,466
Dividends paid to shareholders[2] (USD$ million)	$210	$220	$0
Net Income (USD$ million)	$431	$468	$461

	2018	2019	2020
REVENUES BY SEGMENT			
Distribution	5%	5%	5%
Pipelines	34%	32%	34%
Natural gas sales	26%	28%	26%
Total Gas Segment	**66%**	**65%**	**64%**
TDM	15%	14%	13%
Solar Assets	0%	0%	2%
Wind Assets	8%	9%	8%
Total Power Segment	**23%**	**23%**	**23%**
Total Storage Segment	**11%**	**11%**	**12%**
NUMBER OF CUSTOMERS BY SEGMENT			
Pipelines	34	36	41
Distribution – residential customers	119,413	128,301	132,317
Distribution – commercial customers	3,304	3,728	3,851
Distribution –industrial customers	198	276	275
Power	9	15	15
Storage	10	9	9

[1] Does not include revenues from joint ventures.

[2] In 2020, the General Shareholders Meeting agreed not to pay a dividend in an effort to focus on other priorities within the company.

ESG PERFORMANCE

GOVERNANCE AND BUSINESS

	2018	2019	2020
CUSTOMER SATISFACTION SURVEY RESULTS			
Pipelines	94%	98%	99%
Distribution	93%	92%	89%
Power	-	90%	90%
REPORTS RECEIVED (IENOVA CONTIGO HELPLINE)			
External reports	-	10	20
Internal reports	-	46	18
Anonymous reports	-	37	16
Non-anonymous reports	-	19	22
Total reports received	14	56	38
PERCENTAGE OF REPORTS RECEIVED BY CATEGORY			
Discrimination and harassment at the workplace	29%	16%	13%
Problems among employees	29%	39%	29%
Protection of personal data	0%	0%	0%
Other issues	42%	45%	58%
CORRUPTION CASES			
Number of confirmed corruption cases	0	1	0
Number of open corruption cases	0	0	0

	2018	2019	2020
ANTITRUST PRACTICES			
Number of confirmed cases	0	0	0
Number of open cases	0	0	0
Amount from related fines (USD$)	$0	$0	$0
CYBERSECURITY			
Number of cyber violations	0	0	1
Number of violations of customer personal information	0	0	0
Amount from related fines (USD$)	$0	$0	$0
CONTRIBUTIONS TO CHAMBERS AND ASSOCIATIONS[1]			
Contributions to chambers and associations[2] (USD$)	$48,063	$85,925	$119,864
United Nations Global Compact[3] (USD$)	-	$15,000	$15,000
Business Coordinating Council (CCE)(USD$)	-	$15,039	$12,532
Employers Confederation of the Mexican Republic[4] (Coparmex) USD$	-	$8,872	$9,775

[1] Includes the breakdown of the three main most economically-significant associations to which we contribute.
[2] Total, includes all chambers and associations.
[3] NGO
[4] Business Association

FINANCIAL HIGHLIGHTS

LPG Terminal in Guadalajara

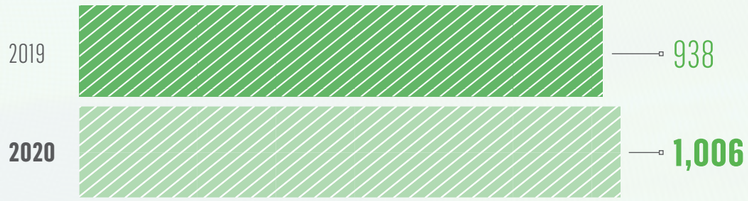
We present "IEnova EBITDA" and "IEnova Adjusted EBITDA" in this earnings report for the convenience of investors. IEnova EBITDA and IEnova Adjusted EBITDA, however, are not measures of financial performance under IFRS and should not be considered as alternatives to profit or operating income as a measure of operating performance or to cash flows from operating activities as a measure of liquidity.

Our definition of IEnova EBITDA is profit for the period after adding back or subtracting, as the case may be, (1) depreciation and amortization, (2) financing cost, net, (3) other losses (gains), net, (4) income tax expense and (5) share of profits of joint ventures, net of income tax.

We define IEnova Adjusted EBITDA as IEnova EBITDA plus Joint Ventures (JV) IEnova EBITDA adjustment.

We define the JV IEnova EBITDA adjustment as our share of the profit of joint ventures, after adding back or subtracting, as the case may be, our share of: (1) depreciation and amortization, (2) financing cost, net, (3) other (gains) losses, net, and (4) income tax expense.

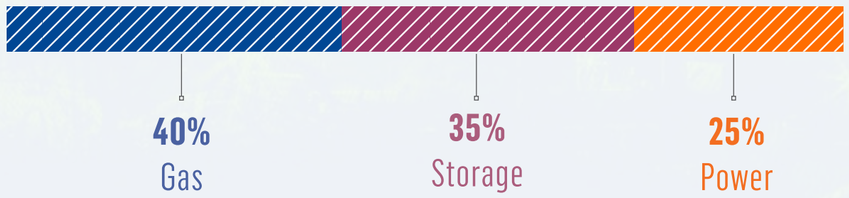
IENOVA ADJUSTED EBITDA [1]



CAPITAL INVESTMENT



PROPERTY, PLANT AND EQUIPMENT



NET INCOME



[1] The amounts are audited, except for IEnova Adjusted EBITDA.
Amount in millions of US$.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR 2020 RESULTS

We are the first private sector, publicly traded energy infrastructure company on the Mexican Stock Exchange and one of the largest private sector energy companies in Mexico in terms of market share. We develop, build, and operate essential energy infrastructure. Our footprint in Mexico includes several business lines that encompass a significant portion of the Mexican energy infrastructure value chain that is open to private investment.

EXECUTIVE SUMMARY

	Twelve months ended December 31,			
(millions of US$)	**2020**	**2019**	**% Var.**	
IEnova Adjusted EBITDA*	1,006.1	938.2	7	%
Profit for the period	461.1	467.7	(1)	%
Revenues	1,261.3	1,379.3	(9)	%

*The amounts are audited, except for Adjusted EBITDA

- In 2020, IEnova Adjusted EBITDA increased 7 percent to $1,006.1 million, compared with $938.2 million in the same period of 2019. The increase of $67.9 million was mainly due to the start of operations of the South Texas - Tuxpan pipeline, partially offset by the revenue deferment at the Guaymas - El Oro pipeline and lower operational results at Termoeléctrica de Mexicali power plant.

- In 2020, profit was $461.1 million, compared with $467.7 million in the same period of 2019. The decrease of $6.6 million was mainly due to non-cash exchange rate effects and higher depreciation, offset by EBITDA drivers mentioned above.

- In 2020, revenues were $1,261.3 million, compared with $1,379.3 million in the same period of 2019. The decrease of $118.0 million was mainly due to lower price of natural gas sold (offset in cost of revenues), lower operational results at Termoeléctrica de Mexicali power plant, the revenue deferment at the Guaymas - El Oro pipeline, lower performance at Ventika and a one-time distribution rates true-up at Ecogas Chihuahua in 2019, partially offset by higher transportation rates and the start of operations during 2019 of Pima, Rumorosa and Tepezala solar facilities.

- The Company maintains strong level of liquidity with approximately $1.7 billion of cash balances and availability of committed credit lines.

- The Company reorganized its prior reporting segments effective first quarter of 2020. The change does not affect the accounting policies nor the preparation basis of the financial information. This change aligns how management evaluates and reviews the performance of the business. Disclosures in 2020, are uniformly conducted in accordance with the new segments. The new reportable segments are Gas, Storage and Power. For additional details see notes 1 and 11 of the Condensed Interim Consolidated Financial Statements as of December 31, 2020.

- In March 2020, U.S. International Development Finance Corporation ("DFC") approved a 15-year financing for IEnova for up to $241 million, that was signed in June 2020.

  Additionally, the Company entered into a 15-year credit facility for $100 million with the Japan International Cooperation Agency ("JICA"). This transaction is JICA's first private sector investment finance project in Mexico, since 2012.

  Both transactions are part of the financing structure that the Company closed in November 2019 with the International Finance Corporation ("IFC"), a member of the World Bank Group, and the North American Development Bank ("NADBANK"). The total loan facility is for $541 million. The funds have been used to finance and/or refinance the construction of solar generation projects within IEnova's portfolio.

- In June 2020, the Company published its Sustainability and Financial Report 2019: Beyond Energy.

- IEnova is part of the new S&P/BMV Total Mexico ESG Index that was launched by the Mexican Stock Exchange on June 22nd, which substitutes the former Sustainability Index. IEnova also is part of the S&P Dow Jones Emerging Markets Index.

- In July 2020, the Company informed that its subsidiary Energía Costa Azul, S. de R.L. de C.V. ("ECA Regas") received a request for arbitration from Shell México Gas Natural, S. de R.L. de C.V. ("Shell") derived from a storage services contract between ECA Regas and Shell, where it claims that the 2019 update to the terms and conditions related to the storage services provided at the facility resulted in a cause of force majeure and a breach of the contract mentioned above. ECA Regas considers that Shell's claims are unfounded and inadmissible and will assert its rights in the corresponding arbitration process, seeking to dismiss the counterparty's claims.

In November 2020, the Company informed that its subsidiary ECA Regas, received confirmation that its customer Gazprom Marketing & Trading México, S. de R.L. de C.V. ("Gazprom") joined as a plaintiff in the arbitration proceedings initiated by Shell against ECA Regas which was previously informed. Gazprom has made the corresponding payments in accordance with the storage services agreement that it has with ECA Regas.

ECA Regas considers that Shell and Gazprom's claims are unfounded and inadmissible and will enforce its rights in the corresponding arbitration process, seeking to dismiss the claims of the counterparties.

- In September 2020, the Company completed an international offering of $800.0 million aggregate principal amount of 4.750% unsecured Senior Notes due 2051 ("Senior Notes"). The Senior Notes received an investment grade rating from Fitch (BBB), Moody's (Baa2) and Standard & Poor's (BBB). IEnova used the net proceeds to refinance short-term debt.

- In September 2020, the Company informed that its subsidiary ECA Regas was notified of an administrative procedure initiated by Inmuebles y Fraccionamientos Peninsulares, S.A. de C.V. and Inmobiliaria Aquino, S.A. de C.V. before the Office of Urban Management, Ecology and Environment (Dirección de Administración Urbana, Ecología y Medio Ambiente) of Ensenada's city council, against certain municipal permits granted in favor of ECA Regas, regarding the liquefaction project that is being developed on land adjacent to the liquefied natural gas terminal in said municipality (the "Terminal"). A favorable resolution was obtained for the ECA Regas facility and the administrative proceeding is concluded.

- In November 2020, the Company informed that its affiliate ECA Liquefaction ("ECA LNG"), the joint venture with Sempra LNG LLC ("Sempra LNG"), made the final investment decision for the development, construction and operation of the ECA Liquefaction project in Ensenada, Baja California. The ECA Liquefaction project consists of adding the natural gas liquefaction process (transformation from the gaseous state to liquid) to the existing liquefied natural gas storage and regasification terminal of ECA Regas. With an approximate investment of $2 billion and a liquefaction capacity of approximately 3 million tons per year, ECA Liquefaction will be the first natural gas liquefaction project on the North Pacific coast.

- In December 2020, the Company informed that ECA LNG, a wholly-owned subsidiary of the joint venture formed by IEnova, Sempra LNG, and an affiliate of Total SE ("Total"), entered into a 5-year loan agreement for an aggregate amount of up to $1.6 billion (the "Financing"). The Financing, which will not consolidate in IEnova's balance sheet, has three tranches associated with the commitments of each joint venture partner. The financial institutions related to IEnova's tranche are: The Bank of Nova Scotia, Sumitomo Mitsui Banking Corporation, BBVA Securities Inc., and Banco Nacional de México, S.A., Integrante del Grupo Financiero Banamex.

In December 2020, the Company informed that ECA LNG Holdings B.V. ("ECA LNG Holdings"), a joint venture between IEnova and Sempra LNG, signed an equity investment agreement with an affiliate of Total for its participation in ECA LNG, located in Ensenada, Baja California. Under the terms of the agreement, Total has acquired a 16.6% equity stake in ECA LNG Holdings, while IEnova and Sempra LNG will each retain 41.7% ownership.

- In December 2020, the Company informed the market that on December 1st, 2020 IEnova's Board of Directors received a non-binding proposal from Sempra Energy to conduct a tender offer for the totality of common shares of IEnova held by private investors, which represent 29.83% of the total amount of IEnova's common shares. The proposed tender offer is subject to corporate and governmental approvals required by applicable laws. IEnova's Board of Directors, with the opinion of its Corporate Practices Committee, will conduct an evaluation of the proposed tender offer in the terms and timeframe required by the Mexican Securities Law.

- In 2020 IEnova's Ordinary General Shareholders' Meeting, approved this year's stock repurchase program on the terms provided in Article 56, Section IV of the Securities Market Law, up to a maximum amount of $500 million. During this year, IEnova repurchased 78.1 million shares. As of December 31, 2020, the Company has canceled the treasury shares.

- The Company's total assets increased by $0.9 billion, from $9.6 billion as of December 2019 to $10.5 billion as of December 2020.

SEGMENT INFORMATION

Revenue is presented after eliminating inter-company transactions.

Gas Segment	Twelve months ended December 31,	
(millions of US$)	**2020**	**2019**
Revenues	$ 805.4	$ 894.8
IEnova EBITDA	409.9	425.4

REVENUES

In 2020, Gas segment revenues were $805.4 million, compared with $894.8 million in the same period of 2019. The decrease of $89.4 million was mainly due to $67.5 million from lower price of natural gas sold (offset in cost of revenues), $32.6 million from revenue deferment at the Guaymas - El Oro pipeline and $5.0 million of one-time distribution rates true-up at Ecogas Chihuahua in 2019, partially offset by $17.2 million from higher transportation rates.

IENOVA EBITDA

In 2020, Gas segment IEnova EBITDA was $409.9 million, compared with $425.4 million in the same period of 2019. The decrease of $15.5 million was mainly due to revenue deferment at the Guaymas - El Oro pipeline and a one-time distribution rates true-up at Ecogas Chihuahua in 2019, partially offset by higher transportation rates.

Storage Segment	Twelve months ended December 31,	
(millions of US$)	**2020**	**2019**
Revenues	$ 160.0	$ 156.5
IEnova EBITDA	185.9	188.6

REVENUES

In 2020, Storage segment revenues were in line with the same period of 2019.

IENOVA EBITDA

In 2020, Storage segment IEnova EBITDA was in line with the same period of 2019.

Power Segment	Twelve months ended December 31,	
(millions of US$)	**2020**	**2019**
Revenues	$ 289.8	$ 323.1
IEnova EBITDA	132.3	157.0

REVENUES

In 2020, Power segment revenues were $289.8 million, compared with $323.1 million in the same period of 2019. The decrease of $33.3 million was mainly due to $37.1 million from lower volume net of higher price at Termoeléctrica de Mexicali power plant and $11.7 million from lower performance at Ventika, partially offset by $15.2 million from the start of operations during 2019 of Pima, Rumorosa and Tepezala solar facilities.

IENOVA EBITDA

In 2020, Power segment IEnova EBITDA was $132.3 million, compared with $157.0 million in the same period of 2019. The decrease of $24.7 million was mainly due to lower operational results at Termoeléctrica de Mexicali power plant and lower performance at Ventika partially offset by the start of operations during 2019 of the Pima, Rumorosa and Tepezala solar facilities.

Joint Ventures IEnova EBITDA and Share of Profits from Joint Ventures		Twelve months ended December 31,	
(millions of US$)	**Joint Venture with**	**2020**	**2019**
Joint Ventures IEnova EBITDA		$ 277.4	$ 160.3
Los Ramones Norte pipeline	Brookfield	$ 45.3	$ 37.3
South Texas - Tuxpan pipeline	TC Energy	113.9	(0.4)
Energía Sierra Juárez wind generation facility	Actis	4.5	4.0
ECA Liquefaction	Sempra Energy	(5.9)	(1.1)
Share of Profits from Joint Ventures, net of Income Tax		$ 157.8	$ 39.8

JOINT VENTURES IENOVA EBITDA

In 2020, Joint Ventures IEnova EBITDA was $277.4 million, compared with $160.3 million for the same period of 2019. The increase of $117.1 million was mainly due to the start of operations of the South Texas - Tuxpan pipeline in September 2019, partially offset by non-capitalized development expenses in the ECA Liquefaction project.

SHARE OF PROFITS FROM JOINT VENTURES, NET OF INCOME TAX

In 2020, our Share of Profit from Joint Ventures, net of Income Tax was $157.8 million compared with $39.8 million for the same period of 2019. The increase of $118.0 million was mainly due to the start of operations of South Texas - Tuxpan pipeline in September 2019 and the foreign exchange rate effects primarily related to a peso-denominated shareholder's loan, offset by higher finance cost. The foreign exchange rate effects are offset in Other Gains (Losses), net.

CONSOLIDATED RESULTS

DEPRECIATION AND AMORTIZATION

In 2020, depreciation and amortization was $162.0 million, compared with $155.8 million for the same period of 2019. The increase of $6.2 million was mainly due to the start of operations during 2019 of Pima, Rumorosa and Tepezala solar facilities.

FINANCING COST, NET

In 2020, financing cost, net was $85.8 million, compared with $87.2 million in the same period of 2019. The decrease of $1.4 million was mainly due to higher interest income related to the shareholder's loan granted to the South Texas – Tuxpan pipeline offset by higher finance cost.

OTHER (LOSSES) GAINS, NET

In 2020, other losses were $31.7 million, compared with other gains of $25.6 million in the same period of 2019. The variance of $57.3 million was mainly related to exchange rate effects, mainly due to a peso-denominated shareholder's loan to fund the South Texas – Tuxpan pipeline, which is offset in Share of Profits from Joint Ventures.

INCOME TAX EXPENSE

In 2020, income tax expense was $145.9 million, compared with $132.6 million in the same period of 2019. The increase of $13.3 million is primarily due to the effect of the deferred income tax balance from the fluctuation in the tax basis of property, plant and equipment at our U.S. dollar functional currency companies, which we are required to remeasure in each reporting period based on changes in the Mexican peso, partially offset by the exchange rate on monetary assets and liabilities.

LIQUIDITY AND CAPITAL RESOURCES

We are a holding company. As a result, our ability to meet our obligations and to fund our capital needs depends on our ongoing ability to generate cash from operations, the terms of our financing arrangements, and our access to financing sources.

Sources and Uses of Cash	Twelve months ended December 31,	
(millions of US$)	**2020**	**2019**
Cash, cash equivalents and restricted cash at the beginning of the period	**$ 91.5**	**$ 78.0**
Net cash provided by operating activities	523.3	706.7
Net cash used in investing activities	(616.7)	(655.0)
Net cash provided by financing activities	323.8	6.6
Effects of exchange rate changes on cash and cash equivalents	(5.6)	(44.8)
Cash, cash equivalents and restricted cash at the end of the period	**$ 316.3**	**$ 91.5**

OPERATING ACTIVITIES

In 2020 net cash provided by operating activities was $523.3 million, compared with $706.7 million in the same period of 2019, mainly due to changes in working capital, higher income tax payments and lower operational results.

INVESTING ACTIVITIES

In 2020 net cash used in investing activities was $616.7 million, mainly due to capital expenditures of $560.7 million primarily related to the liquid terminals and solar projects, the funding of $85.3 million in ESJ Expansion project and $32.5 million in the ECA liquefaction project, partially offset by $55.5 million interest received from the shareholder's loan granted to the South Texas – Tuxpan pipeline and $7.6 million from the equity reimbursement related to ESJ Expansion project.

In 2019, net cash used in investing activities was $655.0 million, mainly due to capital expenditures of $613.6 million primarily related to the solar and liquid terminal projects, and the funding of $49.1 million in the ECA liquefaction project and $15.8 million South Texas - Tuxpan pipeline, partially offset by $18.7 million interest payment from the shareholder's loan granted to South Texas – Tuxpan pipeline.

FINANCING ACTIVITIES

In 2020, net cash provided by financing activities was $323.8 million, mainly due to $770.0 million from international senior note offering, net of expenses, net proceeds were used to refinance short-term debt and $64.0 million net proceeds of loans from unconsolidated affiliates, offset by $231.0 million of share repurchases, $138.4 million of net payments from credit lines, $119.1 million of interest paid and $11.3 million for finance lease payments.

The Company ended the year with $316.3 million of cash, including restricted cash and short-term investments, in light of the Covid-19 global situation. More over the Company had approximately $1.7 billion of liquidity, including cash and available committed credit lines.

In 2019, net cash provided by financing activities was $6.6 million, mainly due to $510.0 million of net proceeds from bank financing, partially offset by a dividend payment of $220.0 million, $133.8 million of interest paid, $112.4 million net of loans with unconsolidated affiliates, $27.4 million of lease payments and $9.8 million of share repurchases.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Amounts are presented in U.S. dollars, the functional currency of the Company, unless otherwise noted, and in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). All amounts are unaudited, unless otherwise noted. Numbers may not add up due to rounding.

STATEMENTS OF PROFITS

Statements of Profits	Twelve months ended December 31,	
(millions of US$)	**2020**	**2019**
Revenues	$ 1,261.3	$ 1,379.3
Cost of revenues	(297.9)	(391.1)
Operating, administrative and other expenses	(234.7)	(210.3)
IEnova EBITDA	**728.7**	**777.9**
Depreciation and amortization	(162.0)	(155.8)
Operating profit	**566.7**	**622.1**
Financing cost, net	(85.8)	(87.2)
Other (losses) gains, net	(31.7)	25.6
Profit before income tax and share of profits of joint ventures	**449.2**	**560.5**
Income tax expense	(145.9)	(132.6)
Share of profits of joint ventures, net of income tax	157.8	39.8
Profit for the period	**$ 461.1**	**$ 467.7**

STATEMENTS OF FINANCIAL POSITION

Statements of Financial Position	December 31,	December 31,
(thousands of US$)	**2020**	**2019**
Assets		
Current assets		
Cash and cash equivalents	$ 291,993	$ 57,966
Trade and other receivables, net	182,587	139,407
Taxes receivable	198,189	154,947
Other current assets [1]	136,861	113,261
Total current assets	**809,630**	**465,581**
Non-current assets		
Due from unconsolidated affiliates	787,183	744,609
Finance lease receivables	926,795	921,270
Deferred income tax assets	100,650	89,898
Investments in joint ventures	783,428	625,802
Property, plant and equipment, net	5,048,512	4,637,962
Goodwill	1,638,091	1,638,091
Other non-current assets [2]	372,135	429,293
Total non-current assets	**9,656,794**	**9,086,925**
Total assets	**$ 10,466,424**	**$ 9,552,506**

Continued ⟶

Liabilities and Stockholders' Equity		
Short-term debt	$ 839,287	$ 1,235,379
Due to unconsolidated affiliates	61,817	24,471
Other current liabilities [3]	338,272	333,682
Total current liabilities	**1,239,376**	**1,593,532**
Non-current liabilities		
Long-term debt	2,838,711	1,818,331
Due to unconsolidated affiliates	272,857	233,597
Deferred income tax liabilities	604,229	565,957
Other non-current liabilities [4]	389,454	383,852
Total non-current liabilities	**4,105,251**	**3,001,737**
Total liabilities	**5,344,627**	**4,595,269**
Stockholders' equity		
Common stock	743,501	955,239
Additional paid-in capital	2,320,385	2,342,883
Accumulated other comprehensive (loss)	(186,241)	(130,919)
Retained earnings	2,239,395	1,777,280
Total equity attributable to owners	**5,117,040**	**4,944,483**
Non-controlling interests	4,757	12,754
Total equity of the company	**$ 5,121,797**	**$ 4,957,237**
Total liabilities and equity	**$ 10,466,424**	**$ 9,552,506**

[1] Other current assets includes finance lease receivables - current, amounts due from unconsolidated affiliates, natural gas inventories, derivative financial instruments, carbon allowances - current, other current assets and restricted cash.
[2] Other non-current assets includes derivative financial instruments, other non-current assets, right of use assets, carbon allowances - non-current, intangible assets and restricted cash.
[3] Other current liabilities includes trade and other payables, income tax liabilities, lease liabilities - current, derivative financial instruments, other financial liabilities, provisions current, other taxes payable, carbon allowances - current and other current liabilities.
[4] Other non-current liabilities includes lease liabilities - non current, carbon allowances - non current, provisions - non current, derivative financial instruments, employee benefits and other non-current liabilities.

RECONCILIATION OF PROFIT FOR THE PERIOD TO IENOVA EBITDA AND IENOVA ADJUSTED EBITDA

We present "IEnova EBITDA" and "IEnova Adjusted EBITDA" in this earnings report for the convenience of investors. IEnova EBITDA and IEnova Adjusted EBITDA, however, are not measures of financial performance under IFRS and should not be considered as alternatives to profit or operating income as a measure of operating performance or to cash flows from operating activities as a measure of liquidity.

Our definition of IEnova EBITDA is profit for the period after adding back or subtracting, as the case may be, (1) depreciation and amortization, (2) financing cost, net, (3) other losses (gains), net, (4) income tax expense and (5) share of profits of joint ventures, net of income tax.

We define IEnova Adjusted EBITDA as IEnova EBITDA plus Joint Ventures (JV) IEnova EBITDA adjustment.

We define the JV IEnova EBITDA adjustment as our share of the profit of joint ventures, after adding back or subtracting, as the case may be, our share of: (1) depreciation and amortization, (2) financing cost, net, (3) other (gains) losses, net, and (4) income tax expense.

IEnova EBITDA and IEnova Adjusted EBITDA	Twelve months ended December 31, (unaudited)	
(millions of US$)	**2020**	**2019**
Gas Segment	$ 409.9	$ 425.4
Storage Segment	185.9	188.6
Power Segment	132.3	157.0
Corporate & Others	0.6	6.9
IEnova EBITDA	**$ 728.7**	**$ 777.9**
JV EBITDA adjustment	277.4	160.3
IEnova Adjusted EBITDA	**$ 1,006.1**	**$ 938.2**

IEnova EBITDA and IEnova Adjusted EBITDA reconciliation to Profit	Twelve months ended December 31, (unaudited)	
(millions of US$)	**2020**	**2019**
IEnova EBITDA reconciliation		
Profit for the period	$ 461.1	$ 467.7
Depreciation and amortization	162.0	155.8
Financing cost, net	85.8	87.2
Other losses (gains), net	31.7	(25.6)
Income tax expense	145.9	132.6
Share of (profits) of joint ventures, net of income tax	(157.8)	(39.8)
(1) IEnova EBITDA	**728.7**	**777.9**
JV EBITDA Adjustment reconciliation		
Profit for the period	157.8	39.8
Depreciation and amortization	31.5	14.4
Financing cost, net	85.9	65.9
Other (gains) losses, net	(41.4)	26.5
Income tax expense	43.6	13.7
(2) JV IEnova EBITDA Adjustment	**277.4**	**160.3**
(1+2) IEnova Adjusted EBITDA	$ 1,006.1	$ 938.2

INTERNAL CONTROLS

Our management is responsible for maintaining a system of internal control over financial reporting. This system gives our shareholders reasonable assurance that our transactions are executed and maintained in accordance with the guidelines set forth by our management and that our financial records are reliable as a basis for preparing our financial statements.

The system of internal control over financial reporting is supported by ongoing audits, the results of which are reported to management throughout the year. In addition, we maintain reliable databases and have systems designed to generate key financial information.

INFRAESTRUCTURA ENERGETICA NOVA, S. A. B. DE C. V. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018 AND INDEPENDENT AUDITOR'S REPORT DATED APRIL 26, 2021

Samalayuca Pipeline

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Independent Auditors' Report to the Board of Directors and Stockholders of Infraestructura Energética Nova, S. A. B. de C. V. and its Subsidiaries

(In thousands of U.S. Dollars)

Opinion

We have audited the consolidated financial statements of Infraestructura Energética Nova, S. A. B. de C. V. and its subsidiaries (the "Company" or "IEnova"), which comprise the consolidated statements of financial position as of December 31, 2020, 2019 and 2018, and the consolidated statements of profit, consolidated statements of profit and other comprehensive income, consolidated statements of changes in stockholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Infraestructura Energética Nova, S. A. B. de C. V. and its subsidiaries as of December 31, 2020, 2019 and 2018, and their consolidated financial performance and their consolidated cash flows for the years then ended, in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants* (IESBA Code) together with the Code of Ethics issued by the Mexican Institute of Public Accountants (IMCP Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and with the IMCP Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that the matters described below are the key audit issues which should be communicated in our report.

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Goodwill and long-live assets impairment testing

As described in Note 12 to the consolidated financial statements, the Company maintains goodwill of $1,638,091, which originated mainly from the acquisitions of IEnova Pipelines, S. de R. L. de C. V., Ventika I, S. A. P. I. de C. V. and Ventika II, S. A. P. I. de C. V., and represents 16% of the total assets at December 31, 2020. As described in Note 1.2.12 to the consolidated financial statements, the Company is owner of the Guaymas- El Oro Pipeline, which following the start of commercial operations back in 2017, the Company reported damage to the pipeline in the Yaqui territory that has made that section inoperable since August 23, 2017. If the pipeline is not repaired by March 14, 2021 and the parties do not agree on a new service start date, the Company retains the right to terminate the contract and seek to recover its reasonable and documented costs and lost profits. If the Company is unable to make such repairs (which have not commenced) and resume operations in the Guaymas-El Oro segment of the Sonora pipeline or if the Company terminates the contract and is unable to obtain recovery, there may be a material adverse impact on Company's results of operations and cash flows and its ability to recover the carrying value of our investment. At December 31, 2020, the Guaymas-El Oro segment of the Sonora pipeline had a net book value of $426,000, which represents 4% of the total assets at December 31, 2020.

Management performed its annual goodwill and long-live assets impairment testing during the fourth quarter, which uses business and valuation assumptions that require a high degree of judgement, including discount rates and long-term projections of revenues and costs. The most relevant matters addressed in our audit were as follows:

- The reasonableness of discount rates
- The reasonableness of the recoverable amount and valuation techniques used management by performing the following:
    - Procedures to verify that the calculations are based on the Company's latest business plans approved by the Board of Directors.
    - Tests of the reasonableness of projected growth considering market conditions and the Company's historical financial performance.
    - Sensitivity analyses to validate relevant assumptions.

Our audit procedures focused mainly on testing relevant controls to assess the risks identified based in our evaluation and performing substantive procedures over significant assumptions used by the Company in its annual testing. In addition, we involved an internal valuation specialist to assist us in auditing these highly technical matters.

The results of our audit procedures were reasonable.

Other Information

Management is responsible for the other information. The other information comprises information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Emphasis of Matter

The accompanying consolidated financial statements have been translated into English for the convenience of readers in accordance with the basis of presentation described in Note 2.2.

Galaz, Yamazaki, Ruiz Urquiza, S. C.
Member of Deloitte Touche Tohmatsu Limited

C.P.C. Erika Regalado García
Mexico City, Mexico
April 26, 2021

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

INFRAESTRUCTURA ENERGETICA NOVA, S. A. B. DE C. V. AND SUBSIDIARIES
(In thousands of U. S. Dollars)

Assets	Notes	December 31, 2020	December 31, 2019	December 31, 2018
Current assets:				
Cash and cash equivalents	4, 23	$ 291,993	$ 57,966	$ 51,764
Restricted cash	4, 23	21,655	30,844	23,342
Finance lease receivables	8, 23	13,813	11,354	9,809
Trade and other receivables, net	5, 23, 28	182,587	139,407	153,649
Due from unconsolidated affiliates	6, 23	30,976	36,394	45,043
Income taxes receivable	24	69,596	22,061	74,806
Natural gas inventories	7	5,946	8,270	3,516
Derivative financial instruments	23	156	10,267	9,474
Value added tax receivable		128,593	132,886	76,907
Carbon allowances	20	47,439	6,444	5,936
Other assets	9	16,876	9,688	9,695
Total current assets		**809,630**	**465,581**	**463,941**
Non-current assets:				
Due from unconsolidated affiliates	6, 23	787,183	744,609	646,297
Derivative financial instruments	23	1,246	6,974	8,146
Finance lease receivables	8, 23	926,795	921,270	932,375
Deferred income tax	24	100,650	89,898	80,853
Investment in joint ventures	10	783,428	625,802	608,708
Other assets	9	35,490	32,836	94,060
Property, plant and equipment, net	13, 27	5,048,512	4,637,962	4,086,914
Right-of-use-assets, net	8	155,261	175,841	–
Carbon allowances	20	6,457	30,083	15,499
Intangible assets, net	14	170,993	180,867	190,772
Goodwill	12	1,638,091	1,638,091	1,638,091
Restricted cash	4, 23	2,688	2,692	2,941
Total non-current assets		**9,656,794**	**9,086,925**	**8,304,656**
Total assets	27	**$ 10,466,424**	**$ 9,552,506**	**$ 8,768,597**

Continued ⟶

Liabilities and Stockholders' Equity	Notes	December 31, 2020	December 31, 2019	December 31, 2018
Current liabilities:				
Short-term debt	21, 23	$ 839,287	$ 1,235,379	$ 870,174
Trade and other payables	15, 23	90,673	154,936	99,757
Due to unconsolidated affiliates	6, 23	61,817	24,471	310,696
Income tax liabilities	24	28,860	62,699	63,044
Lease current liabilities	8	2,813	2,654	–
Derivative financial instruments	23	25,223	15,071	10,943
Other financial liabilities	17, 23	36,847	26,218	24,720
Provisions	19	4,952	–	251
Other taxes payable		22,570	31,878	31,619
Carbon allowances	20	47,439	6,444	6,354
Other liabilities	18	78,895	33,782	28,073
Total current liabilities		**1,239,376**	**1,593,532**	**1,445,631**
Non-current liabilities:				
Long-term debt	22, 23	2,838,711	1,818,331	1,675,192
Due to unconsolidated affiliates	6, 23	272,857	233,597	75,161
Lease non-current liabilities	8	86,078	101,788	–
Deferred income tax liabilities	24	604,229	565,957	566,892
Carbon allowances	20	–	29,843	14,826
Provisions	19	108,478	84,842	61,903
Derivative financial instruments	23	159,812	140,860	152,880
Employee benefits	16	12,635	9,901	7,643
Other financial liabilities		4,998	–	–
Other non-current liabilities	18, 28	17,453	16,618	14,719
Total non-current liabilities		**4,105,251**	**3,001,737**	**2,569,216**
Total liabilities	27	**5,344,627**	**4,595,269**	**4,014,847**
Stockholders' equity:				
Common stock	25	743,501	955,239	963,272
Additional paid-in capital	25	2,320,385	2,342,883	2,351,801
Treasury shares	25	–	–	(7,190)
Accumulated other comprehensive loss		(186,241)	(130,919)	(104,105)
Retained earnings		2,239,395	1,777,280	1,536,662
Total equity attributable to owners of the Company		5,117,040	4,944,483	4,740,440
Non-controlling interests		4,757	12,754	13,310,000
Total stockholders' equity		**5,121,797**	**4,957,237**	**4,753,750**
Commitments and contingencies	35, 36	–	–	–
Events after the reporting period	38	–	–	–
Total stockholders' liabilities and equity		**$ 10,466,424**	**$ 9,552,506**	**$ 8,768,597**

See accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF PROFIT

INFRAESTRUCTURA ENERGETICA NOVA, S. A. B. DE C. V. AND SUBSIDIARIES
(In thousands of U. S. Dollars, except per share amounts)

		Year ended December 31,		
	Notes	2020 (Note 1)	2019 (Note 1)	2018 (Note 1)
Revenues	23, 27, 28	$ 1,261,301	$ 1,379,256	$ 1,368,555
Cost of revenues	27	(297,901)	(391,093)	(385,791)
Operating, administrative and other expenses	30	(234,688)	(210,325)	(214,519)
Depreciation and amortization	13, 27, 33	(161,972)	(155,799)	(137,157)
Interest income	27, 29	58,513	45,665	27,449
Finance costs	27, 32	(144,319)	(132,849)	(122,879)
Other (losses) gains, net	31	(31,764)	25,619	8
Profit before income tax and share of profits of joint ventures	24	449,170	560,474	535,666
Income tax expense	24, 27	(145,936)	(132,558)	(143,064)
Share of profits of joint ventures	10, 27	157,832	39,769	37,984
Profit for the year	27	$ 461,066	$ 467,685	$ 430,586
Attributable to:				
Owners of the Company	34	462,115	468,241	430,592
Non-controlling interests		(1,049)	(556)	(6)
		$ 461,066	$ 467,685	$ 430,586
Earnings per share:				
Basic and diluted earnings per share	34	$ 0.31	$ 0.31	$ 0.28

See accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF PROFIT AND OTHER COMPREHENSIVE INCOME

INFRAESTRUCTURA ENERGETICA NOVA, S. A. B. DE C. V. AND SUBSIDIARIES

(In thousands of U. S. Dollars)

		Year ended December 31,		
	Notes	**2020**	**2019**	**2018**
Profit for the year	27	$ 461,066	$ 467,685	$ 354,174
Items that will not be reclassified to profit or (loss):				
Actuarial (losses) gain on defined benefits plans	16	(393)	(1,057)	519
Deferred income tax related to actuarial (losses) gain on defined benefits plans		118	317	(156)
Total items that will not be reclassified to profit		**(275)**	**(740)**	**363**
Items that may be subsequently reclassified to profit or (loss):				
(Loss) gain on valuation of derivative financial instruments held for hedging purposes		(29,382)	(9,727)	7,688
Deferred income tax on the (loss) gain on valuation of derivative financial instruments held for hedging purposes		8,811	2,918	(2,306)
(Loss) gain on valuation of derivative financial instruments held for hedging purposes of joint ventures		(36,223)	(41,321)	7,665
Deferred income tax on the (loss) gain on valuation of derivative financial instruments held for hedging purposes of joint ventures		10,867	12,396	(2,299)
Exchange differences on translation of foreign operations		(9,120)	9,660	(660)
Total items that may be subsequently reclassified to (loss) or profit		(55,047)	(26,074)	10,088
Other comprehensive (loss) income for the year		(55,322)	(26,814)	10,451
Total comprehensive income for the year		**$ 405,744**	**$ 440,871**	**$ 364,625**
Attributable to:				
Owners of the Company		406,793	441,427	364,625
Non-controlling interests		(1,049)	(556)	(6)
		$ 405,744	**$ 440,871**	**$ 364,619**

See accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

INFRAESTRUCTURA ENERGETICA NOVA, S. A. B. DE C. V. AND SUBSIDIARIES

(In thousands of U. S. Dollars)

	Notes	Common shares	Additional paid-in capital	Treasury shares	Other comprehensive loss	Retained earnings	Attributable to owners of the parent	Non-controlling interests	Total
Balance as of December 31, 2017	25	$ 963,272	$ 2,351,801	$ –	$ (114,556)	$ 1,316,070	$ 4,516,587	$ –	$ 4,516,587
Profit for the year	27	–	–	–	–	430,592	430,592	(6)	430,586
Actuarial gain on defined benefit plans, net of income tax	16	–	–	–	363	–	363	–	363
Gain on valuation of derivative financial instruments held for hedging purposes, net of income tax		–	–	–	5,382	–	5,382	–	5,382
Gain on valuation of derivative financial instruments held for hedging purposes of joint ventures, net of income tax		–	–	–	5,366	–	5,366	–	5,366
Exchange differences on translation of foreign operations		–	–	–	(660)	–	(660)	–	(660)
Total comprehensive income for the year		–	–	–	10,451	430,592	441,043	(6)	441,037
Additional non-controlling interests arising on the acquisition of subsidiaries		–	–	–	–	–	–	13,094	13,094
Additional non-controlling interests relating to equity contributions		–	–	–	–	–	–	222	222
Repurchase of ordinary shares		–	–	(7,190)	–	–	(7,190)	–	(7,190)
Dividends paid	26	–	–	–	–	(210,000)	(210,000)	–	(210,000)
Balance as of December 31, 2018	25	$ 963,272	$ 2,351,801	$ (7,190)	$ (104,105)	$ 1,536,662	$ 4,740,440	$ 13,310	$ 4,753,750
Profit for the year	27	–	–	–	–	468,241	468,241	(556)	467,685
Actuarial loss on defined benefit plans, net of income tax	16	–	–	–	(740)	–	(740)	–	(740)
Loss on valuation of derivative financial instruments held for hedging purposes, net of income tax		–	–	–	(6,809)	–	(6,809)	–	(6,809)
Loss on valuation of derivative financial instruments held for hedging purposes of joint ventures, net of income tax		–	–	–	(28,925)	–	(28,925)	–	(28,925)
Exchange differences on translation of foreign operations		–	–	–	9,660	–	9,660	–	9,660
Total comprehensive income (loss) for the year		–	–	–	(26,814)	468,241	441,427	(556)	440,871
Repurchase of ordinary shares, net		–	–	(9,761)	–	–	(9,761)	–	(9,761)
Retirement of treasury shares		(8,033)	(8,918)	16,951	–	–	–	–	–
Investment decrease in joint venture	10	–	–	–	–	(7,623)	(7,623)	–	(7,623)
Dividends paid	26	–	–	–	–	(220,000)	(220,000)	–	(220,000)
Balance as of December 31, 2019	25	$ 955,239	$ 2,342,883	$ –	$ (130,919)	$ 1,777,280	$ 4,944,483	$ 12,754	$ 4,957,237
Profit for the year	27	–	–	–	–	462,115	462,115	(1,049)	461,066
Actuarial loss on defined benefit plans, net of income tax		–	–	–	(275)	–	(275)	–	(275)
Loss on valuation of derivative financial instruments held for hedging purposes, net of income tax		–	–	–	(20,571)	–	(20,571)	–	(20,571)
Loss on valuation of derivative financial instruments held for hedging purposes of joint ventures, net of income tax		–	–	–	(25,356)	–	(25,356)	–	(25,356)
Exchange differences on translation of foreign operations		–	–	–	(9,120)	–	(9,120)	–	(9,120)
Total comprehensive (loss) income for the year		–	–	–	(55,322)	462,115	406,793	(1,049)	405,744
Repurchase of ordinary shares, net	25	–	–	(230,990)	–	–	(230,990)	–	(230,990)
Retirement of treasury shares	25	(211,738)	(19,252)	230,990	–	–	–	–	–
Acquisition non-controlling interests in subsidiaries and others	10	–	(3,246)	–	–	–	(3,246)	(6,948)	(10,194)
Balance as of December 31, 2020	25	$ 743,501	$ 2,320,385	$ –	$ (186,241)	$ 2,239,395	$ 5,117,040	$ 4,757	$ 5,121,797

See accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

INFRAESTRUCTURA ENERGETICA NOVA, S. A. B. DE C. V. AND SUBSIDIARIES

(In thousands of U. S. Dollars)

	Notes	Year ended December 31, 2020	2019	2018
Cash flows from operating activities:				
Profit for the year	27	$ 461,066	$ 467,685	$ 430,586
Adjustments for:				
Income tax expense	24, 27	145,936	132,558	143,064
Share of profit of joint ventures, net of income tax	10, 27	(157,832)	(39,769)	(37,984)
Finance costs	27, 32	144,319	132,849	122,879
Interest income	27, 29	(58,513)	(45,665)	(27,449)
Loss on disposal of property, plant and equipment		918	5,900	13,708
Impairment (gain) loss recognized on trade receivables		(12)	96	(1)
Depreciation and amortization	13, 27, 33	161,972	155,799	137,157
Net foreign exchange loss (gain) unearned		32,650	(27,117)	6,103
Net loss (gain) on valuation of derivative financial instruments		1,862	(1,559)	(3,754)
Others		–	9	–
		732,366	780,786	784,309
Movements in working capital:				
(Increase) decrease in trade and other receivables, net		(43,067)	32,938	(55,452)
Decrease (increase) in natural gas inventories, net		2,324	(4,754)	3,680
(Increase) decrease in other assets, net		(23,247)	52,741	(14,220)
(Decrease) increase in trade and other payables, net		(36,281)	(24,939)	5,134
Increase (decrease) in provisions, net		18,326	(36,703)	(42,463)
Increase in other liabilities		52,781	25,707	1,088
Cash generated from operations		703,202	825,776	682,076
Income taxes paid		(179,860)	(119,122)	(57,090)
Net cash provided by operating activities		523,342	706,654	624,986

Continued ⟶

	Notes	Year ended December 31, 2020	2019	2018
Cash flows from investing activities:				
Acquisition of subsidiaries and assets, net of cash acquired	11	–	–	(19,954)
Investment in joint ventures	10	(32,475)	(49,107)	(79,908)
Equity reimbursement from joint ventures	10	7,578	1,955	–
Marine terminals bidding fee	1	–	–	(44,355)
Interest received		55,529	18,892	563
Acquisitions of property, plant and equipment and other	13	(560,728)	(613,624)	(392,073)
Loans granted to unconsolidated affiliates		(88,694)	(20,726)	(134,661)
Receipts of loans granted to unconsolidated affiliates		2,136	7,607	42,275
Net cash used in investing activities		(616,654)	(655,003)	(628,113)
Cash flows from financing activities:				
Acquisition of Non Controlling Interest		(10,441)	–	–
Interest paid		(119,095)	(133,792)	(85,046)
Loans received from unconsolidated affiliates	6	64,000	155,396	70,000
Loans payments to unconsolidated affiliates	6	–	(267,768)	(312,032)
Proceeds from bank financing		1,111,000	1,477,433	916,757
Payments on bank lines of credit		(1,249,424)	(967,431)	(304,395)
Lease payments	37	(11,269)	(27,440)	–
Payments for repurchase of shares	25	(230,990)	(9,761)	(7,190)
Payment of debt securities ("CEBURES")	22	–	–	(102,069)
Proceeds from international debt offering		800,000	–	–
Debt issuance costs		(29,959)	–	–
Dividends paid	26	–	(220,000)	(210,000)
Net cash provided by (used in) financing activities		323,822	6,637	(33,975)
Increase (decrease) in cash, cash equivalents and restricted cash		230,510	58,288	(37,102)
Cash, cash equivalents and restricted cash at the beginning of the year		91,502	78,047	94,109
Effects of exchange rate changes on cash and cash equivalents		(5,676)	(44,833)	21,040
Cash, cash equivalents and restricted cash at the end of the year		$ 316,336	$ 91,502	$ 78,047

See accompanying notes to the Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

INFRAESTRUCTURA ENERGETICA NOVA, S. A. B. DE C. V. AND SUBSIDIARIES

For the years ended December 31, 2020, 2019 and 2018
(In thousands of U. S. Dollars, except where otherwise stated)

1. GENERAL INFORMATION AND RELEVANT EVENTS

1.1. GENERAL INFORMATION

Infraestructura Energetica Nova, S. A. B. de C. V. and Subsidiaries (collectively,"IEnova or the Company") are located and incorporated mainly in Mexico. Their parent and ultimate holding company is Sempra Energy (the "Parent") located and incorporated in the United States of America ("U. S."). The address of the Company's registered office and principal place of business is disclosed in Note 40.

1.2. RELEVANT EVENTS

1.2.1. CEBURES

On February 8, 2018, the Company made the repayment of its CEBURES public debt, of the second placement for an amount of $1,300.0 million of historical Mexican Pesos (Please refer to Note 22.e.).

For this debt, which was scheduled to mature in 2018, the Company entered into a derivative instrument contract and swapped fixed rate in Mexican Pesos for a fixed rate in U. S. Dollars, exchanging principal and interest payments. The Company received $1,300.0 million Mexican Pesos and paid $102.2 million U. S. Dollars. The repayment ended the hedging contract and CEBURES liability. (Please refer to Note 22.e.).

1.2.2. Execution of Standby Letter of Credit Facility ("LOCF") and Reimbursement Agreement

On January 22, 2018, in order to make more efficient and standardize the process for the issuance of letters of credit requested by governmental entities or third parties with whom the Company contracts, IEnova together with a bank syndicate formed by Banco Nacional de México Banamex, S. A., ("Banamex"), Sumitomo Mitsui Banking Corporation ("SMBC"), BBVA Bancomer, S.A. de C.V. ("BBVA"), Scotiabank Inverlat, S. A. ("Scotiabank"), Mizuho Bank LTD. ("Mizuho"), BNP Paribas S. A. and Santander (Mexico), S. A. ("Santander"), entered into a letter of credit facility and reimbursement agreement, up to an amount equivalent to $1.0 billion, which will be in effect for five years.

i. The agreement, among other things, will allow IEnova to expedite the administrative processes for the issuance or renewal of standby letters of credit and to have a standard process for the issuance of all its standby letters of credit.

ii. The LOCF and the standby letters of credit issued under this agreement do not constitute IEnova's debt.

1.2.3. Revolving credit facility

On November 30, 2018, the Company entered into a revolving credit agreement with Sempra Global, LLC ("SEG") for up to $320.0 million and maturity date on August 2020. The funds will be used for working capital, investments and other general corporate purposes.

1.2.4. Formation of a fund to repurchase its own shares

On June 14, 2018, at the Company's Ordinary General Shareholders' Meeting, the shareholders decided to approve the creation of a fund to repurchase its own shares for a maximum amount of $250.0 million. Such amount shall not exceed the Company's total net profits, including retained earnings, as stated in the Company's 2017 Financial Statements, which were approved in the Ordinary General Shareholders' Meeting on April 27, 2018. This repurchase fund was reestablished in the General Shareholders Meeting on April 30, 2020 per an amount of $500.0 million.. (Please refer to Note 25.).

1.2.5. .Increase and term extension to revolving credit agreement

On February 11, 2019, the Company entered into an amendment agreement to i) increase the amount of a credit (See Note 21.a.) line to $1.5 billion, ii) extend the term thereof from August 2020 to February 2024, iii) include JP Morgan Chase Bank, N. A. and Credit Agricole Corporate and Investment Bank to the lenders' syndicate, and iv) modify the interest rate terms.

1.2.6. Working Capital Credit Line

On April 11, 2019, the Company entered into a revolving credit agreement with Scotiabank, for up to $100,000.0. The term is three years.

1.2.7. Standby Letter of Credit to the Comision Federal de Electricidad ("CFE")

On April 12, 2019, Infraestructura Marina del Golfo, S. de R. L. de C. V. ("IMG") a joint venture ("JV") formed between the Company and TC Energy Corporate ("TC Energy"), issued a letter of credit to the CFE for an amount of $84,463.9 for the fixed charges in relation to three months of capacity or any penalty for the period of force majeure since April 14, 2019. This amount represents the Company's 100 percent share in the project. This letter of credit was due on October 12, 2019, as of that date it can be extended for additional periods of 90 days until July 14, 2020.

1.2.8. Manzanillo and Guadalajara Terminal

During the second quarter of 2019, the Company executed two long term contracts with BP Estaciones y Servicios Energeticos, S.A de C.V. ("BP") and Marathon Petroleum Corporation ("MPC") for the receipt, storage, and delivery of refined products, securing the full capacity of the Manzanillo terminal. With an investment of approximately $320.0 million, the terminal is expected to begin commercial operations, subject to the timing of issuance of the permits, in the first half of 2021.

In April 2019, the Company executed a long term contract with BP for the receipt, storage, and delivery of refined products in the terminal that the Company is developing in Guadalajara, Jalisco. The terminal's total capacity will be defined once additional commercial agreements with prospective customers have been completed.

1.2.9. Expansion Plan

On June 4, 2019, Ecogas Mexico, S. de R. L. de C. V., ("ECO") a subsidiary of IEnova announced an expansion plan to connect approximately forty thousand new customers during the next two years, with an investment of approximately $1,500.0 million Mexican Pesos ($80.0 million U. S. Dollars).

1.2.10. South of Texas – Tuxpan Marine Pipeline

In June 2019, IMG, IEnova's JV with TC Energy, completed the construction of the 800 Kilometers ("Km") South of Texas - Tuxpan Marine Pipeline, and was ready to begin commercial operations. The pipeline received force majeure payments from November 2018 through April 2019. In order to place the pipeline into service, IMG required CFE's letter of acceptance.

In addition, in June 2019, IMG received a request for arbitration from the CFE through which it requested the nullification of certain contract clauses that refer to the parties' responsibilities in instances of acts of God or force majeure, as well as reimbursements and payments applicable to such events.

In September 2019, the Company executed agreements with CFE in relation to the Transportation Service Agreements corresponding to South Texas - Tuxpan marine pipeline the latter jointly developed with TC Energy. This agreement establish a new tariff structure and consider a 10-year extension. Such agreements fulfill both parties' interests while maintaining the overall integrity and economics of the original contracts.

On September 17, 2019, IMG announced that the South of Texas - Tuxpan Marine Pipeline hasreached commercial operations.

1.2.11. Terminal Services Agreement with MPC

On June 25, 2019, the Company announced the execution of a long-term Terminal Services Agreement with a subsidiary of MPC for approximately 650,000 barrels, equivalent to 30 percent of the total capacity of the marine terminal for the receipt, storage, and delivery of gasoline, diesel and jet fuel in Manzanillo, Colima.

1.2.12. Guaymas - El Oro Pipeline

Following the start of commercial operations of the Guaymas-El Oro pipeline, the Company reported damage to the pipeline in the Yaqui territory that has made that section inoperable since August 23, 2017, and as a result, the Company declared a force majeure event in accordance with the contract.

The Company has received force majeure payments since August 2017 through the end of the force majeure period in August 2019.

The Company also received a court order in an appeal procedure that has prevented it from making repairs to place the pipeline back in service. In July 2019, the court ruled that the Yaqui Tribe was properly consulted and that consent from the Yaqui tribe was received. The plaintiffs appealed the ruling, causing the suspension order preventing the Company from repairing the damaged pipeline in the Yaqui territory to remain in place until the appeals process is exhausted.

In addition, in July 2019, the Company received a request for arbitration from the CFE to demand the nullification of certain clauses of the contract for this pipeline, which refer to the parties' responsibilities in instances of acts of God or force majeure, as well as reimbursements and payments related to such events.

In August 2019, the Company executed a Term Suspension Agreement with CFE for the Natural Gas Transportation Services Agreement for the Guaymas - El Oro gas pipeline. This agreement was executed to take all necessary actions to resume operation of the pipeline and to avoid the termination of the contract.

In September 2019, the Company executed an agreement with CFE in relation to the Transportation Service Agreements corresponding to the Guaymas - El Oro pipeline. This agreement establish a new tariff structure and consider a 10-year extension. Such agreements fulfill both parties' interests while maintaining the overall integrity and economics of the original contracts.

On September 15, 2020, the Guaymas - El Oro contract's suspension term was extended until March 14, 2021.

If the pipeline is not repaired by March 14, 2021 and the parties do not agree on a new service start date, IEnova retains the right to terminate the contract and seek to recover its reasonable and documented costs and lost profits. If IEnova is unable to make such repairs (which have not commenced) and resume operations in the Guaymas-El Oro segment of the Sonora pipeline or if IEnova terminates the contract and is unable to

obtain recovery, there may be a material adverse impact on IEnova's results of operations and cash flows and our ability to recover the carrying value of our investment. At December 31, 2020, the Guaymas-El Oro segment of the Sonora pipeline had a net book value of $426 million.

1.2.13.Long-term Electric Supply contracts

On July 10, 2019, the Company executed a 15-years clean electricity supply contract with various subsidiaries of El Puerto de Liverpool, S. A. B. de C. V. ("Liverpool").

On September 15, 2019, the Company executed a 15-year clean energy supply contracts with Comercializadora Circulo CCK, S. A. de C. V. and subsidiaries ("Circulo CCK").

On October 4, 2019, the Company executed an electricity Sale and Purchase Agreement ("SPA") with Envases Universales de Mexico, S. A. P. I. de C. V. ("Envases Universales") for a period of ten years.

On December 17, 2019, the Company executed a long-term clean energy supply contract with Grupo Cementos de Chihuahua, S.A.B. de C.V. ("GCC") for the period of fifteen years.

The energy will be generated by one of IEnova´s solar power plants located in Ciudad Juarez, Chihuahua, which will begin operations in the second half of 2020. The project will have an installed capacity of 150 MW and an approximate investment of $160.0 million.

1.2.14.Bilateral Revolving Credit Agreement

On September 23, 2019, the Company entered into a revolving credit agreement with The Bank of Nova Scotia ("BNS") for up to $280.0 million. The term is two years.

1.2.15. Corporate Long - Term Credit facilities

On November 19, 2019, regarding the credit mentioned in Note 23.h., the Company entered into 15-year credit facilities for $200.0 million with International Finance Corporation ("IFC"), a member of the World Bank Group, and North American Development Bank ("NADB").

On March 23, 2020, the Company informed that the U.S. International Development Finance Corporation ("DFC") approved a long-term financing for IEnova for up to $241.0 million dollars.

This long-term financing was agreed and the funds were received in June 2020.

On March 26, 2020, the Company entered into a 15-year credit facility for $100.0 million dollars with Japan International Cooperation Agency ("JICA").

These facilities are part of the financing structure that the Company closed in November 2019, with the International Finance Corporation ("IFC") and North American Development Bank ("NADB").

The funds are used to finance and/or refinance the construction of IEnova´s solar generation projects.

1.2.16. Private placement of senior secured notes by TAG

On December 16, 2019, regarding the credit mentioned in Note 10.4., the parent entity of the Los Ramones Norte II natural gas pipeline and a JV between the Company and Brookfield Asset Management Inc. ("Brookfield"), issued $332.0 million dollars of 20-year senior secured notes in an international private placement that was fully subscribed by investors from the U.S., Germany, France and Canada, including affiliates and clients of Allianz Global Investors.

1.2.17. ICM Ventures Holdings B.V. ("ICM") Equity Increase

On January 23, 2020, IEnova made an equity contribution to ICM for an amount of $3.3 million dollars.

1.2.18. Acquisition of Non - Controlling interest

a. On March 27, 2020, IEnova acquired 8,239,437 additional shares (with a nominal value $1 U.S. Dollar per share) of ICM for an amount of $9.3 million dollars, increasing its participation to 82.5 percent.

b. On April 28, 2020, IEnova acquired additional 10 percent of participation in Tepezala solar project for an amount of $1.1 million dollars increasing its participation to 100 percent.

1.2.19. Assessment of the impact of coronavirus ("COVID 19")

The outbreak of the novel COVID-19 starting in late January 2020 has spread rapidly to many parts of the world. In March 2020, the World Health Organization declared the COVID-19 as a pandemic. The pandemic has resulted in quarantines, travel restrictions and operational slowdown in locations where IEnova does business, mainly in Mexico.

As soon as the pandemic was declared and the first cases became noticeable in Mexican territory, Sempra Energy, our controlling entity and IEnova took strategic guidelines to protect its employees and other stakeholders in Mexico, among which are the conformation of an "Activated Executive Crisis Management Task Force" to mitigate impacts of COVID-19, the implementation of travel bans, office access restrictions and increased sanitization in working areas.

In addition, as an update on the COVID-19 outbreak in alignment with Sempra Energy, we continuously monitor four main items:

- Workforce Protocol - We revised protocols for onsite employees; those that can work remotely continue to do so for 2020.

- Customer Exposure - During the 2020, non-governmental customers continue to account for more than 50 percent of total revenues.

- Volumetric Exposure - During 2020, the majority of contracts with customers remain take-or-pay and U.S. dollar denominated contracts, with an average remaining life of 21.4 years. However, IEnova will continue evaluating recoverability and collection considering the effect in the supply chain. It is possible that certain customers may experience delay in payments and others may temporarily stop operations. This could imply that our customers require additional time to pay us, which may require us to record additional allowances for doubtful accounts. As of December 31, 2020, our collection did not present recoverability issues and remains in line with the original due terms. We are continuously evaluating and working with customers to resolve any potential credit issues. As of December 31, 2020 we have not increased the allowance for doubtful accounts.

- Capital Deployment - Although we do not expect major effects such as infrastructure project cancellations, as a result of the current pandemic it is reasonable to expect that some of construction cost will be deferred from the original Commercial Operation Date ("COD") these changes are not significant.

The energy sector has been considered "essential" by Mexican Authorities, which has allowed us to operate practically uninterrupted during 2020. Although the demand for electricity, natural gas, gasoline and other fuels has declined, mainly due to social lockdown and other restrictions on mobility (similar to what was observed in the rest of the world), IEnova is expected to continue to provide energy services on a normal basis.

IEnova has enough liquidity to meet its operating costs, expenses and financial obligations. As of December 31, 2020, the Company had approximately US $1.7 billion of cash and available committed credit lines that contribute to a healthy working capital. The Company has not reduced its workforce.

As of the date of issuance of these financial statements, the COVID-19 pandemic has not had a material impact on our results of operations, however, we have observed other companies, including our current and prospective counterparties, customers and partners, as well as government, including our regulators and other governing bodies that affect our business, taking precautionary and preemptive actions to address COVID-19, and they may take further actions that alter their normal operations. These actions could result in a material reduction in cash received from our customers, which could have a material adverse effect on the cash flows, financial condition and results of operations.

The full extent to which COVID-19 may impact the Company's results of operations or liquidity is uncertain, and could depend on upcoming developments about a vaccine or approved medications that help treat the coronavirus effects on people, on new information that may emerge regarding the duration and severity of the COVID-19 pandemic, and on the actions taken by local (federal and governmental) authorities, which are beyond our control.

The Board of Directors and the management work continuously to minimize the negative impact of the COVID-19 pandemic, through crisis planning, effective communication, and cooperation.

1.2.20. Changes in Energy Renewables regulation

On April 29, 2020, Mexico's Centro Nacional de Control de Energia ("CENACE") issued an order that safeguard Mexico's national power grid from interruptions that may be caused by renewable energy projects. The main provision of the order suspends all legally mandated preoperative testing that would be needed for new renewable energy projects to commence operations and prevents such projects from connecting to the national power grid until further notice. IEnova's projects affected by the order filed for legal protection via amparo claims (constitutional protection lawsuit), and in June 2020, received permanent injunctive relief until the claims are resolved by the courts. Energia Sierra Juarez, S. de R. L. de C. V. ("ESJ") is not expected to be impacted because it is not interconnected to the Mexican Electric grid.

On May 15, 2020, Mexico's Secretaria de Energia ("SENER") published a resolution to establish guidelines intended to guarantee the security and reliability of the national grid's electricity supply by reducing the threat that it claims is caused by clean, intermittent energy. The resolution significantly changes Mexico's policy on renewable energy and includes the following key elements:

- provides non-renewable electricity generation facilities, primarily non-renewable power plants, preferential access or easier access to Mexico's national power grid, while increasing restrictions on access to the grid to renewable energy facilities;
- grants CRE and CENACE broad authority to approve or deny permits and interconnection requests by producers of renewable energy; and
- imposes restrictive measures on the renewable energy sector, including requiring all permits and interconnection agreements to include an early termination clause in the event the newable energy project fails to make certain additional improvements, at the request of CRE or CENACE, in accordance with a specific schedule.

IEnova's renewable energy projects, including those in construction and in service, filed amparo claims on June 26, 2020 and received permanent injunctive relief on July 17, 2020. In addition on June 22, 2020, Comision Federal de Competencia Economica ("COFECE"), Mexico's antitrust regulator, filed a complaint with Mexico's Supreme Court against SENER's resolution COFECE's complaint was upheld by the court and, pending the court's final ruling, the decision suspends indefinitely the resolution published in May 2020.

On May 28, 2020, CRE approved an update to the transmission rates included in legacy renewables and cogeneration energy contracts, based on the claim that the legacy transmission rates did not reflect fair and proportional costs for providing the applicable services and, therefore, created inequitable competitive conditions. For IEnova's renewables' facilities that are currently holders of contracts with such legacy rates, any increases in the transmission rates would be passed through directly to their customers

IEnova and other companies affected by these new orders and regulations have challenged the orders and regulations by filing amparo claims, some of which have been granted temporary or permanent injunctive relief. The court-ordered injunctions provide relief until Mexico's Federal District Court ultimately resolves the amparo claims, the timing of which is uncertain. An unfavorable final decision on these amparo challenges may impact our ability to operate our wind and solar facilities, which may have a material adverse impact on our results of operations and cash flows and our ability to recover the carrying values of our renewable energy investments in Mexico.

In October 2020, the CRE approved a resolution to amend the rules for the inclusion of new Self - Supplied partners of legacy generation and self-supply permits (the Self - Supplied Resolution), which became effective immediately.

The Self - Supplied Resolution prohibits self-supply permit holders from adding new partners that were not included in the original development or expansion plans, making modifications to the amount of energy allocated to the named Self - Supplied partners, and including load centers that have entered into a supply arrangement under Mexico's Electricity Industry Law. Don Diego Solar and Border Solar and the Ventika wind power generation facilities are holders of legacy self-supply permits and are impacted by the Self - Supplied Resolution. If IEnova is not able to obtain legal protection for these impacted facilities, IEnova expects it will sell Border Solar capacity and a portion of the Don Diego Solar capacity affected by the Self - Supplied Resolution into the spot market. Currently, prices in the spot market are significantly lower than the fixed prices in the Purchase Power Agreement ("PPA") that were entered into through self-supply permits. IEnova filed lawsuits against the Self - Supplied Resolution and is evaluating the way to obtain injunctive relief that would allow Don Diego and Border Solar to deliver electric power to their Self - Supplied partners while a final decision is reached in the lawsuits it has filed.

Additionally, Border and Don Diego Solar filed an *amparo* against the CRE's most recent suspension of terms due to COVID. In that regard, Court issued and injunctive relief against such suspension and ordered CRE to continue with pending procedures despite COVID. Border and Don Diego are waiting for the CRE to comply with the Court's order.

1.2.21. ECA LNG Liquefaction Export

Through an investment agreement, Sempra LNG ECA Liquefaction, LLC ("SLNGEL") and IEnova are developing a proposed natural gas liquefaction project at IEnova's existing ECA LNG Regasification facility (Energia Costa Azul S. de R. L. de C. V. ("ECA")). The proposed liquefaction facility project, which is planned for development in two phases (a mid-scale project referred to as ECA LNG Phase 1 and a large-scale project referred to as ECA LNG Phase 2), is being developed to provide buyers with direct access to west coast LNG supplies. The ECA LNG Regasification facility currently has profitable long-term regasification contracts for 100 percent of the ECA's capacity through 2028, making the decisions on whether and how to pursue the ECA LNG Phase 2 liquefaction project dependent, in part, on whether the investment in a largescale liquefaction facility would, over the long term, be more beneficial financially than continuing to supply regasification services under our existing contracts. We do not believe that the development of ECA LNG Phase 1 will disrupt operations at the ECA LNG Regasification facility.

In November 2018, Sempra LNG and IEnova signed Heads of Agreements with affiliates of TOTAL S.A., Mitsui & Co., Ltd. and Tokyo Gas Co., Ltd. for ECA LNG Phase 1 in respect of LNG sales of approximately 2.5 million tons per annum ("Mtpa") in the aggregate. In April 2020, ECA Liquefaction S. de R. L. de C. V. ("ECAL") executed definitive 20-year LNG sale and purchase agreements with Mitsui & Co., Ltd. and an affiliate of TOTAL S.A. for approximately 0.8 Mtpa of LNG and 1.7 Mtpa of LNG, respectively. Each agreement remains subject to certain customary conditions of effectiveness, including our Final Investment Decision ("FID") for the project. TOTAL S.A., it also has the option to acquire an equity interest in ECA LNG Phase 1.

In March 2019, ECA received two authorizations from the Department of Energy ("DOE") to export U.S.-produced natural gas to Mexico and to re-export LNG to non- United States - Mexico - Canada Agreement ("USMCA") countries from its ECA LNG Phase 1 project, a one-train natural gas liquefaction export facility with a nameplate capacity of 3.25 Mtpa and initial offtake capacity of approximately 2.5 Mtpa, and its ECA LNG Phase 2 project, each of which is in development.

On February 27, 2020, we entered into an Engineering Procurement Construction ("EPC") contract with TechnipFMC for the engineering, procurement and construction of ECA LNG Phase 1. We have no obligation to move forward on the EPC contract, and we may release TechnipFMC to perform portions of the work pursuant to limited notices to proceed. We plan to fully release Technip USA Inc. ("Technip") to perform all of the work to construct ECA LNG Phase 1 only after we reach a FID with respect to the project and after certain other conditions are met. The total price of the EPC contract for ECA LNG Phase 1 is estimated at approximately $1.5 billion. We estimate that capital expenditures for ECA LNG Phase 1 will approximate $2.0 billion, including capitalized interest and project contingency. The actual cost of the EPC contract and the actual amount of these capital expenditures may differ, perhaps substantially, from our estimates.

On November 17, 2020, IEnova announced it reached a FID for the development, construction and operation of the ECA LNG Phase 1 through ECAL.

On December 9 2020, IEnova informed ECA LNG Holdings B.V, ("ECA LNG Holdings") has signed an equity investment agreement with an affiliate of Total for its participation in ECAL Under the terms of the agreement, Total has acquired a 16.6 percent equity stake in ECA LNG Holdings, while IEnova and SLNGEL will each retain 41.7 percent ownership.

On December 9, 2020, IEnova informed that ECA Liquefaction and Total SE ("Total"), have entered into a five-year loan agreement for an aggregate amount up to $1.6 billion in relation to ECAL.

The Financing, which will not consolidate in IEnova's balance sheet, has three tranches associated with the commitments of each partner. The financial institutions related to IEnova's tranche are: The Bank of Nova Scotia ("BNS"), Sumitomo Mitsui Banking Corporation ("SMBC"), BBVA Securities Inc., and Banco Nacional de Mexico, S. A., member of Grupo Financiero Banamex.

(Please refer to Note 10.4).

1.2.22. International Senior Notes Offering

On September 15, 2020, IEnova obtained $800.0 million related to an international Senior Notes offering, the notes were offered and sold in a private placement to qualified institutional buyers in the U. S. pursuant to Rule 144A and outside the U. S. pursuant to Regulation S under the U. S. Securities Act of 1933, as amended (the "Securities Act"). The notes bear interest at a rate of 4.75 percent, with semiannual payments of interest beginning on July 2021, maturing in 2051.

The Senior Notes received an investment grade rating from Fitch Ratings (BBB), Moody's Corporation ("Moody's") (Baa2) and Standard & Poor's Global Ratings ("S&P") (BBB). The Company used the net proceeds from the offering to repay outstanding short-term indebtedness, with the remainder for general corporate purposes.

The Senior Notes may not be offered or sold in Mexico absent authorization by the Comision Nacional Bancaria y de Valores ("CNBV") in accordance with the Ley del Mercado de Valores ("Mexican Securities Market Law") and all applicable regulations and the registration of the Senior Notes in the Registro Nacional de Valores ("National Securities Registry") maintained by the CNBV; or in the U. S. absent registration under the Securities Act or an exemption from registration therefrom.

1.2.23. Sempra's Energy Non-Binding proposal

On December 2, 2020, IEnova informed the market that on December 1st, 2020 IEnova's Board of directors received a non-binding proposal from Sempra Energy to conduct a tender offer for the totality of common shares of IEnova held by private investors, which represent 29.83 percent of the total amount of IEnova's common shares. The proposed tender offer is subject to corporate and governmental approvals required by applicable laws. IEnova's Board of Directors, which the opinion of its Corporate Practices Committee, will conduct an evaluation of the proposed tender offer in the terms and timeframe required by the Mexican Securities Law.

1.2.24. Projects under development

a. Veracruz marine terminal and in-land terminal projects

On July 12, 2017, the Company won the Administracion Portuaria Integral de Veracruz, S. A. de C. V. ("Veracruz API") bid for a 20-year transfer of its concession rights of an area to build and operate a marine terminal for the reception, storage and delivery of refined products.

According to the bidding basis, the Company made a onetime counter-payment offered for the right to build, use, leverage and benefit from the operation of the Veracruz marine terminal, in two installments, each equivalent to the 50 percent of the total amount, the first payment of $500.0 million Mexican Pesos ($28.2 million U. S. Dollars) was settled on August 1, 2017, prior to the execution of the concession agreement, as per bidding basis.

On August 3, 2017, the Company executed the 20-year concession agreement with the Veracruz API to develop, construct and operate the aforementioned marine terminal. The concession includes the transfer, during 2018, of the waterfront lot where the terminal will be built. The terminal will have a capacity of 2,100,000 barrels.

Additionally, the Company will build and operate two storage terminals that will be strategically located in Puebla and Estado de Mexico, and will have initial storage capacities of approximately 650,000 barrels, each one.

The beginning of commercial operations for Veracruz terminals is expected to occur in the first quarter of 2021, Puebla and Estado de Mexico are expected to occur in the second quarter of 2021, with an investment in the range of $590.0 - $640.0 million.

The Company will be responsible for the implementation of the projects, including to obtain permits, engineering, procurement, construction, operation, maintenance, financing and providing services.

On July 29, 2017, the Company executed three long-term firm capacity contracts with Valero Marketing and Supply de Mexico, S. A. de C. V. ("Valero") for the receipt, storage capacity and delivery of hydrocarbons in the Veracruz marine terminal and for the two in-land terminals to be constructed in Puebla and Estado de Mexico, for a 20-years term, the contracts are denominated in U.S. Dollars.

Valero plans to import refined products including gasoline, diesel and jet fuel, and store them at the Veracruz marine terminal. Locally, the products will be distributed by truck and transported to Puebla and Estado de Mexico by rail.

After commercial operations, and subject to all relevant regulatory and corporate authorizations as well as the approval of the API of Veracruz, Valero will have the option to acquire 50 percent of the equity in each of the three terminals.

On January 8, 2018, ESJ Renovable III, S. de R. L. de C. V. ("ESJRIII") paid to the Veracruz API the remaining 50 percent of a counter-payment fee equivalent to the amount of $500.0 million Mexican Pesos ($25.9 million U. S. Dollars) for the right to build, use, leverage and benefit from the operation of the marine terminal in Veracruz, Mexico.

On November 22, 2018, ESJRIII signed a contract with the Veracruz API for land, which will be used exclusively for the construction and operation of a railway and its respective roads with term on June 11, 2038.

b. Wind power generation facility

On November 16, 2017, the Company through Energia Sierra Juarez 2 U. S., LLC, its wholly owned subsidiary, executed a 20-year Power Purchase Agreement ("PPA") with San Diego Gas & Electric Company ("SDG&E"), a IEnova's unconsolidated affiliate. The contract will be supplied through a new wind power generation facility that will be located in the municipality of Tecate in Baja California, Mexico. The project will have a capacity of 108 MW and will require an investment of approximately $150.0 million. The development of this project is subject to the receipt of regulatory approvals, including from the California Public Utilities Commission and the U.S. Federal Energy Regulatory Commission, it is also subject to obtaining consents from financing parties and partners. COD is expected on 2H 2021.

c. Marine terminal, Baja California, Mexico

On April 12, 2018, the Company announced a project to develop, construct, and operate a marine terminal that will be located 23 Km North of Ensenada, Baja California, Mexico. The terminal, with one million barrels of initial storage capacity will receive, store, and deliver hydrocarbons, primarily gasoline and diesel. The investment will be approximately $130.0 million. The commercial operation date is still pending to be defined.

On April 12, 2018, the Company signed a long-term contract with Chevron Combustibles de Mexico S. de R. L. de C. V., a Chevron Corporation ("Chevron") subsidiary, for approximately 50 percent of the terminal's storage capacity. Additionally, another Chevron subsidiary will have the right to acquire 20 percent of the terminal equity after commercial operations begin. The option does not meet the definition of an equity instrument under International Accounting Standards ("IAS") 32, Financial instruments, and is therefore within the scope of IFRS 9, Financial instruments, the option is required to be initially recognized at Fair Value ("FV") which upon the effective date of the agreement is minimal, as the exercise price of the option is a proxy for FV, as such the Company will not record a FV.

On March 14, 2018, the Company executed a second long-term contract for the storage and delivery of hydrocarbons with BP, a BP P. L. C. ("BP PLC") subsidiary, for the remaining 50 percent of the terminal's storage capacity.

d. Marine terminal in Topolobampo, Sinaloa, Mexico

On July 8, 2018, the Company was awarded by the Administracion Portuaria Integral de Topolobampo, S. A. de C. V. ("Topolobampo API") with a bid for a 20-year transfer of its concession rights of an area to build and operate a marine terminal for the receipt and storage of hydrocarbons and other liquids.

The terminal will be located in Topolobampo, Sinaloa, Mexico and will have an initial storage capacity of approximately one million barrels, for storage primarily of gasoline and diesel. The investment is expected to be approximately $150.0 million, and commercial operations are expected to commence in the second half of 2021.

In September and October 2018, the Company announced the execution of two long-term, U. S. Dollar-denominated contracts with subsidiaries of Chevron and MPC for the storage and delivery of refined products, primarily gasoline and diesel, at the terminal, for the receipt, storage and delivery in Topolobampo, Sinaloa, Mexico. The agreements will allow Chevron and Marathon to each utilize approximately 50 percent of the terminal's initial one million barrels of storage capacity. Additionally, another subsidiary of Chevron will have

the right to acquire up to 25 percent of the equity of the terminal after commercial operations begin. The option does not meet the definition of an equity instrument under IAS 32 and is therefore within the scope of IFRS 9 as a financial instrument, the option is required to be initially recognized at FV which upon the effective date of the agreement is minimal, as the exercise price of the option is a proxy for FV, as such the Company will not record a FV.

According to the bidding basis, the Company is committed to make a onetime counter-payment offered for the right to build, use, leverage and benefit from the operation of the Topolobampo marine terminal, payable in two installments, each equivalent to 50 percent of the total amount. The first payment of $350.5 million Mexican Pesos ($18.4 million U. S. Dollars) was made in July 2018.

e. *Marine terminal in Manzanillo, Colima, Mexico*

On September 26, 2018, the Company executed a long-term contract with Trafigura Mexico S.A. de C. V. (“Trafigura”), for 580,000 barrels, equivalent to 50 percent of the terminal’s storage capacity.

On September 28, 2018, the Company announced a project to develop, build and operate a marine terminal for the receipt, storage and delivery of refined products, primarily gasoline and diesel, that will be located in Manzanillo, Colima, Mexico. In its initial stage, the terminal is expected to have a storage capacity of 2.2 million barrels. The project’s estimated investment is approximately $320.0 million. The commercial operation date is still pending to be defined.

As part of the agreements, the Company also acquired 82.5 percent of the equity of ICM Ventures Holding B. V. (“ICM”), owner of the land where the project will be built. Affiliates of Trafigura retained 49 percent of the equity interest in the project. (Please refer to Note 11.3.).

f. *Natural gas liquefaction project*

On November 17, 2020, IEnova announced it reached a FID for the development, construction and operation of the ECA LNG Phase 1 through ECAL. (Please refer to Note 1.2.25.).

1.2.25. Other matters

a. *Credit Ratings*

On November 19, 2018, Fitch Raitings confirmed the credit rating of BBB granted in 2017. S&P Global Ratings affirmed IEnova’s global scale corporate credit rating of BBB and revised its global outlook from stable to negative because of similar action on Sempra Energy. As a result, IEnova’s local credit rating changed from AAA to AA+.

On June 7, 2019, the Company announced that Moody’s affirmed IEnova’s global scale corporate credit rating of Baa1 and the Mexican National Scale corporate rating of Aa1.mx, and revised its outlook from stable to negative.

On July 9, 2019, the Company announced that Fitch has placed IEnova’s rating on “Watch Negative”: BBB+ / Watch Negative (the previous rating was BBB+ / Stable).

On October 31, 2019, the Company announced that Fitch affirmed IEnova’s rating BBB+ / Stable (from BBB+ / Negative watch), due to the agreement reached with the CFE regarding the pipeline contracts and the neutral impact that the amended terms have on IEnova’s cash flow.

Fitch maintains IEnova’s long-term issuer default rating and senior unsecured rating at BBB+. This rating reflects the Company’s strong competitive position, its adequate capital structure, stable and predictable cash flow generation supported by long-term agreements signed with investment grade counterparties, and no material commodity exposure. IEnova’s ratings also reflect the Company’s strong liquidity position and the support of its majority shareholder, Sempra Energy (BBB+ /Stable).

On April 17, 2020, the Company announced that Fitch downgraded IEnova´s rating to BBB / Stable from BBB+/ Stable, following the downgrade of Mexico´s sovereign to BBB-/ Stable from BBB/ Stable.

On April 21, 2020, the Company announced that Moody’s downgraded IEnova’s rating to Baa2 (global scale) from Baa1 and to Aa2.mx (Mexico National Scale) from Aa1.mx. The outlook remains negative.

The rating downgrade follows the recent rating actions on the ratings and outlooks of the Mexican government (Baa1 negative), Comision Federal de Electricidad (“CFE”; Baa1/Aa1.mx negative) and Petroleos Mexicanos (“PEMEX”; Ba2/A2.mx negative).

Moody’s affirms that this action is balanced by IEnova’s otherwise stable cash - flow profile coming from Dollar-denominated and long term take-or-pay contracts from a diverse portfolio.

1.3 ACTIVITIES

The Company reorganized its prior reporting segments effective first quarter 2020. The change affected neither the accounting policies nor the basis of preparation of the financial information. This change reflects how management will evaluate and review the performance of the business. Disclosures are uniformly conducted in accordance with the new segments established for 2020.The new reportable segments are Gas, Storage and Power. The aggregation criteria disclosure is described in Note 28.

The Gas segment develops, owns and operates, or holds interests in, natural gas and ethane pipelines, transportation, distribution and sale of natural gas in the states of Baja California, Sonora, Sinaloa, Coahuila, Chihuahua, Durango, Chiapas, San Luis Potosi, Tabasco, Veracruz and Nuevo Leon, Mexico.

The Storage segment owns and operates a liquefied natural gas ("LNG") terminal in Baja California, Mexico, for importing, storing and regasifying LNG. Additionally, storage spheres of liquid petroleum gas ("LPG") in Jalisco, Mexico and a LPG pipeline in Tamaulipas, Mexico. The Company develops marine and in - land terminals for the reception, storage and delivery of refined products, located in Veracruz, Estado de Mexico, Puebla, Baja California, Sinaloa, Colima and Jalisco, Mexico. The Power segment develops, owns and operates solar projects located in Baja California, Aguascalientes, Sonora, and Chihuahua, Mexico, a natural gas fire power plant that includes two gas turbines and one steam turbine in Baja California, Mexico to serve customers in U.S.; and a wind farm located in Nuevo Leon, Mexico, and holds interests in a renewable energy project in a JV in Baja California, Mexico. The renewable energy projects use the solar and wind resources to serve customers in Mexico and in the U.S.

The Company obtained the corresponding authorization from the Comision Reguladora de Energia ("CRE") in order to perform the regulated activities.

Seasonality of operations. Customer demand in both Gas and Power segments experience seasonal fluctuations. For the Gas segment, the demand for natural gas service is higher in summer and winter. In the case of the Power segment, the demand for power distribution service is higher during months with hot weather. Storage segment does not experience seasonal fluctuation.

1.3.1 Gas segment

The Company's mainly subsidiaries included in this reportable segment are:

a. ECO is engaged in the distribution and sale of natural gas for industrial, residential and commercial use in three local distribution zones: Mexicali (serving the city of Mexicali, Baja California), Chihuahua (serving the cities of Chihuahua, Delicias, Cuauhtemoc and Anahuac) and La Laguna-Durango (serving the cities of Torreon, Gomez Palacio, Lerdo and Durango), with pipelines of approximately 4,138 Km in length.

   During 1996, 1997 and 1999, the CRE, granted ECO the first natural gas distribution permits for the local distribution zones of Mexicali, Baja California, Chihuahua, Chihuahua and La Laguna-Durango, under which ECO receives, transports, delivers and sells natural gas through a pipeline system.

   In May 2009, the CRE approved the third five-year plan to ECO for the local distribution zones of Chihuahua, Chihuahua and Mexicali, Baja California, and in June 2010 for the local distribution zone of La Laguna-Durango. Additionally, in 2016, the CRE authorized an adjustment to the authorized tariffs to be applied in the five-year plan for the local distribution zones of Chihuahua, Chihuahua and La Laguna-Durango and in 2018 an actualization to tariffs related to inflationary effects. The five-year plans do not include commitments regarding the minimum number of customers. As of December 31, 2020, 2019 and 2018, ECO had over 130,000, 122,000 and 120,000 customers, respectively.

b. IEnova Gasoductos Mexico, S. de R. L. de C. V. ("IGM") is engaged in the acquisition and subscription of any kind of participation in the capital stock of a variety of companies; its subsidiaries are engaged in the compression, storage and transportation of natural gas as well as in rendering various kind of services related to such activities, including the coordination, consulting and supervision of construction and development of energy infrastructure projects.

   It is primarily engaged in the compression of natural gas using compression equipment located in Naco, Sonora (also referred to as the Naco Compression Station).

   In 2001, IGM entered into an agreement with Pemex TRI to provide natural gas compression services for a 20-year period. The term of the agreement may be extended up to five additional years by mutual agreement between IGM and Pemex TRI.

c. Gasoductos de Aguaprieta, S. de R. L de C. V. ("GAP"), a subsidiary of IGM, was incorporated on July 4, 2001 and commenced operations on November 20, 2002. GAP is primarily engaged in the transportation of natural gas.

   On July 19, 2002, GAP obtained its natural gas transportation permit from the CRE. The term of the permit is for 30 years and is renewable every 15 years.

   On June 28, 2002, GAP entered into a 25-year gas transportation agreement with El Paso Energy Marketing Mexico, S. de R. L. de C. V. ("EPEMM"), a related party until April 2010. The pipeline starts at the border of Arizona, U. S., and extends to the power plant called ("Naco-Nogales"), which is owned by Power and Energy Naco Nogales, S. A. de C. V., located in Agua Prieta, Sonora, Mexico.

Sonora pipeline: In October 2012, GAP was awarded by the CFE with two contracts to build and operate an approximately 835 Km natural gas pipeline network connecting the Northwestern Mexican states of Sonora and Sinaloa ("Northwest gas pipeline", also known as the "Sonora Pipeline") to the U.S. interstate pipeline.

The Sonora pipeline is comprised of two segments; the first one (Sasabe – Guaymas), has an approximate length of 505 Km, 36 inch diameter pipeline with 770 Million Cubic Feet per Day ("MMCFPD") of transportation capacity; and the second one (Guaymas – El Oro), has an approximate length of 330 Km, and 30 inch pipeline with 510 MMCFPD of transportation capacity and started commercial operation on May 19, 2017.

On August 18, 2014, CFE granted a compliance certification for the Sasabe – Puerto Libertad segment construction. The first 220 Km, of the first segment were put into operation in the fourth quarter of 2014. The second 285 Km of the first segment (Puerto Libertad – Guaymas), started commercial operation in the third quarter of 2015.

The capacity of the Sonora pipeline is contracted by CFE under two 25 and 35 year firm contracts denominated in U.S. Dollars.

Ojinaga - El Encino pipeline: In December 2014, GAP, entered into the Ojinaga pipeline natural gas transportation services agreement with the CFE, which has a term of 25 years. The CFE contracted 100 percent of the transportation capacity of the Ojinaga pipeline, equal to 1,356 MMCFPD. The asset is a 42 - inch pipeline, with a length of approximately 220 Km. This pipeline started commercial operation on June 30, 2017.

San Isidro - Samalayuca pipeline: During 2015, the Company, through its subsidiary GAP, was declared winner of the CFE tender for a natural gas transportation contract through a pipeline from San Isidro to Samalayuca in the State of Chihuahua. Such project consists of a header facility with a capacity of 3 billion Cubic Feet Per Day("CFPD") and a 23 Km pipeline with a capacity of 1,135 MMCFPD of natural gas. The system supplies natural gas to the Norte III Combined Cycle Power Plant and interconnects with the following systems: Gasoductos de Chihuahua, Tarahumara Pipeline and the Samalayuca-Sasabe pipeline. This pipeline started commercial operation on March 31, 2017. The contract length is 25 years.

El Empalme pipeline branch: In May 2016, IEnova entered into a natural gas transportation service agreement with CFE for a 21 - year term, denominated in U.S. Dollars, for 100 percent of the transportation capacity of the Ramal Empalme pipeline, equal to 226 MMCFPD of natural gas. The asset is a 20 Km pipeline branch. This pipeline started commercial operation on June 24, 2017.

Aguaprieta pipeline: This system is comprised of approximately 13 Km of 20 inch diameter pipeline and has a design capacity of 200 MMcfd. The firm transportation services contracts in force between the Company and the Aguaprieta Pipeline system represent 129.4 MMcfd (1.3 MMThd), equivalent to 65 percent of the system's installed capacity. Among these contracts is a firm transportation services contract with the CFE, signed in September 2013, for 67 MMcfd (0.7 MMthd), which is renewed every year after an initial period of two years. This contract supplies a combined cycle generation plant fired with gas from Agua Prieta II, which reached commercial operations in 2017. In addition, the Company signed two firm contracts with El Paso Marketing, one in June 2002 and the second in October 2013, with a duration of six and twenty five years respectively for 50 MMcfd and 2 MMcfd.

Gasoducto Rosarito, ("GRO"): Renders services of transportation of natural gas, providing the energy requirements of Baja California, Mexico. GRO operates the Gasoducto system comprised of three natural gas pipelines (Rosarito Mainline, LNG Spur and Yuma Lateral) and two 32,500 horsepower ("HP") compression stations located in Baja California, Mexico. The total length of GRO system is approximately 302 Km. The system begins at the interconnection with the El Paso Natural Gas Co. pipeline near Ehrenberg, Arizona, U. S. ("North Baja Pipeline"), and ends in southern Tijuana, Baja California, Mexico at the interconnection with the Transportadora de Gas Natural de Baja California, ("TGN" a subsidiary of IEnova), pipeline. The Mexican portion of the pipeline begins at the interconnection in Algodones, Baja California with the North Baja Pipeline and travels through Mexicali and Tecate, Baja California ending at the interconnection with TGN. These three pipelines operate under one transportation permit issued by the CRE.

Rosarito Mainline: This system was originally placed in service in August 2002 to supply natural gas from the U.S. to several power plants and industrial customers in the Baja California, Mexico market. This system is a 30 - inch diameter pipeline with a length of approximately 225 Km and a designed transportation capacity of 534 MMCFPD.

LNG Spur: This system was completed in May 2008 and transports natural gas to the Rosarito Mainline for delivery to power plants in Baja California, Mexico. This system is a 42-inch diameter pipeline with a length of approximately 72 Km and a designed transportation capacity of 2,600 MMCFPD.

Yuma Lateral: This system was the latest addition to the GRO transportation system and was placed in service in March 2010 to transport natural gas to the Arizona border. This system is a 12-inch diameter pipeline with a length of approximately 5 Km and a designed transportation capacity of 190 MMCFPD.

Effective August 1, 2017, GRO and TGN merged with and into GAP which is the surviving entity in the merger.

TGN: Is engaged in the transportation of natural gas in accordance with a permit issued by the CRE, through a 45 Km, 30 - inch pipeline with a designed transportation capacity of 940 MMCFPD as permitted by the CRE. TGN interconnects with the GRO pipeline system in the Tijuana, Baja California, Mexico, area and extends north to interconnect with the SDG&E, system at the Otay Mesa International border and southwest to the CFE's 1,300 MW Presidente Juarez Power Plant in Rosarito, Baja California, Mexico. The TGN pipeline system was placed in service in June 2000. A 19 Km expansion to the TGN system began operations in May 2008.

d. IEnova Gasoductos Holding, S. de R.L de C.V. ("IGH") is engaged in the acquisition and subscription of any participation in the share capital of various companies.

e. IEnova Marketing, S. de R. L. de C. V. ("IEnova Marketing") provides LNG services related to the purchase and sale of LNG and natural gas. In May 2008, IEnova Marketing began operations jointly with ECA. Up to that date, the activities of IEnova Marketing were primarily focused on obtaining necessary permits to operate.

In November 2009, IEnova Marketing entered into an agreement with Sempra LNG International, LLC ("SLNGI"), whereby SLNGI agreed to deliver and sell LNG cargoes to IEnova Marketing from startup date of the LNG Terminal. Accordingly, IEnova Marketing entered into transportation and storage capacity service agreements to commercialize the LNG.

Thereafter, on January 1, 2013, SLNGI and IEnova Marketing entered into an LNG sale and purchase, transportation and supply agreement expiring on August 20, 2029. The minimum annual quantity committed for delivery is 188 Million British Thermal Units ("MMBtus"). Under the terms of the agreement, SLNGI will be responsible for the transportation to the receiving terminal of all quantities of LNG sold and delivered from the delivery point to the receiving terminal and, IEnova Marketing will take LNG in order to meet its purchase commitments.

As of February 28, 2018, all end users that purchase natural gas and whose maximum annual consumption is greater than 5,000 Gigajoules ("GJ") must contract with licensed marketers for the supply thereof, said licensed marketers must have a supply issued by the CRE. During the period from January to March 2018, IEnova Marketing signed 93 natural gas purchase agreements with third parties which are located in Mexicali, Chihuahua, Torreon and Durango. The majority of the customers were previously consumers from ECO. (Please refer to Note 1.3.1.a.).

As of December 31, 2020, IEnova Marketing has a total of 156 new customers derived from the change regulation issued by the CRE.

f. IEnova Pipelines is engaged in providing natural gas and LPG transportation services through Gasoductos de Tamaulipas, S de R. L. de C. V. ("GdT"), Gasoductos del Noreste, S. de R. L. de C. V. ("GdN"). These activities are regulated by the CRE. IEnova Pipelines is also engaged in the ethane gas transportation service through Gasoductos del Sureste, S. de R. L. de C. V. ("GdS").

IEnova Pipelines has to follow the rulings authorized by the CRE. Those contain among other things, general service provision conditions for the service supply, tariff limits, the approved maximum revenues and the route followed by the gas pipeline proposed by the companies. The construction program and established investments in each permit must have been developed by IEnova Pipelines. In addition, the rulings require that a review of the maximum revenue be performed every five years to make any adjustments required regarding revenue and the related tariffs.

GdT - San Fernando pipeline: a fully bi-directional system that is comprised of a 36 inch diameter pipeline with an approximate length of 114 Km and a capacity of 1,460 MMCFPD and two compression stations with a total of 95,670 HP. The pipeline extends from the El Caracol compression station in Reynosa, Tamaulipas to Los Indios compression station in San Fernando, Tamaulipas. Centro Nacional de Control de Gas Natural ("CENAGAS"), as transferee of Pemex TRI, is the sole customer of the San Fernando pipeline and also purchases the system's unused compression capacity on an as-needed basis pursuant to an interruptible transportation services agreement. The services agreement with CENAGAS has an initial term of 20 years beginning in 2003, and is extendable for a five-year period at the customer's option.

IEnova Pipelines - Samalayuca pipeline: a 24 - inch diameter pipeline with an approximate length of 37 Km and a capacity of 400 MMCFPD. The Samalayuca pipeline, which began operations in 1997, was the first privately-owned natural gas pipeline in Mexico. The Samalayuca pipeline extends from Ejido San Isidro, Chihuahua, to CFE's Samalayuca power plant and interconnects with a separate, 16-inch diameter pipeline owned by Pemex TRI that extends from Ciudad Juarez to Chihuahua. IEnova Pipelines has entered into long-term transportation service agreements with the Samalayuca pipeline's customers, which have 50 percent of the system's design capacity contracted on a firm basis.

IEnova Pipelines - Gloria a Dios compression station: a 14,300 HP compressor with a capacity of 60 MMCFPD. It is installed at the interconnection point of the Samalayuca pipeline and Pemex TRI's Ciudad Juarez, Chihuahua natural gas pipeline in Gloria a Dios, Chihuahua. CFE, which is the station's sole customer, has contracted 100 percent of the station's capacity on a firm basis through 2021, at the rates established by the CRE, pursuant to a transportation and compression services agreement.

Under this agreement, the Gloria a Dios compression station provides compression services for the Chihuahua II power plant, transports natural gas from an interconnection between Kinder Morgan's pipeline system and the Samalayuca pipeline at the Mexico – U.S. border, and delivers the compressed gas to the interconnection point of the Samalayuca pipeline and Pemex TRI's pipeline system.

GdN - Los Ramones I pipeline: the system is comprised of a 48 inch diameter pipeline with an approximate length of 116 Km and two compression stations with a total of 123,000 HP. The Los Ramones I pipeline transports natural gas from northern Tamaulipas, near the Mexico-U.S. border, to the interconnection point with the Los Ramones II Norte pipeline and Mexico's national pipeline system in Los Ramones, Nuevo Leon. CENAGAS, as transferee of Pemex TRI, is the sole customer of this facility under a 25-year firm transportation services agreement.

GdS - Ethane pipeline: an approximately 224 Km system comprised of three segments. The first segment is a 20 - inch diameter pipeline with a transportation capacity of approximately 52 MMCFPD. The second segment is a 16/24 inch diameter pipeline with a transportation capacity of approximately 152 MMCFPD. The third segment is a 20 inch diameter pipeline with a transportation capacity of approximately 106,000 Bbld. The Ethane pipeline transports ethane from Pemex's processing facilities in the states of Tabasco, Chiapas, and Veracruz to the Ethylene XXI ethylene and polyethylene polymerization plant in the State of Veracruz. Pemex TRI, the sole customer of this facility, has contracted 100 percent of its capacity for a period of 21-years under a purchase agreement on a take-or-pay basis. This system, which began operations in 2015, is Mexico's first privately-owned ethane pipeline.

g. DEN provides operation and maintenance services to the Los Ramones II Norte pipeline system under a 25-year term agreement, starting in February 2016, the commercial operations date DEN owned 50 percent of TAG, which owned 99.99 percent of TAG Pipelines Norte, S. de R. L. de C. V. ("TAG Pipelines Norte"), under which the Los Ramones II Norte pipeline was built. On November 15, 2017, IEnova completed the acquisition of Pemex TRI 50 percent interest in DEN. Through this acquisition IEnova increased its ownership interest in TAG from 25 percent to 50 percent. DEN became a wholly owned, consolidated subsidiary of IEnova.

h. Marine pipeline. In June 2016, IMG, the JV formed between IEnova and TC Energy, whereby TC Energy has a 60 percent interest in the partnership and IEnova owns the remaining 40 percent interest, entered into a 35-year natural gas transportation service agreement with the CFE, which was won in connection with the bid issued by CFE for the South Texas–Tuxpan marine pipeline. The pipeline reached commercial operations on September 17,2019.

1.3.2 Storage segment

The Company's mainly subsidiaries included in this reportable segment are:

a. ECA owns and operates an LNG regasification and storage facility ("LNG Terminal") in Ensenada, Baja California, Mexico.

   During 2007, ECA obtained all necessary operating permits from Mexican regulatory agencies and operations commenced in May 2008.

   On December 2009, ECA completed the construction of a nitrogen injection facility to allow customers to deliver LNG with a greater range of gross heating value. The nitrogen injection facility produces nitrogen that can be mixed with natural gas when it is necessary to lower the heating content to meet pipeline gas quality standards in Mexico and the U. S.

   ECA entered into two 20-year firm storage service agreements with independent third parties for 50 percent of the total storage capacity of the LNG Terminal. The agreements commenced in 2009.

b. TDF - LPG pipeline: a system comprised of approximately 190 Km of 12 inch diameter pipeline with an average daily transportation capacity of 34,000 Barrels per day ("Bbld") of LPG, a pumping station located near the pipeline's point of delivery, and a reception facility that includes two storage spheres with a combined storage capacity of 40,000 Bbld.

   The TDF LPG pipeline, which was the first private LPG pipeline in Mexico, extends from Pemex TRI's Burgos LPG production area in the State of Tamaulipas to a delivery facility near Monterrey, Nuevo Leon. The TDF's LPG pipeline has in place a firm transportation services agreement with Pemex TRI, which expires in 2027.

c. TdN - Guadalajara LPG terminal: in 2013 TdN completed the construction of an LPG storage facility with a capacity of 80,000 Bbld near Guadalajara, Jalisco. This facility consists of four storage spheres, each with a capacity of approximately 20,000 Bbld, ten loading bays, and an interconnection with a separate LPG pipeline system that is owned by Pemex TRI. The Company has entered into several 15-year storage service agreements with Pemex TRI, pursuant to which it has contracted 100 percent of the terminal's capacity through 2028.

1.3.3 Power segment

The Company's mainly subsidiaries included in this reportable segment are:

a. DM, a 625 MW natural-gas-fired, combined-cycle power generation facility located in the city of Mexicali, Baja California, is engaged in the generation and sale of electricity. In August 2001, TDM received a favorable resolution by the CRE to generate and export electricity.

   On January 1, 2013 (with an effective date of January 1, 2012), Sempra Generation, LLC. ("SGEN") and TDM entered into a new commercial agreement, for which TDM delivers all of its power output directly to the California's Independent System Operator power grid ("CAISO") in the U. S. at the Mexico border, and SGEN provides marketing, scheduling and dispatch services for TDM.

   On December 2016, this contract was assigned to SGPM. In April 2018, the Company signed an addendum to the contract where the charge for placing energy was eliminated.

b. In October 2013, ESJ began the construction of the 155 MW first phase of the wind generation project, which is fully contracted by SDG&E and started operations in June 2015. The ESJ project is designed to provide up to 1,200 MW of capacity if fully developed.

c. In December 2016, the Company acquired 100 percent of the equity interests of Ventika's wind farm, located in the State of Nuevo Leon, approximately 56 Km from the U.S. border. It is powered by 84 turbines, provides an aggregate of up to 252 MW of generating capacity, and is connected to CFE's transmission line. Ventika's location has one of the strongest wind resources in the country. It started operations in April 2016, and substantially all of Ventika's generation capacity is contracted to private companies through 20-year, U.S. Dollar-denominated, energy supply agreements.

d. La Rumorosa Solar and Tepezala Solar. On September 28, 2016, the Company was declared winner of two solar projects, put out for bid by the Centro Nacional de Control de Energia ("CENACE"), La Rumorosa Solar Complex ("La Rumorosa") and Tepezala Solar Complex ("Tepezala") with an approximate capacity of 41 MW, located in Baja California, Mexico and 100 MW capacity, located in Aguascalientes, Mexico, respectively. Rumorosa Solar and Tepezala Solar began operations during the second quarter and fourth quarter of 2019, respectively.

e. Pima Solar. In March 2017, the Company, through one of its subsidiaries executed a 20-year electric supply contract with DeAcero, S. A. P. I. de C. V. ("DeAcero") to provide energy, Clean Energy Certificates ("CEC"), and capacity from a new solar power plant located in Caborca, Sonora, Mexico. The solar power plant has a 110 MW capacity. Pima Solar started commercial operation during the first quarter of 2019.

f. Don Diego. A 15-year electricity supply contract with various subsidiaries of Liverpool. The electricity generates by a solar power plant that is located in the municipality of Benjamin Hill in the State of Sonora, Mexico. The plant has the capacity to supply Liverpool and other large energy consumers. The Company is responsible for the development, construction and operation of the project that has a capacity of 125 MW, with an investment of approximately $130.0 million. The beginning of commercial operations was reached in December 1, 2020.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. STATEMENT OF COMPLIANCE

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

2.2. BASIS OF PREPARATION

The Consolidated Financial Statements have been prepared on the historical cost basis except for certain financial instruments, and assets and liabilities recognized upon business combinations that are measured at revalued amounts of FVs at the end of reporting period, as explained in the accounting policies below.

The Consolidate Financial Statements have been prepared in Spanish (official language in Mexico) and also have been translated into English for various legal and reporting purposes.

a. Historical cost

Historical cost is generally based on the FV of the consideration given in exchange for goods and services.

b. FV

FV is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the FV of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. FV for measurement and/or disclosure purposes in these Consolidated Financial Statements is determined on such a basis, except for the FV of finance lease receivable is determined by calculating the present value of Discounted Cash Flows ("DCF"), including the contract extension period, using the discount rate that represents the Company's Transportation Weighted Average Cost of Capital ("WACC") and measurement that have some similarities for FV but are not FV, such as net realizable value in IAS 2, *Inventories* or value in use in IAS 36, *Impairment of assets*.

In addition, for financial reporting purposes, FV measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the FV measurements are observable and the significance of the inputs to the FV measurement in its entirety, which are described as follows:

- Level 1 are those inputs derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- Level 2 are those inputs derived from inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 are those inputs derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

c. Comparative information

The Consolidated Financial Statements provide comparative information with respect to the previous period. The Company presents additional information at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in the Consolidated Financial Statements.

Additional information on the Segment disclosure for the years ended on December 31, 2020, 2019 and 2018, are presented in these Consolidated Financial Statements due to the change in reportable segments. (Please refer to Note 27.).

The following immaterial adjustments and reclassifications were made to conform the 2018 Consolidated Financial Statements to the presentation adopted in 2019:

- For cash flow reporting purposes, balances of restricted cash are now part of the cash and cash equivalents. Accordingly, changes in restricted cash in 2018 are no longer reported as cash flows from investing activities.
- Additionally, certain amounts included in short term investment in 2018 were reclassified to cash and cash equivalents.
- The amounts corresponding to the acquisition of the investment in Trafigura were reclassified out of comprehensive income for the year ended December 31, 2018 in the Consolidated Statements of Changes in Stockholders' Equity as such amounts do not form part of comprehensive income.

2.3. CONSOLIDATION OF FINANCIAL STATEMENTS

2.3.1. Basis of consolidation

The Consolidated Financial Statements of IEnova incorporate the financial statements of all entities where it maintains control (its subsidiaries). Control is achieved when the Company:

i. Has power over the investee;
ii. Is exposed, or has rights, to variable returns from its involvement with the investee; and
iii. Has the ability to use its power to affect its returns.

The Company reassesses whether or not controls an investee if facts and circumstances indicate that there are changes to one or more of the three control elements that were listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

i. The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

ii. Potential voting rights held by the Company, other vote holders or other parties;
iii. Rights arising from other contractual arrangements; and
iv. Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Statement of Profit and Other Comprehensive Income ("OCI") from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the Financial Statements of subsidiaries to bring their accounting policies in line with the Company accounting policies.

All intercompany transactions, assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in consolidation.

IEnova's equity ownership in subsidiaries for the year ended December 31, 2020 is as follows:

Company	Ownership percentage 2020
Gas Segment:	
Ecogas Mexico, S. de R. L. de C. V.	100.00
PE International Canada, S. de R. L. de C. V. ("merged in 2018 with IEnova Holdco, S. de R. L. de C. V. ")	100.00
IEnova Gasoductos México, S. de R. L. de C. V.	100.00
Gasoducto de Aguaprieta, S. de R. L. de C. V.	100.00
IEnova Gasoductos Holding, S. de R. L. de C. V.	100.00
IEnova Marketing, S. de R. L. de C. V.	100.00
Ductos e Insfraestructura Marina, S. de R. L. de C. V.	100.00
IEnova Pipelines, S. de R. L. de C. V. ("IEnova Pipelines")	100.00
Gasoductos de Tamaulipas, S. de R. L. de C. V.	100.00
Gasoductos del Noreste, S. de R. L. de C. V.	100.00
Ductos y Energéticos del Sureste, S. de R. L. de C. V.	100.00
Gasoductos del Sureste, S. de R. L. de C. V.	100.00
Gasoductos Servicios Subholding, S. de R. L. de C. V.	100.00
Gasoductos Servicios Corporativos y de Administración, S. de R. L. de C. V.	100.00
Ductos y Energéticos del Norte, S. de R. L. de C. V.	100.00
IEnova Infraestructura Marina Holding, B. V.	100.00
IEnova Gasoductos Holding, LLC	100.00
Sempra Ecogas Holdings, LLC	100.00
Storage Segment:	
Energía Costa Azul, S. de R. L. de C. V.	100.00
IEnova Gas, S. de R. L. de C. V.	100.00
Transportadora del Norte SH, S. de R. L. de C. V.	100.00
TDF, S. de R. L. de C. V.	100.00
Gasoductos Servicios Corporativos, S. de R. L. de C. V.	100.00
IEnova Petroleum Liquids Holding, B. V.	100.00
IEnova Petrolíferos Holding, S. de R. L. de C. V.	100.00
IEnova Petrolíferos III, S. de R. L. de C. V.	100.00
IEnova Petrolíferos IV, S. de R. L. de C. V.	100.00
IEnova Petrolíferos V, S. de R. L. de C. V.	100.00
IEnova Petrolíferos VI, S. de R. L. de C. V.	100.00
ICM Ventures Holding, B. V.	82.50 *
TP Terminals, S. de R.L. de C. V.	82.50 *
ESJ Renovable III, S. de R. L. de C. V.	100.00
IEnova Midstream Holding B. V (formerly known as IEnova Renewable Holding II, B. V.)	100.00
IEnova IGP, S. A. P. I. de C. V.	100.00
IEnova Infraestructura Petrolera, S. A. P. I. de C. V.	100.00
Power segment:	
Termoeléctrica de Mexicali, S. de R. L. de C. V. y Subsidiarias	100.00
Termoeléctrica U. S., LLC	100.00
Controladora Sierra Juárez, S. de R. L. de C. V.	100.00
IEnova Ventika Holding, S. a. r. l.	100.00
IEnova Ventika Holding II, S. a. r. l.	100.00
IEnova Ventika México, S. de R. L. de C. V.	100.00
IEnova Ventika México II, S. de R. L. de C. V.	100.00
Ventika, S. A. P. I. de C. V. (Collectively known as "Ventika")	100.00
Ventika II, S. A. P. I. de C. V. (Collectively known as "Ventika")	100.00
ESJ Renovable I, S. de R. L. de C. V.	100.00
ESJ Renovable II, S. de R. L. de C. V.	100.00

Continued ⟶

Ventika Energy B. V. (formerly known as IEnova Renewable Holding I, B. V.)	100.00
Energía Sierra Juárez 2, U. S., LLC	100.00
Energía Sierra Juárez 2, S. de R. L. de C. V.	100.00
Energía Sierra Juárez Holding, S. de R. L. de C. V.	100.00
ESJ Energy, B. V.	100.00
Central Fotovoltaica Border Solar Norte, S. A. de C. V.	100.00
Don Diego Solar Netherlands, B. V.	100.00
Don Diego Solar Holding, S. de R. L. de C. V.	100.00
Don Diego Solar, S. A. P. I. de C. V.	100.00
IEnova Suministro Calificado, S. de R. L. de C. V. (formerly known as BC Transmision, S. de R. L. de C. V.)	100.00
Eólica Cimarrón, S. A. P. I. de C. V.	100.00
Cucapa Almacenamiento, S. A. P. I. de C. V.	100.00
Renewables Portfolio Minority B. V.	100.00
IG Sierra Juárez, S. de R. L. de C. V.	100.00
Corporate segment:	
IEnova Holdco, S. de R. L. de C. V. (formerly known as Sempra Servicios Energeticos, S. de R. L. de C. V.)	100.00
Fundacion IEnova, A. C.	100.00
Inmobiliaria IEnova, S. de R. L. de C. V.	100.00
Servicios DGN de Chihuahua, S. A. de C. V.	100.00
Servicios Energía Costa Azul, S. de R. L. de C. V.	100.00
Gasoductos Ingeniería, S. de R. L. de C. V.	100.00
Servicios Termoeléctrica de Mexicali, S. de R. L. de C. V.	100.00

*Proportion of equity interest held by non-controlling interests: 17.5% owner Trafigura Holdings, B.V.

2.4. CLASSIFICATION OF COSTS AND EXPENSES

The costs and expenses are presented according to their function because this is the practice of the industry in which the Company operates.

2.5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist mainly of bank deposits in checking accounts and short-term investments that are highly liquid and easily convertible into cash, mature within three months as of their acquisition date, and are subject to low risk of material changes in value. Cash is stated at nominal value and cash equivalents are valued at FV; any fluctuations in value are recognized in the Consolidated Statements of Profit.

2.6. RESTRICTED CASH

Restricted cash comprises the amounts of cash of escrows used by the Company to make payments of certain operating costs, which are guaranteed until the completion of the projects. It also comprises the restricted cash under the project financing structure.

2.7. SHORT-TERM INVESTMENTS

Short-term investments consist mainly in money market funds, highly liquid and easily convertible into cash, maturing within three months as of their acquisition date, which are subject to immaterial value change risks and are maintained for purposes other than operation.

2.8. NATURAL GAS INVENTORIES

LGN inventory is recorded at the lower of cost or net realizable value. Costs of inventories are determined on a first-in-first-out basis. Net realizable value represents the estimated selling price for inventories less all estimated costs necessary to sell.

2.9. LEASES

2.9.1. The Company as lessor

Amounts payable by lessees under finance leases are recognized as receivables at the amount of the Company's net investment in the leases. Finance lease income is distributed in the accounting periods to reflect a constant periodic rate of return on the Company´s net investment with respect of the leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

2.9.2.Company as lessee

Set out below are the new accounting policies of the Company upon adoption of IFRS 16 Leases, which have been applied from the date of initial application, which was January 1, 2019:

IFRS 16 defines a lease as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date when the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

IAS 17 Leases before IFRS 16 adoption

The accounting policy under previous IAS 17 related to leases under Lessee prospective applied a dual recognition and measurement approach for all leases. Lessees classified a lease as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Otherwise a lease is classified as an operating lease.

This standard was applicable until December 31, 2018.

2.10. INVESTMENTS IN JOINT VENTURES´S ("JV")

A JV is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results, assets and liabilities of the JV are incorporated in these Consolidated Financial Statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5, *Non-current assets held for sale and discontinued operations*. Under the equity method, an investment in a JV is initially recognized in the Consolidated Statement of Financial Position at cost and adjusted thereafter to recognize the Company's share of the profit or loss and OCI of the JV.

When the Company's share of losses of a JV exceeds the Company's interest in that JV (which includes any long-term interests that, in substance, form part of the Company's net investment in the JV), the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the JV.

An investment in a JV is accounted for using the equity method from the date on which the investee becomes a JV. On acquisition of the investment in a JV, any excess of the cost of the investment over the Company's share of the net FV of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment.

Any excess of the Company's share of the net FV of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit in the year in which the investment is acquired.

The requirements of IFRS 9: are applied to determine whether it is necessary to recognize any impairment loss with respect to the Company's investment in a JV. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36, as a single asset, by comparing its recoverable amount (higher of value in use and FV less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date when the investment ceases to be a JV, or when the investment is classified as held for sale. When the Company retains an interest in the former JV and the retained interest is a financial asset, the Company measures the retained interest at FV at that date and the FV is regarded as its FV on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the JV at the date the equity method was discontinued, and the FV of any retained interest and any proceeds from disposing of a part interest in the JV is included in the determination of the gain or loss on disposal of the JV. In addition, the Company accounts for all amounts previously recognized in OCI in relation to that JV on the same basis as would be required if that JV had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in OCI by that JV would be reclassified to profit on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit (as a reclassification adjustment) when the equity method is discontinued.

The Company continues to use the equity method when an investment in an associate becomes an investment in a JV or an investment in a JV becomes an investment in an associate. There is no remeasurement to FV upon such changes in ownership interests.

When the Company reduces its ownership interest in a JV, but the Company continues to use the equity method, the Company reclassifies to profit the proportion of the gain or loss that had previously been recognized in OCI regarding that reduction in ownership interest if that gain or loss would be reclassified to profit on the disposal of the related assets or liabilities.

When the Company conducts transactions with JV, non-realized profit and losses are eliminated at the Company's ownership percentage in the JV.

2.11. BUSINESS COMBINATION AND ASSETS ACQUISITION

A Company shall determine whether a transaction or other event is a business combination by applying the definition of IFRS 3 *Business Combinations*, which requires that the assets acquired, and liabilities assumed constitute a business. If the assets acquired are not a business, the Company shall account for the transaction or other event as an asset acquisition.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at FV, which is calculated as the sum of the acquisition-date FVs of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their FV, except for:

i. Deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits*, respectively,
ii. Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the FV of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the FV of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the Company's net assets in the event of liquidation may be initially measured either at FV or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at FV or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date FV and included as part of the consideration transferred in a business combination. Changes in the FV of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the FV of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in profit.

When a business combination is achieved in stages, the Company's previously held equity interest in the acquiree is remeasured to its acquisition-date FV and the resulting gain or loss, if any, is recognized in profit. Amounts arising from interests in the acquiree prior to the acquisition date, that have previously been recognized in OCI are reclassified to profit where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

When a transaction or other event does not meet the definition of a business combination due to the asset or group of assets not meeting the definition of a business, it is termed an "asset acquisition". In such circumstances, the acquirer:

i. Identifies and recognizes the individual identifiable assets acquired and liabilities assumed; and,
ii. Allocates the cost of the group of assets and liabilities to the individual identifiable assets and liabilities on the basis of their relative FVs at the date of purchase.

In addition, in an asset acquisition, the acquirer generally capitalizes transaction costs as part of the cost of the assets acquired, applies the exception to recognition of deferred taxes arising upon the initial recognition of assets and liabilities, and, does not recognize contingent liabilities.

2.12. GOODWILL

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the Consolidated Statement of Profit. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit on disposal.

2.13. CARBON ALLOWANCES

The Company has elected to account for carbon allowances, or emission allowances, ("CAs") under the inventory model, whereby CAs are measured at a weighted-average cost. CAs allocated by a regulatory body will have a zero-cost basis, CAs purchased at auction or from other market participants are recorded at their purchase price, and CAs acquired when the Company elects to physically settle carbon futures are recorded based on the settlement price. The weighted-average cost of CAs consumed (i.e., carbon emitted while power is generated) is charged to cost of revenue of each reporting period. The CAs' carrying value is evaluated under the "lower of cost or net realizable value" approach. The CAs inventory is classified as other current assets or other non-current assets if it is expected to surrender the inventory within the term greater than one year beginning at the Consolidated Statements of Financial Position date. The CAs' cash inflows and outflows are classified as an operating activity in the Consolidated Statements of Cash Flows. (Please refer Note 20.).

2.14. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are presented in the Consolidated Statements of Financial Position and recorded at acquisition cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Acquisition costs include labor, material costs and construction service agreements.

The Company recognizes decommissioning liabilities for the present value of liabilities of future costs expected to be incurred when assets are retired from service, if the retirement process is legally required and if a reasonable estimate of FV can be made.

Property, plant and equipment include major expenditures for improvements and replacements parts, which extend useful lives or increase capacity. Routine maintenance costs are expensed as incurred.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these

assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Land is not depreciated. The buildings, equipment and other assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognized to write-off the cost of assets (other than land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit.

2.15. INTANGIBLE ASSETS

Intangible assets acquired in a business combination and/or assets acquisition and recognized separately from goodwill and are initially recognized at their FV at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination and/or assets acquisition are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

2.16. IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS (OTHER THAN GOODWILL)

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of FV less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but such that the increased carrying amount should not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit.

When non-current assets and disposal groups are classified as held for sale, they are required to be measured at the lower of their carrying amount and FV less costs to sell. The comparison of carrying amount and FV less costs to sell is carried out at each reporting date while it continues to meet the held for sale criteria.

FV is an estimate of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accordingly, a gain or loss could arise once an actual sale is completed.

2.17. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered mainly through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable.

A discontinued operation is a component of a company that either has been disposed of or is classified as held for sale and represents (or is part of a single coordinated plan to dispose of) a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

A discontinued operation is presented as a single amount in the Consolidated Statements of Profit comprising the total of post-tax profit or loss of discontinued operations and gain or loss recognized on the measurement to FV less costs to sell or on the disposal of the assets constituting the discontinued operation.

If the Company does not meet with the criteria established in accordance with IFRS 5 or decides to make changes to a plan of sale and the non-current asset ceases to be classified as held for sale (or ceases to be included in a disposal group classified as held for sale), it is measured at the lower of:

i. Its carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortization or revaluations that would have been recognized had the asset not been classified as held for sale; and
ii. Its recoverable amount at the date of the subsequent decision not to sell or distribute.

The entity shall include any required adjustment to the carrying amount of a non-current asset that ceases to be classified as held for sale in profit or loss from continuing operations in the period in which the criteria of the IFRS 5 are no longer met and will be changed, as a result the Consolidated Financial Statements of the periods from the classification of as held for sale. The entity shall present that adjustment in the same caption in the statement of comprehensive income used to present a gain or loss, if any.

If an entity ceases to classify a component as held for sale, the results of operations of the component previously presented in discontinued operations should be reclassified and included in income from continuing operations for all periods presented. The amounts for prior periods should be described as having been re-presented.

The amounts presented for non-current assets or for the assets and liabilities of disposal groups classified as held for sale in the comparative Consolidated Statement of Financial Position should not be reclassified or re-presented.

2.18. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

To the extent that the Company generally borrows funds and uses them for the purpose of obtaining a qualifying asset, the Company shall determine the amount of borrowing costs eligible for capitalization by applying a capitalization rate to the expenditures on that asset. The capitalization rate shall be the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

The amount of borrowing costs that the Company capitalizes during a period shall not exceed the amount of borrowing costs it incurred during that period. For a relationship designated as cash flow hedging, none of the effects of the derivative are included in capitalized interest. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit in the period in which they are incurred.

2.19. EMPLOYEE BENEFITS

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

In accordance with Mexican Labor Law, the Company provides seniority premium benefits to its employees under certain circumstances. These benefits consist of a one-time payment equivalent to 12 days wages for each year of service (at the employee's most recent salary, but not to exceed twice the legal minimum wage), payable to all employees with 15 or more years of service, as well as to certain employees terminated involuntarily prior to the vesting of their seniority premium benefit.

For defined benefit retirement plans, which include pension plans as well as its seniority premium benefits, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement comprising actuarial gains and losses and the effect of the changes on the floor of the asset (if applicable), are immediately recognized in the Consolidated Statement of Financial Position charged to the credit recognized in the Consolidated Statements of Profit and OCI in the period in which they occur.

Remeasurement recognized in OCI is reflected immediately in retained earnings and will not be reclassified to profit or loss. The Company presents service costs within administrative and other expenses in the Consolidated Statements of Profit. The Company presents net interest cost within finance costs in the Consolidated Statements of Profit. The retirement benefit obligation recognized in the Consolidated Statements of Financial Position represents the present value of the defined benefit obligation as of the end of each reporting year.

2.19.1 Short-term and other long-term employee benefits and statutory employee profit sharing ("PTU")

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service and are presented in other liabilities.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

2.19.2 Statutory employee profit sharing

PTU is recorded in the results of the year in which it is incurred and is presented in operating expenses.

As result of the 2014 Income Tax Law, as of December 31, 2020, 2019 and 2018, PTU is determined based on taxable income, according to Section I of Article 9 of the that Law.

2.20. PROVISIONS

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.21. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at FV. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FV through profit) are added to or deducted from the FV of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FV through profit or loss are recognized immediately in profit.

2.21.1. Amortized cost

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

The effective interest method is a method of calculating the amortized cost of a debt instrument or financial liability and of allocating interest income or expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

2.21.2. FV

FV is defined in Note 2.2.b.

2.22. FINANCIAL ASSETS

Financial assets are classified into the following categories: financial assets "at FV through profit or loss" ("FVTPL"), investments held to maturity, financial assets "available for sale" ("AFS") and 'loans and receivables' (amortized cost). The classification depends on the nature and purpose of the financial assets and is determined at initial recognition. All purchases or sales of financial assets made routinely identified and removed based on the trade date. Purchases or sales regularly are those purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or custom in that market.

2.22.1.Amortized cost /effective interest rate method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating the interest income or interest cost during the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and basis points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) during the expected life of the debt instrument or, when appropriate, a shorter period to the net carrying amount on initial recognition.

2.22.2. Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

i. It has been acquired principally for the purpose of selling it in the near term; or
ii. On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
iii. It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if, certain conditions are met. The Company has not designated any financial assets as at FVTPL.

Financial assets at FVTPL are stated at FV, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the cost of revenues and in other gains and losses line items in the Consolidated Statements of Profit. FV is determined in the manner described in Note 2.2.b.

2.22.3. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment. The Company does not hold any held-to-maturity financial assets.

2.22.4. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables and amounts due from unconsolidated affiliates) are measured at amortized cost using the effective interest method, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

2.22.5. Impairment of financial assets

Financial assets are subject to impairment tests at the end of each reporting period. It is considered that financial assets are impaired when there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been affected.

For all other financial assets, objective evidence of impairment could include:

i. i. Significant financial difficulty of the issuer or counterparty;
ii. Non-payment of interest or principal;
iii. It is probable that the borrower will enter bankruptcy or financial reorganization; or
iv. The disappearance of an active market for that financial asset because of financial difficulties.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets, except for accounts receivable where the carrying amount is reduced through an account of allowance for doubtful accounts. When a receivable is uncollectible, it is removed from the estimate. Subsequent recoveries of amounts previously written off become claims against the estimate. Changes in the carrying amount of the allowance account are recognized in the Consolidated Statement of Profit.

2.22.6. Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

If a financial asset is derecognized, the difference between the book value of the asset and the compensation received is recognized in the Consolidated Statements of Profit.

2.23. FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

2.23.1. Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.23.2. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.23.3. Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

2.23.3.1. Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

i. It has been acquired mainly for the purpose of repurchasing it in the near term; or
ii. It is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of making profits in the short term; or
iii. It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if, certain conditions are met. The Company has not designated any financial liabilities as at FVTPL.

Financial liabilities at FVTPL are stated at FV, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the "other gains and losses" line item in the Consolidated Statements of Profit. FV is determined as described in Note 23.

2.23.3.2. Other financial liabilities

Other financial liabilities (including borrowings, due to unconsolidated affiliates, trade payables and customers deposits) are subsequently measured at amortized cost using the effective interest method.

2.23.3.3. Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in Consolidated Statements of Profit.

2.24. DERIVATIVE FINANCIAL INSTRUMENTS

The Company enters into derivative financial instruments to reduce its exposure to risks. These instruments are negotiated with institutions of recognized financial strength and when trading limits have been established for each institution. The Company's policy is to carry out transactions with derivative financial instruments for the purpose of offsetting its exposure to such risks through risk management. Further details of derivative financial instruments are disclosed in Note 23.

The Company recognizes all assets or liabilities that arise from transactions with derivative financial instruments at FV on the Consolidated Statements of Financial Position, regardless of its intent for holding them.

Derivatives are initially recognized at FV at the date the derivative contracts are entered and are subsequently remeasured to their FV at the end of each reporting period. The resulting gain or loss is recognized in profit or loss in the same line as the hedged item affects profit or loss for derivatives that are economic hedges.

2.24.1. Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

2.24.2. Own use exemption

Contracts that are entered and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Company's expected purchase, sale or usage requirements fall within the "own use" (or "normal purchase or sale") exemption. Under this scope exemption, ordinary physical supply arrangements are excluded from derivative accounting treatment.

2.25. HEDGE ACCOUNTING

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivative with respect to foreign currency risk, either as FV hedges, cash flow hedges, or hedges of a net investment in a foreign transaction. The hedge of the foreign currency risk of a firm commitment is accounted for as a cash flow hedge.

For its hedging instruments, the Company documents the relationship between the hedging instrument and the hedged item at the inception of the hedge relationship, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in FVs or cash flows of the hedged item attributable to the hedged risk

2.25.1. Cash flow hedges

The effective portion of changes in the FV of derivatives that are designated and qualify as cash flow hedges is recognized in OCI and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in Consolidated Statements of Profit.

Amounts previously recognized in OCI and accumulated in equity are reclassified to profit in the years when the hedged item is recognized in profit, in the same line of the Consolidated Statements of Profit as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in OCI and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Company revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting.

Any gain or loss recognized in OCI and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit.

2.25.2. FV hedges

Changes in the FV of derivatives that are designated and qualify as FV hedges are recognized in profit immediately, together with any changes in the FV of the hedged asset or liability that are attributable to the hedged risk.

The change in the FV of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in the line of the profit or loss consolidated statements of related to the hedged item.

Hedge accounting is discontinued when the Company revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The FV adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

2.26. INCOME TAX

Income Tax expense represents the sum of the current and deferred tax.

2.26.1. Current tax

Current income tax is recognized in the results of the year in which it is incurred.

2.26.2.Deferred taxes

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Consolidated Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in JV's, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.26.3. Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in OCI or directly in equity, in which case, the current and deferred tax are also recognized in OCI or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.26.4. Tax on assets

The assets tax ("IMPAC") expected to be recoverable is recorded as a tax credit and is presented in the balance sheet in the income taxes receivable line item.

2.27. REVENUE RECOGNITION

The Company has initially applied IFRS 15 *Revenue from Contracts with Customers*, from January 1, 2018. Information about the Company's accounting policies relating to contracts with customers is provided in Note 28. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 28.

2.27.1. Sale of goods

Revenue from the sale of goods are recognized over the time when the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

Management considered practical expedient which allows companies to recognize revenues based on amount invoiced to the customer when the amount of the invoice corresponds directly with the value transferred.

The following revenue streams related to the sale of goods are recognized in accordance with the previous accounting policy: as disclosed in more detail below:

i. Sales of natural gas and the related costs are recognized upon the transfer of title, which coincides with the physical delivery of natural gas to customers; and,
ii. Power generation on revenues are recognized when generated power is delivered.

2.27.2. Rendering of services

Under IFRS 15 revenue is recognized upon the satisfaction of an entity's performance obligation which occurred when contract service transfers to the costumer at a point in time or over time.

The main services are consumed simultaneously therefore the performance obligation is eligible for recognition over the time.

Management considered practical expedient which allows companies to recognize revenues based on amount invoiced to the customer when the amount of the invoice corresponds directly with the value transferred.

The following revenue streams related to the rendering of services are recognized in accordance with the previous accounting policy as disclosed in more detail below:

i. Storage and regasification capacity are recognized based on reservation and usage fees under terminal capacity agreements and nitrogen injection service agreements;
ii. Revenues and related costs and expenses from gas distribution and transportation are recognized when the distribution or transportation services are rendered;
iii. Revenues also include net realized gains and losses and the net change in the FV of unrealized gains and losses on derivative contracts for natural gas; and,
iv. Revenues and costs related to administrative and other services are recognized when such services are rendered according to the related service contracts.

2.27.3. Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset´s net carrying amount on initial recognition.

2.27.4. Lease revenue

The Company's policy for recognition of revenue from finance leases is described in Note 2.9.1.

2.28. FOREIGN CURRENCIES

The Company's functional currency is the U. S. Dollar, except for ECO in Gas segment, and Fundacion IEnova and Servicios DGN de Chihuahua, S. de R.L. de C.V. ("SDGN") in the Corporate segment, which is the Mexican Peso.

In preparing the financial statements of each individual subsidiary of the Company, transactions in currencies other than the subsidiaries functional currency (U. S. Dollar or Mexican Peso) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at FV that are denominated in foreign currencies are translated at the rates prevailing at the date when the FV was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

i. Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
ii. Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in OCI and reclassified from equity to profit on repayment of the monetary items.

For the purposes of presenting Consolidated Financial Statements, the assets and liabilities of the Company's subsidiaries with Mexican peso functional currency are translated into U. S. Dollars (the Company's reporting currency) using exchange rates prevailing at the end of each reporting period. Profit amounts are translated at the rate of the transaction date, unless there are significant currency fluctuations during the period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other items of comprehensive income and accumulated in equity.

On the disposal of an operation with a Mexican Peso functional currency all of the exchange differences accumulated in equity related to the disposed operation that are attributable to the owners of the Company are reclassified to profit.

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company´s accounting policies, the management of the Company required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities in the Consolidated Financial Statements.

The estimates and assumptions are based on historical experience and other factors considered relevant. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both the current and future periods.

3.1. CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The following are the critical judgments, apart from those involving estimations (see Note 3.2 below), that Company's management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the Consolidated Financial Statements.

3.1.1. Contingencies

The Company accrues losses for the estimated impacts of various matters, situations or circumstances involving uncertain outcomes. For loss contingencies, the Company accrues for the loss if an event has occurred on or before the date of the Consolidated Statements of Financial Position. The Company does not accrue contingencies that might result in gains. The Company continuously assesses contingencies for litigation claims, environmental remediation and other events.

3.1.2. Own use exemption

IAS 39 and IFRS 9 contains a scope exemption from derivative accounting treatment for physical delivery contracts of a non-financial item for an entity's own use. The scope exemption is meant to apply to ordinary physical supply arrangements. However, the standard also seeks to identify contracts which are not used for operational purposes as derivative instruments.

If a non-financial item can be settled net either in cash or another financial instrument, or by exchange of financial instruments, it must be accounted for as a financial instrument.

There are various ways in which a contract can be settled net. Management applies judgment in assessing whether, among others, past practices of net settling similar contracts or of taking delivery and selling the item within a short period; or, the commodity is readily convertible to cash, would lead to net settlement.

Management analyzes each of its physical delivery contracts of nonfinancial items for determining if they are within the own use exemption from derivative accounting treatment.

3.1.3. Classification of its joint arrangements

The JV's are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the Consolidated Financial Statements include the Company's share of the profits and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

3.2. KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities presented in the Company's Consolidated Statements of Financial Position.

3.2.1. Impairment of long-lived assets and goodwill

Determining whether goodwill and long - lived assets is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated or generated by specific group of assets. The value in use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. Impairment testing is performed on an annual basis.

3.2.2. Asset decommissioning obligation

The estimated cost of decommissioning at the end of the useful lives of the Company's long-lived assets is reviewed periodically and is based on estimates at the date of the Consolidated Statements of Financial Position of the present value of future costs expected to be incurred when assets are retired from service as required by law or per its contractual obligations. The payment dates of total expected future decommissioning costs are uncertain and dependent on the lives of the long-lived assets but are currently anticipated to be between 25 to 50 years. The Company uses its long-term "borrowing cost" rate as the discount rate for calculating its provision related to its decommissioning liabilities, which is the 30-year borrowing cost for companies in its industry with similar credit ratings, as measured by Bloomberg.

3.2.3. Recoverability of deferred tax assets

As mentioned in Note 24., the Company has accumulated tax loss carryforward benefits, for which an evaluation of recoverability is performed on an annual basis.

The use of estimates and assumptions are particularly important in the recognition of deferred income tax assets.

4. CASH AND CASH EQUIVALENTS

For purposes of the Consolidated Statements of Cash Flows, cash and cash equivalents include cash, banks and investments in instruments in the money market funds, net of bank overdrafts.

Cash and cash equivalents at end of year as shown in the Consolidated Statements of Cash Flows can be reconciled to the related items in the Consolidated Statements of Financial Position as follows:

	As of		
	12/31/20	**12/31/19**	**12/31/18**
Cash and cash equivalents	$ 291,993	$ 57,966	$ 51,764

The Company maintained restricted cash as a current asset by $21.7, $30.8 and $23.3 million as of December 31, 2020, 2019 and 2018, respectively, which $2.7, $2.7 and $2.9 million are presented in non-current assets as of December 31, 2020, 2019 and 2018, respectively, to make payments of certain operating costs for the execution of projects.

5. TRADE AND OTHER RECEIVABLES, NET

	As of		
	12/31/20	**12/31/19**	**12/31/18**
Trade receivables	$ 166,662	$ 117,276	$ 146,273
Credit Expected Losses (a)	(124)	(136)	(40)
	166,538	117,140	146,233
Other receivables	16,049	22,267	7,416
	$ 182,587	**$ 139,407**	**$ 153,649**

a. For the Gas segment, ECO, has recognized a credit expected losses for doubtful accounts of 80 percent against all receivables outstanding between 180 and 269 days and 100 percent against all receivables outstanding over 270 days, based on historical experience.

   The Company revised methodology based on IFRS 9: for expected losses and compared versus the amount determined under the described methodology and the amount recorded is appropriate.

   Credit Expected Losses accounts are recognized against trade receivables for customers whose outstanding balances are outstanding between 30 and 179 days when such receivables are estimated not to be recoverable based on an analysis of the customers' financial position.

For all the other companies within the Gas segment and for the Power segment, the average credit period on trade receivables is 30 days.

Trade receivables disclosed above include amounts (see below for aging analysis) that are past due at the end of the reporting year for which the Company has not recognized an allowance for expected losses debts because the amounts are still considered recoverable.

5.1. AGE OF RECEIVABLES THAT ARE PAST DUE BUT NOT IMPAIRED

	As of		
	12/31/20	**12/31/19**	**12/31/18**
31-120 days	$ 196	$ 146	$ 33
121-180 days	59	82	18
181-270 days	31	36	11
Total	**$ 286**	**$ 264**	**$ 62**
Average age (days)	52	36	41

5.2. MOVEMENT IN THE CREDIT EXPECTED LOSSES

	As of		
	12/31/20	**12/31/19**	**12/31/18**
Balance as of beginning of the year	$ (136)	$ (40)	$ (41)
Impairment losses recognized on receivables	(91)	(128)	(69)
Amounts written off during the year as uncollectible	91	37	66
Foreign exchange translation gain (loss)	12	(5)	4
Balance as of end of the year	**$ (124)**	**$ (136)**	**$ (40)**

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. See Note 23.9. for more details of the Company's credit risk management and concentration of credit risk assessment.

5.3. AGE OF IMPAIRED TRADE RECEIVABLES

	As of		
	12/31/20	**12/31/19**	**12/31/18**
181-270 days	$ (42)	$ (52)	$ (14)
Over 270 days	(82)	(84)	(26)
Total	$ (124)	$ (136)	$ (40)

6. TRANSACTION AND BALANCES WITH UNCONSOLIDATED AFFILIATES

Transactions and balances between IEnova and its subsidiaries have been eliminated upon consolidation and are not disclosed in this note.

a. Transactions and balances with unconsolidated affiliates

During the years ended December 31, 2020, 2019 and 2018, the Company entered into the following transactions with unconsolidated affiliates as part of ongoing operations:

	Revenues		
	Year ended		
	12/31/20	**12/31/19**	**12/31/18**
Sempra Gas & Power Marketing, LLC ("SG&PM")	$ 168,541	$ 212,237	$ 226,004
SLNGI	94,198	102,084	38,847
TAG Pipelines Norte	26,289	25,620	23,357
TAG Pipelines Norte ECA Liquefaction, S. de R. L. de C.V. ("ECAL")	2,372	1,401	–
Sempra International, LLC ("Sempra International")	1,834	1,802	1,763
Servicios ESJ, S. de R. L. de C. V. ("SESJ")	1,349	1,655	1,215
TAG	741	701	–
ECA Operator, S.A.P.I. de C.V. ("ECAOp")	356	–	–
Sempra LNG LLC	166	–	–
Southern California Gas Company ("SoCalGas")	39	405	731
ECA LNG Services, S.A.P.I. de C.V. ("ECAL Services")	1	–	59,588
ECA Minority, S. de R. L. de C.V. ("ECAM")	1	–	81

	Cost of revenue, administrative and other expenses		
	Year ended		
	12/31/20	**12/31/19**	**12/31/18**
SLNGI	$ 146,625	$ 228,652	$ 230,510
SG&PM	107,078	113,250	139,565
SoCalGas	3,610	2,609	2,026
Sempra International	2,660	4,875	8,509
Sempra North American Infrastructure, LLC ("Sempra Infrastructure")	3,457	5,947	5,430
Pxise Energy Solutions, LLC ("Pxise")	809	1,826	–
Sempra Energy Holding, XI. B. V. ("SEH")	127	128	131
San Diego Gas & Electric, LLC ("SDGE")	12	–	366

Included in the operational transactions are administrative services from affiliates by $2.7 million, $4.9 million and $8.5 million for the years ended December 31, 2020, 2019 and 2018, respectively, which were collected and paid, and have been properly distributed to the segments incurring those costs.

	Interest income		
	Year ended		
	12/31/20	12/31/19	12/31/18
IMG	$ 55,314	$ 41,622	$ 23,929
ESJ	585	36	401
SEG	113	90	75
ECAL	38	18	–

	Finance costs		
	Year ended		
	12/31/20	12/31/19	12/31/18
TAG	$ 9,068	$ 372	$ –
TAG Pipelines Norte	4,919	2,086	1,651
Sempra Energy International Holding NV ("SEI NV")	912	1,489	209
Inversiones Sempra Limitada ("ISL")	–	4,408	9,315
Peruvian Opportunity Company, S. A. C. ("POC")	–	2,618	2,941
SEH	–	–	2,310
Sempra Oil Trading Suisse ("SOT Suisse")	–	–	1,321

The following balances were outstanding at the end of the reporting period:

	Amounts due from unconsolidated affiliates		
	As of		
	12/31/20	12/31/19	12/31/18
SG&PM	$ 19,297	$ 30,581	$ 40,600
Sempra Infraestructure	5,309	2,349	–
TAG Pipelines Norte	2,576	2,524	2,234
IMG	2,198	–	–
ESJ (i)	730	–	–
ECA OP	405	–	–
SESJ	248	575	346
ECAL	86	295	–
TAG	72	70	–
ECAL Services	55	–	–
PEI INC	–	–	1,803
SoCalGas	–	–	60
	$ 30,976	$ 36,394	$ 45,043

New loans or amendments as of 2020:

i. On January 31, 2020, IEnova entered into a $35.0 million U.S. Dollar-denominated affiliate credit facility with ESJ, to finance working capital and for general corporate purposes. All principal, interest and other amounts under this Note shall be due and payable on June 30, 2020, at one-month London Interbank Offered Rate ("LIBOR") plus 1.96 percent per annum. On June 30, 2020, the Company signed an addendum modifying the contract's terms extending the maturity to December 31, 2020.

On November 22, 2020, the Company signed an addendum modifying the contract's terms increasing credit facility from $35.0 million to $160.0 million and extending the maturity to December 31, 2022.

	Amounts due to unconsolidated affiliates		
	As of		
	12/31/20	12/31/19	12/31/18
TAG Pipelines Norte	$ 41,050	$ –	$ –
SG&PM	11,843	13,343	23,412
ECAL	4,020	–	–
SLNGI	2,381	10,525	18,795
Sempra LNG ECA Liquefaction, LLC	1,351	–	–
Pxise	559	235	–
SoCalGas	398	227	199
ECA Operator S.A.P.I. de C.V.	115	–	–
Sempra International	88	136	122
SDGE	12	–	–
ISL (i)	–	–	165,768
POC (ii)	–	–	102,000
SEH (iii)	–	5	10
PEI INC	–	–	390
	$ 61,817	$ 24,471	$ 310,696

i. On January 16, 2018, IEnova entered into a $70.0 million U.S. Dollar-denominated affiliate credit facility with ISL, to finance working capital and for general corporate purposes. The credit is a twelve-month term, with an option to extend. Interest of the outstanding balance is payable on a quarterly basis at three-month LIBOR plus 63 BPS per annum. Interest shall be paid on the last day of each calendar quarter.

On March 21, 2018, the Company signed an addendum modifying the contract's terms over the $85.0 million U.S. Dollar-denominated credit facilities with ISL and the new conditions are: the term was extended and is due and payable in full on March 21, 2019, the interest rate applicable shall be computed on a calendar quarter basis at three-month LIBOR plus 63 BPS per annum. Interest shall be paid on the last day of each calendar quarter.

On November 30, 2018, the Company made a payment to ISL for $179.2 million, the loans for $90.0 million and $70.0 million was paid in full and the loan for $30.0 million was partially paid leaving a balance to pay $165.8 million.

On December 15, 2018, the Company signed an addendum modifying the contract's terms over the $30.0 million and $70.0 million U.S. Dollar-denominated credit facilities with ISL and the new conditions are: the term was extended and is due and payable in full on December 15, 2019, the interest rate applicable shall be computed on a calendar quarter basis at three-month LIBOR plus 1.024 percent per annum. Interest shall be paid on the last day of each calendar quarter.

On March 21, 2019, the Company signed an addendum modifying the contractual terms over $85.0 million principal amount U.S. Dollar-denominated credit facilities with ISL, the new conditions are: the term was extended and is due and payable in full on November 29, 2019, interest shall be computed on a calendar quarter basis at three-month LIBOR plus 80 BPS per annum. Interest shall be paid on the last day of each calendar quarter.

On September 25, 2019, the Company made a payment to ISL for $33.5 million, partially paying down a U.S. $70.0 million loan. On October 9, 2019, the outstanding balance of $132.3 million was paid in full by the Company.

ii. On December 15, 2018, the Company signed an addendum modifying the following contracts:

- $20.0 million (originally issued on December 27, 2016)
- $19.0 million (originally issued on April 27, 2017)
- $21.0 million (originally issued on June 26, 2017)
- $21.0 million (originally issued on September 29, 2017)
- $21.0 million (originally issued on December 28, 2017)

The new conditions of the contract in relation to $102.0 million U.S. Dollar-denominated credit facilities with POC are: the term was extended and is due and payable in full on December 15, 2019, the interest rate applicable shall be computed on a calendar quarter basis at three-month LIBOR plus 90 BPS per annum. Interest shall be paid on the last day of each calendar quarter. On September 24, 2019, the outstanding balance of $102.0 million was paid in full by the Company.

iii. On February 6, 2018, IEnova signed an addendum modifying the contract term to August 22, 2018. In August 2018, the outstanding balance of $132.8 million was paid in full by the Company.

Transactions with unconsolidated affiliates, as of December 31, 2020, and as of the date of this report, the nature and amount of transactions are consistent with previous years. The amounts outstanding are unsecured and will be settled in cash.

No guarantees have been given nor received. No expenses have been recognized in the current or prior periods for credit expected losses regarding the amounts owed by unconsolidated affiliates.

b. Due from unconsolidated affiliates

	As of		
	12/31/20	**12/31/19**	**12/31/18**
IMG (i)	$ 697,745	$ 741,816	$ 640,775
ESJ (ii)	85,341	–	–
SEG	3,457	2,793	2,111
ECAL (iii)	640	–	3,411
	$ 787,183	**$ 744,609**	**$ 646,297**

i. On April 21, 2017, IEnova entered into a loan agreement with IMG, providing a credit line in an amount of up to $9,041.9 million Mexican Pesos, the maturity date is March 15, 2022. The applicable interest rate is the Mexican Interbank Interest Rate ("TIIE") at 91 days plus 220 BPS capitalized quarterly.

On December 6, 2017, the Company signed an addendum modifying the amount of the loan up to $14,167.9 million Mexican Pesos.

As of December 31, 2020, the outstanding balance amounts $13,919.1 million Mexican Pesos, including $2,521.5 million Mexican Pesos of accrued interest. During the year this loan decreased approximately in $44.0 million as a result of the increase in the exchange rate as it is denominated in Mexican Pesos. However, this impact is compensated with the gain recognized through its equity method investment in joint venture IMG. (See Note 10.2).

ii. On December 18, 2020, IEnova signed an addendum modifying the contractual terms over a $160.0 million principal amount U.S. Dollar-denominated and credit facilities with ESJ and the new conditions extended the term and is due and payable in full on December 31, 2022, interest shall be computed on a calendar quarter basis at one-month plus 1.96 percent per annum.

On December 18, 2020, IEnova entered into a loan agreement with ESJ, providing a credit line in an amount of up to $550.0 million Mexican Pesos, the maturity date of which is November 22, 2023. The applicable interest rate is the TIIE at 91 days plus 100 BPS accruing to outstanding principal quarterly.

iii. On December 9, 2020, IEnova entered into a $59.0 million principal amount Dollar - denominated and credit facility with ECAL, to finance the liquefaction project. All principal, interest and other amounts under this Note shall be due and payable in December 2025, bearing interest at LIBOR plus 1.80 percent per annum.

Transactions with unconsolidated affiliates as of the date of this report are consistent in nature with those in previous years and periods. The amounts outstanding are unsecured and will be settled in cash. No guarantees have either been given or received regarding these loans. No expenses have been recognized in the current or prior years and periods for bad or doubtful debts regarding the amounts owed by unconsolidated affiliates.

c. Due to unconsolidated affiliates

	As of		
	12/31/20	12/31/19	12/31/18
TAG (iii)	$ 166,347	$ 155,769	$ –
TAG Pipelines Norte (ii)	68,049	39,368	36,701
SEI NV (i)	38,461	38,460	38,460
	$ 272,857	$ 233,597	$ 75,161

i. On March 17, 2017, IEnova entered into an amended agreement with SOT Suisse in order to extend the loan to seven years. The interest is payable on an annual basis at three-month LIBOR plus 180 BPS.

On November 9, 2018, the contract signed between the Company and SOT Suisse was transferred to SEI NV with no modifications in the original terms and conditions except for the modification in interest rate of three-month LIBOR plus 137 BPS per annum. The credit matures on March 17, 2024.

ii. On December 19, 2017, DEN entered into a $35.0 million U.S. Dollar-denominated affiliate credit facility with TAG, to finance working capital and general business purposes. The credit facility has a four years term. Interest on the outstanding balance is payable on a semiannual basis at six-month LIBOR plus 290 BPS per annum.

On January 9, 2020, DEN entered into a $64.0 million U.S. Dollar-denominated affiliate credit facility with TAG Pipelines Norte, to finance working capital and general business purposes. The credit facility has a four-year term. Interest on the outstanding balance is payable annually at 5.50 percent per annum.

iii. On December 16, 2019, DEN entered into a $155.4 million U.S. Dollar-denominated affiliate credit facility with TAG, to finance working capital and general business purposes. The credit facility has a ten years term. Interest on the outstanding balance is payable on a quarterly basis at 5.74 percent per annum.

d. Compensation of key management personnel

Total compensation paid to key management personal was $20.0, $13.5 and $13.5 million, for the years ended December 31, 2020, 2019 and 2018, respectively.

There are no loans granted to the Company's key management personnel.

7. NATURAL GAS INVENTORIES

	As of		
	12/31/20	12/31/19	12/31/18
LNG	$ 5,946	$ 8,270	$ 3,516

The cost of inventories recognized within cost of revenues were $148.8, $216.3 and $222.0 million for the years ended December 31, 2020, 2019 and 2018, respectively.

For the years ended December 31, 2020, 2019 and 2018, no cost of revenue was recognized, due to write-downs of inventory to net realizable value.

8. LEASING

8.1. FINANCE LEASE RECEIVABLES

8.1.1. Finance lease receivables – Natural Gas Compression Plant

	As of		
	12/31/20	12/31/19	12/31/18
Current finance lease receivables	$ 854	$ 608	$ 433
Non-current finance lease receivables	11,932	12,786	13,394
	$ 12,786	$ 13,394	$ 13,827

Leasing arrangements

The Company entered into a finance lease arrangement for one of its compression stations. The lease is denominated in U. S. Dollars. The term of the finance lease is 25 years.

8.1.1.1. Amounts receivables under finance leases

	Minimum lease payments			Present value of minimum lease payments		
	As of			As of		
	12/31/20	12/31/19	12/31/18	12/31/20	12/31/19	12/31/18
Not later than one year	$ 5,136	$ 5,136	$ 5,136	$ 854	$ 608	$ 433
Later than one year and not later than five years	24,396	25,680	20,544	11,933	9,435	4,348
More than five years	–	3,851	14,123	–	3,351	9,046
	29,532	34,667	39,803	12,787	13,394	13,827
Less: unearned finance income	(16,746)	(21,273)	(25,976)	n/a	n/a	n/a
Present value of minimum lease payments receivable	$ 12,786	$ 13,394	$ 13,827	$ 12,787	$ 13,394	$ 13,827

No residual values of assets leased under finance lease at the end of the year are estimated.

The interest rate inherent in the finance lease is fixed at the contract date for the entire lease term.

The average effective interest rate contracted is approximately 34.5 percent per annum for 2020, 2019 and 2018. The receivable under finance lease balance as of December 31, 2020, 2019 and 2018, is neither past due nor impaired.

8.1.2. Finance lease receivables – Los Ramones I Pipeline

	As of		
	12/31/20	**12/31/19**	**12/31/18**
Current finance lease receivables	$ 5,589	$ 5,138	$ 4,517
Non- current finance lease receivables	570,923	557,999	562,888
	$ 576,512	**$ 563,137**	**$ 567,405**

Leasing arrangements

The Company entered into a finance lease arrangement for one of its natural gas pipelines and compression stations. The lease is denominated in U. S. Dollars. The term of the finance lease is 25 years.

8.1.2.1 Amounts receivables under finance leases

	Minimum lease payments			Present of minimum lease payments		
	As of			As of		
	12/31/20	**12/31/19**	**12/31/18**	**12/31/20**	**12/31/19**	**12/31/18**
Not later than one year	$ 87,783	$ 85,742	$ 86,470	$ 5,589	$ 5,138	$ 4,517
Later than one year and not later than five years	455,126	421,344	426,802	50,359	38,203	32,643
More than five years	654,618	732,821	812,855	520,564	519,796	530,245
	1,197,527	1,239,907	1,326,127	576,512	563,137	567,405
Less: unearned finance income	(621,015)	(676,770)	(758,722)	n/a	n/a	n/a
Present value of minimum lease payments receivable	$ 576,512	$ 563,137	$ 567,405	$ 576,512	$ 563,137	$ 567,405

No residual values of assets leased under finance lease at the end of the reporting year are estimated.

The interest rate inherent in the finance lease is fixed at the contract date for the entire lease term.

The average effective interest rate contracted is approximately 15.1 percent per annum for 2020 and 15.2 percent for 2019 and 2018. The receivable under finance lease balance as of December 31, 2020 ,2019 and 2018, is neither past due nor impaired.

8.1.3. Finance lease receivables – Ethane Pipeline

	As of		
	12/31/20	**12/31/19**	**12/31/18**
Current finance lease receivables	$ 6,544	$ 5,608	$ 4,859
Non-current finance lease receivables	343,940	350,485	356,093
	$ 350,484	**$ 356,093**	**$ 360,952**

Leasing arrangements

The Company entered into a finance lease arrangement for its ethane pipeline. The lease is denominated in U. S. Dollars.

The transportation system refers to:

Segment I. Transports ethane from Ethylene Complex XXI Braskem-IDESA to Cangrejera (Veracruz), through a 20-inch and 4 Km length pipeline. The term of the finance lease is 20.5 years.

Segment II. Transports ethane from Nuevo Pemex (Tabasco) to Cactus (Chiapas) through a 16 inch and 15 Km length pipeline and from Cactus to the Ethylene XXI Complex Braskem-IDESA through a 24 inch and 133.5 Km length pipeline. The term of the finance lease is 20.5 years.

Segment III. Transports liquid ethane from Ciudad Pemex to Nuevo Pemex (Tabasco) through a 20 inch and 73.5 Km length pipeline. The term of the finance lease is 21 years.

The breakdown as of December 31, 2019, of this finance lease is as follows:

	Amount
Segment I	$ 30,310
Segment II	178,240
Segment III	141,934
Total	**$ 350,484**

8.1.3.1 Amounts receivables under finance leases

	Minimum lease payments			Present of minimum lease payments		
	As of			As of		
	12/31/20	12/31/19	12/31/18	12/31/20	12/31/19	12/31/18
Not later than one year	$ 53,002	$ 54,218	$ 54,704	$ 5,345	$ 5,608	$ 4,859
Later than one year and not later than five years	244,979	254,812	258,766	42,902	45,336	38,948
More than five years	248,470	311,689	416,097	309,688	305,149	317,145
	546,451	620,719	729,567	357,935	356,093	360,952
Less: unearned finance income	(195,967)	(264,626)	(368,615)	n/a	n/a	n/a
Present value of minimum lease payments receivable	$ 350,484	$ 356,093	$ 360,952	$ 357,935	$ 356,093	$ 360,952

No residual values of assets leased under finance lease at the end of the reporting year are estimated.

The average effective interest rate contracted is approximately 16 percent for segment I and 14 percent for segments II and III as of December 31, 2020, 2019 and 2018, respectively. The receivable under finance lease balance as of December 31, 2020, 2019 and 2018, is neither past due nor impaired

8.1.4. Others finance lease receivables – Puebla

As of December 31, 2020, IGAS has a finance lease receivable in the amount of $ 826.0 and maturing in 2021.

8.2. THE COMPANY AS A LESSEE

The Company leases several assets including land and buildings (offices). The average lease term is 16 years
and 17 years for 2020 and 2019, respectively.

The Company obligations are secured by the lessors' title to the leased assets for such leases. The resulted in additions to right-of-use assets for 2020 and 2019 are:

8.2.1. Right-of-use assets

Right-of-use assets		Total
Cost		
At 1 January 2019	$	164,540
Additions		24,331
At 31 December 2019		188,871
Additions		643
At 31 December 2020	$	189,514
Accumulated depreciation		
At 1 January 2019	$	–
Charge for the year		(13,030)
At 31 December 2019	$	(13,030)
Charge for the year		(21,223)
At 31 December 2020	$	(34,253)
Carrying amount		
At 31 December 2020	$	155,261
At 31 December 2019	$	175,841

	Amounts recognized in profit and loss	
	Year ended	
	12/31/20	12/31/19
Depreciation expense on right-of-use assets	$ 10,962	$ 11,784
Interest expense on lease liabilities	9,237	9,401
Expense relating to leases of low value assets	3,614	4,758

At 31 December 2020 and 2019, the Company is committed to $2,813 and $2,654, respectively, for short-term leases.

8.2.2. Lease liabilities

		Total
At 1 January 2019	$	96,245
Additions		24,433
Interest expense		9,401
Payments and inflation index update		(28,686)
Exchange differences on translation of foreign operations		3,049
As of December 31, 2019	$	104,442
Additions		643
Interest expense		9,237
Payments and inflation index update		(21,531)
Exchange differences on translation of foreign operations		(3,900)
As of December 31, 2020	$	88,891

	As of	
	12/31/20	12/31/19
Maturity analysis:		
Year 1	$ 11,053	$ 11,328
Year 2	11,386	11,599
Year 3	11,006	12,111
Year 4	10,805	11,882
Year 5	9,835	11,846
Onwards	138,164	189,148
	192,249	247,914
Less: unearned interest	(103,358)	(143,472)
Analyzed as:		
Non-current	86,078	101,788
Current	2,813	2,654
	$ 88,891	$ 104,442

The Company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Company's treasury function.

8.2.3. Leases that have not yet commenced at December 31, 2020.

a. This lease was signed in ECA for ECA Liquefaction Project Phase 1

2021	$ 958
2022	1,045
2023	1,045
2024	1,045
2025	1,045
Thereafter	5,498
Total undiscounted lease payments	$ 10,638

9. OTHER ASSETS

	As of		
	12/31/20	12/31/19	12/31/18
Rights of way	$ 20,482	$ 20,021	$ 14,073
Prepayments	13,055	13,051	8,966
Renewable interconnection facilities	11,339	6,857	–
Guarantee	4,998	–	–
Pipeline interconnection rights	1,649	1,336	1,486
LOCF related costs	615	911	1,506
Pipeline integrity system	229	348	468
Veracruz marine terminal initial bidding quota (a) (Refer to Note 1.2.28.a.)	–	–	54,163
Topolobampo marine terminal initial bidding quota (a) (Refer to Note 1.2.28.d.)	–	–	18,371
Contractual tariff	–	–	5,744
Prepaid land leases	–	–	547
	52,367	42,524	105,324
Amortization expense	–	(1,569)	–
	$ 52,367	$ 40,955	$ 105,324
Current	16,876	9,688	9,695
Non-current	35,490	32,836	94,060
	$ 52,366	$ 42,524	$ 103,755

a. Due to IFRS 16 adoption in 2019, the Company has considered initial bidding quota and related amortization of Veracruz and Topolobambo marine terminals as part of lease accounting as lessee.

10. INVESTMENT IN JOINT VENTURES

10.1. ESJ

The JV formed between IEnova and IG Sierra Juarez, S. de R.L. de C.V. ("Saavi Energia"), started operations in June 2015. As of December 31, 2020, 2019 and 2018, the Company's remaining 50 percent interest in ESJ is accounted for under the equity method.

ESJ's Consolidated Statements of Financial Position and the Company's equity method investment are summarized as follows:

	As of		
	12/31/20	**12/31/19**	**12/31/18**
Cash and cash equivalents	$ 6,609	$ 4,151	$ 1,695
Other assets	25,769	24,382	24,165
Current assets	**32,378**	**28,533**	**25,860**
Deferred income tax assets	8,516	5,787	2,849
Other assets	2,610	2,774	2,784
Property, plant and equipment, net	301,659	229,091	241,457
Non-current assets	**312,785**	**237,652**	**247,090**
Total assets	**$ 345,163**	**$ 266,185**	**$ 272,950**
Current liabilities	23,549	19,045	16,673
Non-current liabilities	291,592	204,644	210,991
Total liabilities	**$ 315,141**	**$ 223,689**	**$ 227,664**
Total members' equity	**$ 30,022**	**$ 42,496**	**$ 45,286**
Share of members' equity	15,011	21,248	22,643
Goodwill	12,121	12,121	12,121
Carrying amount of investment in ESJ	**$ 27,132**	**$ 33,369**	**$ 34,764**

On September 30, 2019, pursuant to a resolution in the General Ordinary Shareholders' Meeting resolved to reduce the equity in the amount of $3,910.0 of which 50 percent correspond to IEnova.

ESJ's Consolidated Statements of Profit are as follows:

	Year ended		
	12/31/20	**12/31/19**	**12/31/18**
Revenues	$ 45,138	$ 49,921	$ 45,759
Operating, administrative and other expenses	(17,472)	(25,227)	(20,210)
Finance costs	(13,707)	(14,108)	(15,166)
Other gains, net	94	75	48
Income tax expense	(5,004)	(2,688)	(2,780)
Profit for the year	**$ 9,049**	**$ 7,973**	**$ 7,651**
Share of profit of ESJ	**$ 4,524**	**$ 3,987**	**$ 3,826**

a. **Project financing for the ESJ project.** On June 12, 2014, ESJ entered into a $239.8 million project finance loan for the construction of the wind project with five banks: Mizuho as coordinating lead arranger, the NADB as technical and modeling bank, Nacional Financiera, S. N. C. Institucion de Banca de Desarrollo ("NAFINSA"), Norddeutsche Landesbank Girozentrale ("NORD/LB") and SMBC as lenders.

On June 30, 2015, ESJ converted the construction loans into 18-year term loans. The credit facilities mature on June 30, 2033, with payments due on a semi-annual basis (each June 30 and December 30 until the final maturity date), starting on December 30, 2015.

The credit facilities bear interest at LIBOR plus the applicable margin, as follows:

Years	LIBOR applicable margin
June 2019 - June 2023	2.625%
June 2023 - June 2027	2.875%
June 2027 - June 2031	3.125%
June 2031 - June 2033	3.375%

As per the financing agreement, the ability to make withdrawals ended on the term conversion date June 30, 2015. ESJ made total accumulated withdrawals from the credit facility in the amount of $239.8 million. The debt outstanding as of December 31, 2020, is as follows:

	Debt balance
Mizuho	$ 41,148
NORD/LB	41,148
NADB	29,927
NAFINSA	29,927
SMBC	41,148
	$ 183,298

b. **Interest rate swaps.** To partially mitigate its exposure to interest rate changes associated with the loan, ESJ entered into floating-to-fixed interest rate swaps for 90 percent of the ESJ project financing loan amount. There are three outstanding interest rate swaps with Mizuho, SMBC and NORD/LB, each one with a trade date of June 12, 2014, and an effective date of June 30, 2015, the date of conversion to a term loan. The terms of the interest rate swaps were entered into to match the critical terms of the interest payments. The swaps are accounted for as cash flow hedges.

c. **Other disclosures.** The member's agreement provides certain restrictions and benefits to the sale of the membership interest in ESJ. The agreement establishes that capital calls that are to be contributed on a pro rata basis by the members.

10.2. IMG

IMG is a JV formed between IEnova and TC Energy, for the construction of the South Texas - Tuxpan marine pipeline, where TC Energy has 60 percent interest in the partnership and the Company owns the remaining 40 percent interest of the project.

On September 17, 2019, IMG announced that the South of Texas - Tuxpan Marine Pipeline has reached commercial operations.

As of December 31, 2020, 2019 and 2018, the Company's 40 percent interest in IMG is accounted for under the equity method.

IMG's Consolidated Financial Statements and the Company's equity method investment are summarized as follows:

	As of		
	12/31/20	**12/31/19**	**12/31/18**
Cash and cash equivalents	$ 142,336	$ 71,364	$ 46,333
Accounts receivable	13,858	49,732	–
VAT receivable	37,813	77,504	51,371
Other assets	3,477	8,532	1
Total current assets	**197,484**	**207,132**	**97,705**
Total non-current assets	**2,993,238**	**2,955,435**	**2,594,950**
Total assets	**$ 3,190,722**	**$ 3,162,567**	**$ 2,692,655**
Current liabilities	$ 391,066	$ 588,643	$ 364,716
Long-term debt	1,748,961	1,844,249	1,602,029
Deferred revenue	–	–	901
Deferred income tax liabilities	104,822	56,663	51,785
Total non-current liabilities	**1,853,783**	**1,900,912**	**1,654,715**
Total liabilities	**$ 2,244,849**	**$ 2,489,555**	**$ 2,019,431**
Total members' equity	**$ 945,873**	**$ 673,012**	**$ 673,224**
Share of members' equity	378,349	269,205	189,468
Guarantees (b)	5,018	5,018	5,018
Remeasurement of interest rate (c)	(65,693)	(70,390)	(37,653)
Share of members' equity and carrying amount of investment in IMG	**$ 317,674**	**$ 203,833**	**$ 156,833**

IMG's Consolidated Statements of (loss) profit are as follows:

	Year ended		
	12/31/20	**12/31/19**	**12/31/18**
Revenue	$ 488,658	$ 140,166	$ –
Operating, administrative and other expenses	(111,843)	(24,411)	–
Finance (costs) income, net	(143,974)	(54,980)	7,582
Other gains (losses), net *	99,285	(73,299)	9,858
Income tax (expense) benefit	(52,530)	10,105	(17,657)
Profit (loss) for the year	**$ 279,596**	**$ (2,419)**	**$ (217)**
Participación en las utilidades (pérdidas) de IMG	11,838	(967)	–
Other adjustments	2,003	575	–
Share of profit (loss) of IMG	**$ 113,841**	**$ (393)**	**$ (87)**

* Includes a foreign exchange impact mainly related to the Mexican Peso-denominated inter-affiliate loan granted by the Company and TC Energy to IMG for the proportionate share of the project financing. In the Consolidated Statements of Profit, in the "Other gains (losses), net", net line item, a corresponding foreign exchange gain (loss) which fully offsets the aforementioned effect, is included.

IMG Revenue is based on the fair value of services provided in a particular period which may not be the same as the amount of receivables billed in that period. In IMG case the services to be provided to major customer (CFE) is the capacity to be provided over the life of the 35-year contract.

Revenue recognition began September 17, 2019 based upon notification from CFE that the pipeline was ready for service, based at a levelized rate over the new 35-year contract. Amounts collected prior to the in-service date are in accordance with force majeure clauses of our CFE contract and have been recorded as deferred revenue and allocated during the term of the contract.

a. **Project financing for the IMG project.** As of December 31, 2020, 2019 and 2018 the project resources for the design and construction of the marine pipeline have been funded with capital contributions and loans of its members.

   On April 21, 2017, IMG entered into two revolving credit agreements with IEnova and TC Energy, parent entities, for $9,041.9 and $13,513.1 million Mexican Pesos, respectively.

   On December 6, 2017, IEnova and TC Energy renegotiated the credit line of such credit facility agreements for an amount up to $14,167.9 and $21,252.1 million Mexican Pesos, respectively. The loans accrue an annual interest rate of TIIE plus 220 BPS. Loan balance as of December 31, 2020, with IEnova is $13,919.1 million Mexican Pesos.

   On March 23, 2018, IMG entered into a $300.0 million U. S. Dollar-denominated revolving credit facility with Scotiabank, which can be disbursed in U. S. Dollar or Mexican Pesos, to fund VAT payments and other capital expenditures. On July 5, 2019 the loan was increased to a total $420.0. million. The credit facility is for one-year term with option to extend for one additional year. Interest of the outstanding balance is payable on a bullet basis at LIBOR plus 90 BPS for U. S. Dollar or TIIE plus 50 BPS for Mexican Pesos per annum.

b. **Guarantees.** IEnova and TC Energy have each provided guarantees to third parties associated with the construction of IMG's South of Texas-Tuxpan natural gas marine pipeline. IEnova's share of potential exposure of the guarantees was estimated to be $5.0 million and will terminate upon completion of all guaranteed obligations. The guarantees had terms that expired in July 2019.

c. **Remeasurement of interest rate.** As of 2020 and 2019 the adjusted amount in the interest income for the loan between IEnova and IMG was $7.3 and $11.9 million, respectively, derived from the difference in the capitalized interest rates of projects under construction per contract, the loan accrues interest at TIIE rate plus 220 PBS, 10.6 and 9.8 percent average during the years ended 2020 and 2019; while the financing of the resources used by IEnova accrues interest at an average rate of 4.1 percent for the years ended on December 31, 2020 and 2019.

10.3. TAG

TAG, together with TAG Pipelines Norte, a JV between IEnova and Brookfield, owns Los Ramones Norte II pipeline, which began operations in February 2016.

As of December 31, 2020, 2019 and 2018, the interest in TAG is accounted for under the equity method.

	As of		
	12/31/20	**12/31/19**	**12/31/18**
Cash and cash equivalents	$ 74,102	$ 174,780	$ 88,977
Other assets	38,919	40,259	36,917
Total current assets	**113,021**	**215,039**	**125,894**
Due from unconsolidated affiliates	550,906	390,291	73,715
Finance lease receivables	1,382,359	1,397,491	1,411,308
Other assets	–	–	3,202
Property, plant and equipment, net	18,486	15,792	15,282
Total non-current assets	**1,951,751**	**1,803,574**	**1,503,507**
Total assets	**$ 2,064,772**	**$ 2,018,613**	**$ 1,629,401**
Current liabilities	95,218	81,327	69,115
Non-current liabilities	1,618,960	1,437,126	1,083,748
Total liabilities	**$ 1,714,178**	**$ 1,518,453**	**$ 1,152,863**
Total members' equity	**$ 546,330**	**$ 500,160**	**$ 476,538**
Share of members' equity and carrying amount of investment in TAG	273,165	250,080	200,907
Equity method goodwill	99,020	99,020	99,020
Total amount of the investment in TAG	$ 372,185	$ 349,100	$ 299,927

TAG's Consolidated Statement of Profit is as follows:

	Year ended		For the period
	12/31/20	**12/31/19**	**12/31/18**
Revenues	$ 209,769	$ 210,638	$ 211,002
Operating, administrative and other expenses	(31,858)	(32,668)	(32,903)
Finance costs	(43,459)	(73,745)	(60,052)
Other (losses) gains, net	(668)	4,336	(1,564)
Income tax expense	(43,269)	(33,942)	(47,992)
Profit for the year	**$ 90,515**	**$ 74,619**	**$ 68,491**
Share of profit of TAG	**$ 45,257**	**$ 37,310**	**$ 34,245**

a. **TAG Project financing.** On December 19, 2014, TAG, entered into a credit contract with Santander as lender, administrative agent and collateral agent, with the purpose of financing the engineering, procurement, construction and commissioning of the gas pipeline.

During 2016 and 2015, there were amendments to the credit contract in order to include additional banks as lenders. The total amount of the credit is $1,274.5 million, divided in tranches:

i. long tranche, up to $701.0 million,
ii. short tranche up to $513.3 million and
iii. the letter of credit tranche for debt service reserve up to $60.2 million.

On December 16, 2019, the existing credit agreement was modified and restated concurrently with the issuance of the guaranteed notes to, among other things, renew the original terms of 12 and 20 years of the commercial banking and development banking tranches.

As of December 31, 2020, the total outstanding loan is $979.1 million, with its respective maturities.

The credit facilities mature in December 2031 and December 2039 for the short and long tranche loan respectively, with payments due on a semi-annual basis.

The credit facilities bear interest at LIBOR plus the spread, in the short tranche as follows:

Years	**Applicable margin BPS**
December 16, 2019 to 4th year	215
4-8	240
8th until credit maturity	265

The credit facilities bear interest at LIBOR plus a spread, in the long tranche as follows:

Years	**Applicable margin BPS**
December 16, 2019 to 4th year	265
4-8	300
8-12	325
12-16	350
16th until credit maturity	375

On December 16, 2019, TAG issued $332.0 million of 20-year senior secured notes in an international private placement that was fully subscribed by investors from the U.S., Germany, France and Canada, including affiliates and clients of Allianz Global Investors.

The loans mentioned above contain restrictive covenants, which require TAG to maintain certain financial ratios and limits dividend payments, loans and obtaining additional financing. TAG met such covenants as of December 31, 2020.

Long-term debt due dates are as follows:

Year	Amount
2020	$ 40
2021	39
2022	45
2023	48
Thereafter	847
Total	**$ 1,019**

The payment of the bonds is semiannually and will be done as follows:

Year	Amount
2020	$ 7
2021	8
2022	9
2023	9
Thereafter	297
Total	**$ 330**

b. Interest rate swaps. In November 2015, TAG contracted derivative instruments in order to hedge the risk of variable interest rates originated from LIBOR. The fixed contracted interest rates are 2.5 and 2.9 percent for the debt maturing in 2026 and 2034, respectively.

In December 2019, an additional coverage was contracted for a modification to the credit amortization curve derived from the refinancing formalized on December 16, 2019, the fixed rates contracted were 2.1 and 2.6 percent beginning in June 2021 and July 2029 and ending in 2031 and 2039 respectively.

c. Exchange rate forwards. In September 2018, TAG entered into forward contracts to exchange Mexican Pesos for U . S . Dollars of a portion of the projects' revenues for 2019; maturing from January 2019 through February 2020.

On September 2019, TAG signed forward contracts to exchange Mexican Pesos for U . S . Dollars for a portion of the project´s revenues for 2020; maturating from March 2020 through February 2021.

10.4. ECA LNG HOLDINGS B.V.

In February 2019, ECAL and ECAM., (formerly IEnova´s subsidiaries) were deconsolidated. The new parent ECA LNG Holdings is an investment between IEnova and SLNGEL (41.7 percent each) and Total (16.6 percent). (Please refer to Note 1.2.25).

As of December 31, 2020, the Company's 41.7 percent interest in ECA LNG Holdings is accounted for under the equity method. ECA LNG Holdings Consolidated Financial Statements and the Company's equity method investment are summarized as follows:

	As of	
	12/31/20	**12/31/19**
Cash and cash equivalents	$ 30,796	15,833
Other assets	17,397	2,349
Current assets	**48,193**	**18,182**
Property, plant and equipment, net	151,056	55,154
Deferred income tax	11,589	8,473
Non-current assets	**162,645**	**63,627**
Total assets	**$ 210,838**	**81,809**
Total liabilities	**$ 51,759**	**2,920**
Total members' equity	**$ 159,079**	**78,889**
Carrying amount of investment in ECA LNG Holdings	**$ 66,365**	**39,445**

On February 18 and June 3, 2020, the Company made capital contributions for $3.5 and $5.0 million, respectively.

ECA LNG Holdings Consolidated Statement of Loss is as follows:

	Year ended	
	12/31/20	**12/31/19**
Operating, administrative and other expenses	$ (15,052)	(3,600)
Other losses	158	49
Interest gain, net	68	72
Income tax benefit	3,115	1,211
Loss for the year	**$ (11,711)**	**(2,268)**
Share of loss of ECA LNG Holdings	**$ (5,757)**	**(1,134)**

a. Construction contract. ECA LNG Holdings through its subsidiary ECAL entered into an EPC agreement contract with TP Oil & Gas Mexico, S. de R.L. de C.V. ("TP Oil & Gas Mexico") subsidiary of Technip, the total price of the EPC contract is estimated to be approximately $ 1.5 billion. In November 2020, a FID was reached with which the construction contract started.

b. Financing contract. On December 9, 2020, ECA LNG Holdings through its subsidiary ECAL celebrated a five - year financing agreement for $ 1,585.5 million dollars. This consists of three tranches associated with the commitments of each partner according to the percentage of participation they have in the joint business. The initial financing issuance costs were of $17,144, of which $640 is presented in IEnova's balance sheet as an account receivable from ECAL due to IEnova is part of the lenders for an amount of up to $59 million of the total financing.

The financial institutions related to the IEnova tranche are: Banco Bilbao Vizcaya Argentaria, S.A. New York Branch, Banco Nacional de México, S.A., Member of Grupo Financiero Banamex, The Bank of Nova Scotia and Sumitomo Mitsui Banking Corporation as agent bank.

The financing accrues interest at LIBOR rate plus a common applicable margin of 7.13 percent per annum, from these interests, financial institutions obtain a margin of between 1.5 and 1.8 percent in each of the three tranches associated with the partners' commitments. Interest is paid on a quarterly basis.

For the undrawn amount of the financing, a commission for non-disposal is generated at a common rate of 0.57 percent per annum; from this commission, financial institutions obtain a margin of between 0.3 and 0.54 percent in each of the three tranches associated with the commitments of the partners. Commissions for non-disposal are paid on a quarterly basis.

10.5. OTHERS

The Company has another investments in development LNG project equity as follows:

Company		12/31/20
ECAOp	$	22
Vista Pacifico LNG b.v.		25
ECA LNG II Holding B.V.		25
	$	72

11. ASSETS ACQUISITION

11.1. DON DIEGO SOLAR NETHERLANDS, B. V ("DON DIEGO"), ASSET ACQUISITION

On February 28, 2018, IEnova acquired 100 percent of the shares of Fisterra Energy Netherlands II,B.V. ("Fisterra") at a value of $5.1 million, which was renamed to Don Diego after the acquisition. Don Diego, a 125 MW solar project facility in Benjamin Hill municipality in the state of Sonora, Mexico, is comprised of a Self-Supply Permit granted by the CRE in 2016. The Self-Supply Permit allows generators to compete directly with the CFE retail tariffs and thus have access to PPAs with significantly higher prices.

This transaction was accounted as an asset acquisition because Don Diego does not meet the definition of a business, since it does not have substantive inputs or processes.

a. Asset acquisition

Entity	Main activity	Date of acquisition	Proportion of voting equity interests acquired	Consideration transferred
Don Diego	Energy infrastructure investments / Development of solar project	February 28, 2018	100%	$ 5,072

b. Assets acquired and liabilities recognized at the acquisition date

		As of 02/28/18
FV of assets acquisition:		
Cash consideration	$	5,072
Total FV of assets acquisition	**$**	**5,072**
Cash and cash equivalents		24
Trade and other receivables		112
Other assets		2
Intangible assets		4,977
Current liabilities		(43)
Total identifiable, net assets	**$**	**5,072**

Valuation of Don Diego's assets and liabilities. Don Diego is substantially comprised of an intangible asset resulting from valuation of the Self-Supply Permit granted to the company by the CRE. This advantageous transmission tariff structure reduces the administrative costs to manage transmitting power to off- takers, providing an attractive opportunity for both the generator and the off-taker. With the recent reform to the renewable energy market in Mexico, self- supply permits are no longer being issued. New renewable power projects now receive a permit under the Electric Industry Law ("LIE"), which requires the renewable power facilities to pay higher tariffs/charges, including transmission, CENACE fees, imbalance, and distribution.

Based on the nature of the Self-Supply Permit and generally accepted industry practice, an income approach was utilized, based on a cash flow differential approach, to value the Self-Supply Permit. For all other assets and liabilities, the Company determined that the historical carrying value approximates FV due to their short-term nature.

c. Net cash flow from acquisition of assets

		As of 02/28/18
Cash consideration (i)	$	5,072
Less: balances of cash and cash equivalents acquired		(24)
Cash consideration, net	**$**	**5,048**

i. There was a cash payment for the amount of $3.0 million at closing and an amount of $2.1 million paid on February 5, 2019, after the Company issued the final notice for the assigned Engineering Procurement and Construction ("EPC") contract.

11.2. CENTRAL FOTOVOLTAICA BORDER DEL NORTE. S. A. DE C. V. ("BORDER SOLAR"), ASSET ACQUISITION

On August 14, 2018, IEnova acquired 100 percent of the shares of Border Solar at a value of $3.6 million. Border Solar is comprised of a Self-Supply Permit granted by the CRE in 2015. The Self-Supply permit allows generators to compete directly with CFE's retail tariffs and thus have access to PPAs with significantly higher prices.

The primary purpose of the transaction was for the Company to further grow its renewable energy business through the purchase of Border Solar to develop a photovoltaic solar electric generating project located in Ciudad Juarez, Chihuahua, Mexico with a nominal capacity rating of approximately 150 Megawatt Alternating Current ("MWac") / 192 MW Direct Current ("MWdc").

According to the purchase and sale agreement, the acquisition date was subject to the subsequent condition, which consisted in the seller to complete the subdivision of the land that was completed on August 14, 2018.

This transaction was accounted as an asset acquisition because Border Solar does not meet the definition of a business, since it does not have substantive inputs or processes.

a. Asset acquisition

Entity	Main activity	Date of acquisition	Proportion of voting equity interests acquired	Consideration transferred
Border Solar	Energy infrastructure investments / Development of solar project	August 14, 2018	100%	$ 3,580

b. Assets acquired and liabilities recognized at the acquisition date

		As of 08/14/18
FV of assets acquisition:		
Cash consideration (i)	$	3,580
Total FV of assets acquisition	**$**	**3,580**
Tax receivables		514
Intangible assets		5,490
Current liabilities		(2,424)
Total identifiable, net assets	**$**	**3,580**

Valuation of Border Solar assets and liabilities. Border Solar is substantially comprised of an intangible asset resulting from valuation of the Self-Supply Permit granted to the Company by the CRE. This advantageous transmission tariff structure reduces the administrative costs to manage transmitting power to off- takers, providing an attractive opportunity for both the generator and the off-taker. With the recent reform to the renewable energy market in Mexico, self supply permits are no longer being issued. New renewable power projects now receive a permit under the LIE, which requires the renewable power facilities to pay higher tariffs/ charges, including transmission, CENACE fees, imbalance, and distribution.

Based on the nature of the Self-Supply Permit and generally accepted industry practice, an income approach was utilized, based on a cash flow differential approach, to value the Self-Supply Permit. For all other assets and liabilities, the Company determined that the historical carrying value approximates FV due to their short-term nature.

c. Net cash flow from acquisition of assets

		As of 08/14/18
Cash consideration, net (i)	$	3,580

i. There was a cash payment for an amount of $0.5 million at the closing of the acquisition, and the remaining amounts will become due and payable as follows:

- $ 1.7 million subject to the execution of a PPA.
- $ 0.6 million at the start of project construction.
- $ 0.7 million on the date on which the project reaches commercial operation.

11.3. ICM, ASSET ACQUISITION

On September 26, 2018, IEnova signed a purchase-sale agreement with Trafigura for 51 percent of the shares of ICM, at a value of $16.4 million and Trafigura retained the remaining 49 percent of the equity of ICM.

The purpose of the acquisition is to develop, construct, own and operate a refined hydrocarbon products terminal in Manzanillo, Colima, Mexico. ICM owns certain permits and land where, the terminal for the receipt, storage and delivery of refined products will be built.

This transaction was accounted as an asset acquisition because ICM does not meet the definition of a business, since it does not have substantive inputs or processes.

a. Asset acquisition

Entity	Main activity	Date of acquisition	Proportion of voting equity interests acquired	Consideration transferred
ICM	Development of marine terminal project for the storage of refined products	September 26, 2018	51%	$ 16,442

b. Assets acquired and liabilities recognized at the acquisition date

		As of 09/26/18
FV of assets acquisition:		
Cash consideration	$	16,442
Total FV of assets acquisition	**$**	**16,442**
Cash and cash equivalents		2
Taxes receivable		554
Other receivables		17
Property, plant and equipment (land)		28,832
Deferred income taxes		483
Current liabilities		(351)
Total identifiable, net assets		**29,537**
Non-controlling interest	**$**	**(13,095)**

Valuation of ICM's assets and liabilities. ICM substantially comprised of two assets of property plant and equipment that corresponds to five plots of land at the shore of the Pacific Ocean in Manzanillo, Colima, Mexico, equivalent to 87.92 hectares, where the marine terminal will be built. The assets were valued using an income approach. For substantially all other assets and liabilities, the Company determined that historical carrying value approximates FV due to their short-term nature.

On March 27, 2020, IEnova acquired 8,239,437 additional shares (with a nominal value $1 Dollar per share) of ICM for an amount of $9.3 million Dollars, increasing its participation to 82.5 percent. (See Note 1.2.21).

c. Non-controlling interest

The non-controlling interest (49 percent ownership interest in ICM held by Trafigura) recognized at the acquisition date was measured by reference to the FV of the non-controlling interest and amounted to $13.1 million, this FV was estimated by applying an income approach.

d. Net cash flow from acquisition of assets

		As of 09/26/18
Cash consideration	$	16,442
Less: balances of cash and cash equivalents acquired		(2)
Cash consideration, net	**$**	**16,440**

12. GOODWILL

	As of 12/31/20	12/31/19	12/31/18
Cost	$ 1,638,091	$ 1,638,091	$ 1,638,091

There are no accumulated impairment losses. The breakdown of goodwill is as follows:

Company	As of 12/31/20	12/31/19	12/31/18
IEnova Pipelines	$ 1,497,008	$ 1,497,008	$ 1,497,008
Ventika	115,429	115,429	115,429
IGM	25,654	25,654	25,654
Total	**$ 1,638,091**	**$ 1,638,091**	**$ 1,638,091**

Allocation of goodwill to cash-generating units

IEnova Pipelines

Management expects IEnova Pipeline's acquisition to have strategic benefits, including opportunities for expansion into other infrastructure projects and larger platform and presence in Mexico to participate in energy sector. As such, IEnova Pipelines goodwill is tested at the Company's Cash Generated Unit ("CGU"), IEnova Transportation.

The Company used DCF analysis to determine the FV of the CGU. The DCF includes cash flows through contracted period of the pipelines exit multiple of 6.0x. The discount rate used was the WACC calculated in 6.8 percent. Under this approach, the value in use was greater to the carrying value. Based on that, no impairment was determined.

Ventika

Management expects Ventika's acquisition to have strategic benefits, including opportunities for expansion into other infrastructure projects and larger platform and presence in Mexico to participate in energy sector. As such, Ventika's goodwill is tested at the Company's CGU, IEnova Renewables.

There are no significant changes in Ventika's operations that would indicate potential impairment since acquisition, including the following: a) its financial results have been consistent with management initial projections, b) there has not been a material change in macroeconomic indicators, and c) there have been no significant changes in workforce, strategy, market trends or impacts due to recent acquisitions/integrations.

The weighted discount rate used was the WACC of 8.71 percent. Under this approach, the value in use is greater to the carrying value. Based on that, no impairment was determined.

IGM

Goodwill has been allocated for impairment testing purposes to IGM's CGU, which is included in the IEnova Transportation.

The recoverable amount of this CGU is determined based on a 10 - year DCF analysis of IGM's projected results. The DCF for 2020, 2019 and 2018, was calculated based on a long-term unlevered cash flow forecast using a discount rate of 6.8 percent, which was the same rate used at the acquisition date.

There are no significant changes in IGM's operations that would indicate potential impairment since acquisition, including the following: a) its financial results have been consistent with management's initial projections, b) the changes on the macroeconomic indicators may have not had adverse effect on the Company's operations (i.e. risk free rates are unchanged or lower than acquisition date and the change of Sovereign average rating from BBB to BBB+ for Mexico), c) changes in the regulatory environment have not had adverse effect on the Company's operations and, d) there have been no significant changes in workforce, strategy, market trends or impacts due to recent acquisitions/integrations.

Although, the Company's management believes the current discount rate may be lower as market rates have declined since the acquisition, the discount rate used as of the acquisition date was deemed to be a reasonable rate for goodwill impairment testing purposes.

13. PROPERTY, PLANT AND EQUIPMENT, NET

	As of		
	12/31/20	**12/31/19**	**12/31/18**
Carrying amounts of:			
Buildings and plants	$ 4,852,690	$ 4,608,337	$ 4,273,297
Equipment	40,380	37,130	31,937
Other assets	166,106	155,382	135,580
	5,059,176	4,800,849	4,440,814
Accumulated depreciation and amortization	**(1,132,236)**	**(996,356)**	**(851,313)**
Land	135,605	132,078	124,908
Properties under construction	985,967	701,391	372,505
	$ 5,048,512	**$ 4,637,962**	**$ 4,086,914**

	Land	Buildings and plants	Equipment	Properties under construction	Other assets	Total
Cost						
Balance as of January 1, 2018	$ 82,389	$ 4,017,315	$ 28,674	$ 28,947	$ 117,279	$ 4,274,604
Additions	12,982	27,863	110	360,893	12,065	413,913
Assets acquisition ICM (Refer to Note 11.3)	28,832	–	–	–	–	28,832
Effect of TDM reclassification to held and used	733	235,007	966	523	12,695	249,924
Disposals	(28)	(9,873)	–	(518)	(5,336)	(15,755)
Effect of foreign currency translation	–	351	72	(193)	9	239
Revisions and additions to decommissioning liability	–	(13,685)	–	–	–	(13,685)
Other	–	16,319	2,115	(17,147)	(1,132)	155
Balance as of December 31, 2018	$ 124,908	$ 4,273,297	$ 31,937	$ 372,505	$ 135,580	$ 4,938,227
Additions	7,526	13,520	237	624,158	18,643	664,084
Disposals	(159)	(897)	(39)	(4,706)	(1,324)	(7,125)
Effect of foreign currency translation	1	6,382	1,162	304	805	8,654
Revisions and additions to decommissioning liability	–	20,403	–	–	–	20,403
Other	(198)	295,632	3,833	(290,870)	1,678	10,075
Balance as of December 31, 2019	$ 132,078	$ 4,608,337	$ 37,130	$ 701,391	$ 155,382	$ 5,634,318
Additions	3,531	20,076	–	514,365	16,661	554,633
Disposals	(2)	(1,144)	(323)	(5)	(1,618)	(3,092)
Effect of foreign currency translation	(2)	(7,916)	(1,300)	(74)	(1,019)	(10,311)
Revisions and additions to decommissioning liability	–	21,721	–	–	–	$ 21,721
Other	–	211,616	4,873	(229,710)	(3,300)	(16,521)
Balance as of December 31, 2020	$ 135,605	$ 4,852,690	$ 40,380	$ 985,967	$ 166,106	$ 6,180,748
Accumulated depreciation						
Balance as of January 1, 2018	$ –	$ (503,327)	$ (9,970)	$ –	$ (31,851)	$ (545,148)
Eliminated on disposals of assets	–	1,591	11	–	866	2,468
Effect of TDM reclassification to held and used	–	(180,017)	(404)	–	(1,209)	(181,630)
Depreciation expense	–	(117,446)	(974)	–	(8,419)	(126,839)
Effect of foreign currency translation	–	(5)	1	–	(3)	(7)
Other	–	(45)	–	–	(112)	(157)
Balance as of December 31, 2018	$ –	$ (799,249)	$ (11,336)	$ –	$ (40,728)	$ (851,313)
Eliminated on disposals of assets	–	299	33	–	1,123	1,455
Depreciation expense	–	(124,195)	(1,027)	–	(8,460)	(133,682)
Effect of foreign currency translation	–	(1,749)	(340)	–	(394)	(2,483)
Other	–	(10,106)	(13)	–	(214)	(10,333)
Balance as of December 31, 2019	$ –	$ (935,000)	$ (12,683)	$ –	$ (48,673)	$ (996,356)
Eliminated on disposals of assets	–	544	317	–	1,313	2,174
Depreciation expense	–	(132,430)	(2,089)	–	(6,261)	(140,780)
Effect of foreign currency translation	–	2,076	393	–	483	2,952
Other	–	(36)	–	–	(190)	(226)
Balance as of December 31, 2020	$ –	$ (1,064,846)	$ (14,062)	$ –	$ (53,328)	$ (1,132,236)

The additions to property, plant and equipment during 2020, 2019 and 2018, are mainly comprised of construction in process, related to the following projects:

- Terminals - Veracruz, Puebla, Estado de Mexico and Baja California (Please refer to Note 1.2.21.).
- Pipelines - Compression station, in Sonora
- Solar - Pima (Commercial Operation Date ("COD") on April 1, 2019)
- Solar - Rumorosa (COD on June 1, 2019)
- Solar - Tepezala (COD on October 6,2019)
- Solar - Don Diego (COD on December 1, 2020)
- Solar -Border Solar

As of December 31, 2020, 2019 and 2018, additions of property, plant and equipment that were not paid, amount to $54.7, $104.5 and $63.6 million, respectively.

Borrowing cost. During the years ended December 31, 2020, 2019 and 2018 the Company capitalized borrowing costs on qualifying assets in the amount of $26.9, $22.5 and $10.7 million, respectively. The weighted average rate used to determine the amount of borrowing costs eligible for capitalization were 3.44, 3.68 and 4.02 percent, for the years ended December 31, 2020, 2019 and 2018, respectively.

13.1 USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT

Depreciation is calculated using the straight-line method based on the remaining useful lives of the related assets, as follows:

	Years
Buildings	40
Plant and equipment for LNG storage, regasification and nitrogen injection facility [1]	30-45
Plant and equipment for wind and solar power generation facilities [1]	20-30
Pipelines system for transportation and distribution of gas [1]	34-50
Plant and equipment for generation of electricity [1]	37
Fiber optic network [2]	5-20
Leasehold improvements [2]	3-10
Machinery and other equipment [2]	3-10
Other assets [2]	3-20

[1] Useful lives related to plant and equipment
[2] Useful lives related to other assets

14. INTANGIBLE ASSETS

	As of		
	12/31/20	12/31/19	12/31/18
Carrying amounts of:			
Renewable transmission rights (a)	$ 164,622	$ 164,622	$ 164,622
O&M contract (b)	44,566	44,566	44,566
Amortization	(38,195)	(28,321)	(18,416)
	$ 170,993	$ 180,867	$ 190,772

a. Renewable transmission rights

On February 28, 2018, the Company acquired a $5.0 million intangible asset related to Self-Supply Permit of the Don Diego Solar Project. (Please refer to Note 11.1.).

On August 14, 2018, the Company acquired a $5.5 million intangible asset related to Self-Supply Permit of the Border Solar Project. (Please refer to Note 11.2.).

Amortization is calculated using the straight-line method based on the remaining useful life of the related intangible asset, over the term of the self-supply of Ventika and for the interconnection agreements to Don Diego and Border Solar.

b. O&M Contract

The Company, through DEN's asset acquisition, acquired a $44.6 million intangible asset related to the O&M contract with TAG, the amortization is calculated on a straight-line basis until the expiration of the Agreement in February 2041, equivalent to 23 years.

15. TRADE AND OTHER PAYABLES

	As of		
	12/31/20	12/31/19	12/31/18
Trade payables	$ 83,690	$ 144,944	$ 99,713
Other miscellaneous payables	6,983	9,992	44
	$ 90,673	$ 154,936	$ 99,757

The average credit period on purchases of goods and services is between 15 to 30 days. No interest has been charged on trade payables. The Company has policies in place to ensure that all payables are paid within the pre-agreed credit terms.

16. EMPLOYEE BENEFITS

16.1. DEFINED CONTRIBUTION COMPONENT

The Company provides a defined contribution plan for all permanent full-time employees in Mexico. Employees that leave the Company obtain the capital accumulated with the contributions according to the following vesting schedule: a) Basic Contribution: 100 percent immediately for the capital accumulated. b) Additional Contribution: for the capital accumulated the vesting rates are: 100 percent in case of death or disability, and in case of voluntary termination according with the Company policy.

16.2. DEFINED BENEFIT COMPONENT

The Company also provides defined benefit plans for all permanent full-time employees of its subsidiaries in Mexico. Under the plans, the employees are entitled to retirement benefits varying between 55 percent and 100 percent of their final salary upon reaching the retirement age of 65 years. No other post-retirement benefits are provided to these employees.

16.3. SENIORITY PREMIUM BENEFITS

The Company provides seniority premium benefits, which consist of a lump sum payment of 12 days of wages per each year worked, calculated using the employee's most recent salary, not to exceed twice the minimum wage established by law.

16.3.1. Costs and obligations for post-employment and other long-term employee benefits

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation at		
	12/31/20	**12/31/19**	**12/31/18**
Discount rates	8.75 %	8.75 %	9.75 %
Expected rates of salary increase	4.75 %	4.75 %	4.75 %
Long-term expected inflation	3.75 %	3.75 %	3.75 %
Exchange rate	$ 21.06	$ 19.53	$ 18.81

Amounts recognized within current earnings and OCI as well as benefits paid with respect to the Company's post-employment and other long-term employee benefits were as follows:

	As of		
	12/31/20	**12/31/19**	**12/31/18**
Current service cost recognized in administrative and other expenses	$ 1,485	$ 912	$ 836
Interest on obligation recognized in finance costs	791	672	528
Actuarial gains recognized in OCI	902	964	519

The amount included in the Consolidated Statements of Financial Position arising from the Company's obligation related to its defined benefit plans, and changes in the present value of the defined benefit obligation in the current year, were as follows:

	As of		
	12/31/20	**12/31/19**	**12/31/18**
Opening defined benefit obligation	$ 9,901	$ 7,643	$ 6,537
Current service cost	1,485	912	836
Interest benefit	791	672	528
Actuarial loss (gain)	902	964	(519)
Payment	–	–	310
Benefits paid	(444)	(290)	(49)
Ending defined benefit obligation	**$ 12,635**	**$ 9,901**	**$ 7,643**

17. OTHER FINANCIAL LIABILITIES

	As of		
	12/31/20	**12/31/19**	**12/31/18**
Accrued interest payable (a)	$ 33,570	$ 22,711	$ 22,454
Customer deposits	3,277	3,507	2,266
	$ 36,847	**$ 26,218**	**$ 24,720**

a. Balance represents accrued interest payable on long-term debt. (Please refer to Note 22.).

18. OTHER LIABILITIES

	As of		
	12/31/20	**12/31/19**	**12/31/18**
Wages and benefits payable	$ 29,369	$ 28,452	$ 21,302
Deferred revenue (a), (b) and (c)	64,599	16,618	11,983
Contractor withholdings	2,380	5,330	6,771
Lease liability (d)	–	–	2,736
	$ 96,348	**$ 50,400**	**$ 42,792**
Other current liabilities	$ 78,895	$ 33,782	$ 28,073
Other non - current liabilities	17,453	16,618	14,719
	$ 96,348	**$ 50,400**	**$ 42,792**

a. Corresponds to Guaymas-El Oro pipeline unrendered services for an amount of $11.4 million as of December 31, 2020 and 2019 and $7.6 million as of Decemeber 31, 2018, respectively.

b. Corresponds to San Isidro-Samalayuca contract unrendered services for an amount of $4.3 million, as of December 31, 2020 and 2019.

c. Corresponds to a payment received in advance from CFE for an amount of $47.1 million in the following pipelines as of December 31, 2020:

- Ramal Empalme
- Oginaga
- Sasabe - Guaymas
- Aguaprieta
- San Isidro

d. Corresponds to fixed monthly contribution of API Veracruz given land use.

19. PROVISIONS

	As of		
	12/31/20	**12/31/19**	**12/31/18**
Decommissioning liabilities (a)	$ 102,382	$ 77,648	$ 54,443
Other provisions (b)	11,048	7,194	7,711
	$ 113,430	**$ 84,842**	**$ 62,154**
Current	$ 4,952	$ –	$ 251
Non-current	108,478	84,842	61,903
Total provisions	$ 113,430	$ 84,842	$ 62,154

	Asset retirement obligations	Others	Total
Balance as of January 1, 2018	$ 58,654	$ 8,950	$ 67,604
Additional provisions recognized	6,922	–	6,922
Increase of financial cost	2,552	–	2,552
Payments and other decreases in provisions recognized	–	(1,239)	(1,239)
Unwinding of discount and effect of changes in the discount rate	(13,685)	–	(13,685)
Balance as of December 31, 2018	**$ 54,443**	**$ 7,711**	**$ 62,154**
Recognition of provision on TDM reclassification to held and used	3,620	–	3,620
Increase of financial cost	2,803	–	2,803
Payments and other decreases in provisions recognized	–	(517)	(517)
Unwinding of discount and effect of changes in the discount rate	16,782	–	16,782
Balance as of December 31, 2019	**$ 77,648**	**$ 7,194**	**$ 84,842**
Additional provisions recognized	1,986	4,953	6,939
Increase of financial cost	3,013	–	3,013
Payments and other decreases in provisions recognized	–	(1,099)	(1,099)
Unwinding of discount and effect of changes in the discount rate	19,735	–	19,735
Balance as of December 31, 2020	**$ 102,382**	**$ 11,048**	**$ 113,430**

a. Decommissioning liabilities

For long-lived assets, the Company recognized decommissioning liabilities for the present value of future costs expected to be incurred when assets are withdrawn from service, if the Company has a legal or constructive obligation and if the Company can make a reasonable estimate of that obligation. The discount rates used by the Company were 3.00, 3.75 and 4.64 percent as of December 31, 2020, 2019 and 2018, respectively.

b. Other provisions

The balance of other provisions includes a liability by $4.9 million due to an onerous contract representing the present value of future losses that the Company expects to incur under one of their service contracts. Because the related asset is operating below full capacity, management of the Company utilized a present value model to determine the provision utilizing a discount rate of 10 percent.

As of December 31, 2020, the balances of the Specific Services Contract (“CSE”) related to the authorized provision stipulated under the O&M contract with Pemex TRI regarding the acquisition of materials, spare parts and services for the maintenance of the pipelines transportation system amounts $6.1 million.

20. CARBON ALLOWANCES

The Company is required by California Assembly Bill 32 (“AS32”) to acquire carbon allowance for every metric ton of carbon dioxide equivalent emitted into the atmosphere during electricity generation. Under the bill, TDM is subject to this extraterritorial regulation, despite being located in Baja California, Mexico since their end users are located in California, U. S.

The Company records carbon allowances at the lower of weighted average cost or market value and includes them as current or non-current on the Consolidated Statements of Financial Position based on the dates that they are required to be surrendered. The Company measures the compliance of the obligation, which is based on emissions, at the carrying value of allowances held plus the FV of additional allowances necessary to satisfy the obligation. The Company derecognized the assets and liabilities from the Consolidated Statement of Financial Position as the allowances are surrendered.

Carbon allowances are shown in the Consolidated Statements of Financial Position as follows:

	As of	
	12/31/19	**12/31/18**
Assets:		
Current	$ 47,439	$ 6,444
Non-current	6,457	30,083
	$ 53,896	**$ 36,527**
Liabilities (a):		
Current	$ 47,439	$ 6,444
Non-current	–	29,843
	$ 47,439	**$ 36,287**

a. Cost of carbon allowances of $24.4, $21.3 and $21.9 million were recorded in cost or revenue, for the years ended December 31, 2020, 2019 and 2018, respectively.

21. SHORT-TERM DEBT

As of December 31, 2020, 2019 and 2018, short-term debt includes the following:

	As of		
	12/31/20	**12/31/19**	**12/31/18**
Credit agreement (a)	$ 772,000	$ 1,174,068	$ 808,086
Current portion of IEnova Pipelines Bank Loan (Refer to Note 22.d.).	43,823	41,186	38,227
Current portion of Ventika Bank Loan (Refer to Note 22.b.)	27,098	25,665	25,973
Multilateral Facility (Refer to Note 22.h.).	611	588	–
Trina Solar (Refer to Note 22.f.).	–	231	28
	$ 843,532	$ 1,241,738	$ 872,314
Borrowing costs	(4,245)	(6,359)	(2,140)
	$ 839,287	**$ 1,235,379**	**$ 870,174**

a. Credit agreements.

SMBC. On August 21, 2015, the Company entered into an agreement for a $400.0 million, U.S. Dollar-denominated, five-year corporate revolving credit facility to finance working capital and for general corporate purposes. The lenders are Banamex, SMBC, Santander, The Bank of Tokyo Mitsubishi ("Bank of Tokyo") and BNS.

Withdrawal of credit line. In December 2016, the Company withdrew $375.0 million to finance a portion of Ventika's acquisition and for general corporate purposes.

On November 3, 2016, the Company renegotiated the credit line of the credit agreement for an amount up to $1,170.0 million, U.S. Dollar-denominated. On December 30, 2016, a portion of this revolving credit was repaid in the amount of $200.0 million.

On November 14, 2017, the Company withdrew $260.0 million, a portion of this disposition was used to finance the acquisition of DEN.

On December 14, 2017, with the proceeds received from the Senior Notes offering the Company paid a portion of this revolving credit by $730.0 million. (Please refer to Note 22.a.).

On February 11, 2019, the Company entered into an amendment agreement to increase the amount of the credit line to $1.5 billion. The Company recognized transaction costs for $5.8 million in this transaction.

As of December 31, 2019, the Company has made withdrawals of $990.0 million and payments of $904.0 million.

As of December 31, 2020, the Company has withdrawn $392.0 million.

As of December 31, 2020, 2019 and 2018, the available unused credit portion was $1,108.0, $606.0 and $362.0 million, respectively.

The weighted average interest rate on short-term debt with SMBC was 1.90 percent during the year ended December 31, 2020.

BNS. On September 23, 2019, the Company entered into a two-year, $280.0 million revolving credit agreement with BNS. As of December 31, 2020, the credit line has been fully used.

The loan can be paid at any time and from time to time, without premium or penalty, voluntarily prepayment of loans in part in the Minimum Amount in full.

The loan bears interest at three-month LIBOR plus 54 BPS, with quarterly payments.

Dispositions of credit lines are used for working capital and general corporate purposes.

Scotiabank. On March 9, 2020, the Company withdrew $100.0 million from its uncommitted working capital facility with Scotiabank, the maturity was on June 8, 2020, with a variable interest rate at month LIBOR plus 30 BPS, on this date, the maturity date was extended to July 8, 2020. The loan was prepaid on June 24, 2020. On October 9, 2020, it was decided to terminate it.

On October 15, 2020, the Company withdrew $100.0 million from its uncommitted working capital facility, the maturity in three years after the date of disbursement.

On November 6, 2020, the Company withdrew $100.0 million from its uncommitted working capital facility with BNS, the maturity is on May 6, 2021 baring variable interest rate at month LIBOR plus 65 BPS.

22. LONG-TERM DEBT

As of December 31, 2020, 2019 and 2018, long-term debt includes:

	As of		
	12/31/20	**12/31/19**	**12/31/18**
Senior Notes (a)	$ 1,640,000	$ 840,000	$ 840,000
Santander - Ventika (b)	375,626	401,764	426,359
CEBURES at fixed rate (e, g)	195,501	206,949	198,142
Multilateral Facility (h)	541,000	200,000	–
Bancomer - IEnova Pipelines (d)	155,166	198,759	239,513
Trina Solar (f)	–	11,190	3,757
	$ 2,907,293	$ 1,858,662	$ 1,707,771
Debt issuance costs	(68,582)	(40,331)	(32,579)
	$ 2,838,711	**$ 1,818,331**	**$ 1,675,192**

a. **Senior Notes.** On December 14, 2017, the Company obtained $840.0 million related to an international Senior Notes offering as follows:

   i. The first placement was for $300.0 million bearing interest at a rate of 3.75 percent, with semi-annual payments of interest, maturing in 2028.

   ii. The second placement was for $540.0 million bearing interest at a rate of 4.88 percent, with semi-annual payments of interest, maturing in 2048.

   The Company used the net proceeds from the offering to repay outstanding short-term indebtedness and the remainder for general corporate purposes.

   On September 15, 2020, the Company obtained $800.0 million related to an international Senior Notes offering bearing interest at a rate of 4.75 percent, with semi-annual payments of interest, maturing in 2051.

   The offering costs of Senior Notes were for $30.2 million, which include discount of rate improvement, banks fees and other costs. The Company used the net proceeds from the offering to repay outstanding short-term indebtedness.

b. **Project financing for the Ventika project.** On April 8, 2014, Ventika (a subsidiary of IEnova) entered into a project finance loan for the construction of the wind projects with five banks: Santander as administrative and collateral agent, NADB, Banco Nacional de Obras y Servicios Publicos, S. N. C. Institucion de Banca de Desarrollo ("BANOBRAS"), Banco Nacional de Comercio Exterior, S. N. C. Institucion de Banca de Desarrollo ("BANCOMEXT") and NAFINSA as lenders.

   The credit facilities mature according to the following table, with payments due on a quarterly basis each March 15, June 15, September 15 and December 15, until the final maturity date, as follows:

Banco	**Maturity date**
Santander	3/15/2024
BANOBRAS	3/15/2032
NADB	3/15/2032
BANCOMEXT	3/15/2032
NAFINSA	3/15/2032

   The breakdown of the debt (including short and long-term) is as follows:

Bank	**As of 12/31/20**
NADB	$ 129,922
BANOBRAS	83,407
NAFINSA	64,961
BANCOMEXT	64,961
Santander	59,473
	$ 402,724

c. **Interest Rate Swaps.** In order to mitigate the impact of interest rate changes, Ventika entered into interest rate swaps with Santander and BANOBRAS for almost 92 percent of the above mentioned credit facilities. The swap contracts allow the Company to pay a fixed interest rate of 2.94 and 3.68 percent respectively, and to receive variable interest rate (three-month LIBOR).

d. **Bancomer - IEnova Pipelines.** On December 5, 2013, IEnova Pipelines signed a credit contract with Bancomer as agent and Deutsche Bank Mexico, Fiduciary Division, as fiduciary. The amount of the loan is for $475.4 million, the proceeds will be used to develop IEnova Pipelines projects

   The four participating credit institutions are Bancomer with a 50.0 percent contribution, Bank of Tokyo with 20 percent, Mizuho with 15 percent and NORD/LB with 15.0 percent

   The loan calls for quarterly payments beginning on March 18, 2014, and ending in 2026 for a total term of 13 years.

   The loan bears an interest at LIBOR plus 2 percent per year until the fifth anniversary, LIBOR plus 2.25 percent from the fifth to the eight anniversary, LIBOR plus 2.50 percent from the eighth to twelfth anniversary and LIBOR plus 2.75 percent from the thirteenth anniversary until maturity.

As of December 31, 2020, the long-term debt maturity are as follows:

Year		Amount
2021		68,281
2022		50,450
Thereafter		79,541
	$	198,272

In such credit, IEnova Pipelines was defined as debtor, TDF together with GdT were assigned as guarantors and collaterals through the cession of the collection's rights from their portfolio of projects integrated by IEnova Pipelines, TDF and GdT as source of payment for the credit.

Covenants arising from the credit require for the following:

i. Maintain a minimum member's equity during the term of the loan, in the amounts indicated:

Entity		Amount
IEnova Pipelines	$	450,000
GdT		130,000
TDF		90,000

ii. Maintain an interest ratio of 2.5 to 1 at least on a consolidated basis (Earnings Before Interest, Tax, Depreciation and Amortization ("EBITDA") to interest), for the payment of interest.

As of the date of the Consolidated Financial Statements, IEnova Pipelines has complied with these obligations.

On January 22, 2014, IEnova Pipelines contracted a financial derivative instrument (swap) with Bancomer, The Bank of Tokyo, Mizuho and NORD/LB to hedge the interest rate risk on the total of its outstanding debt. The financial instrument changes the LIBOR for a fixed rate of 2.63 percent.

The Company has designated derivative financial instruments mentioned above as a cash flow hedges, as permitted by applicable accounting standards, given that, this interest rate swaps hedge objective is to fix the cash flows derived from variable interest payments on the syndicated loan maturing in 2026.

e. **CEBURES.** On February 14, 2013, the Company entered into two public debt issuances of CEBURES or debt securities as follows:

i. The first placement was for $306.2 million ($3,900.0 million of historical Mexican Pesos) bearing interest at a fixed rate of 6.3 percent, with semi-annual payment of interest, maturing in 2023.

ii. The second placement was for $102.1 million ($1,300.0 million of historical Mexican Pesos) bearing interest at variable rate based on the TIIE plus 30 BPS, with monthly payments of interest, maturing in 2018. The average annual rate as of December 31, 2020, 2019 and 2018, was 6.3 percent, 6.93 percent and 7.25 percent, respectively.

On February 8, 2018, the Company made the repayment of the second placement of the public debt issuance, CEBURES, for an amount of $1,300.0 million of historical Mexican Pesos.

For this debt, which was scheduled to mature in 2018, the Company entered into a derivative instrument contract and swapped fixed rate in Mexican Pesos for a fixed rate in U. S. Dollars, exchanging principal and interest payments. The Company received $1,300.0 million Mexican Pesos and paid $102.2 million U. S. Dollars. The repayment ended the hedging contract and CEBURES liability.

f. **Trina Solar - ESJ Renovable I. S. de R. L. de C. V. ("ESJR I")** On July 31, 2018, the Company, signed a credit contract with Trina Solar for an amount up to $12.4 million, the proceeds were used to develop the Tepezala Solar Project. The maturity of the loan is 10 years.

The loan can be totally paid in full in a lump sum payment at the end of the credit contract or partially paid in installments throughout the contract term.

The loan bears an interest at three - month LIBOR plus 365 BPS, with quarterly payments, maturing in 2028.

On April 28, 2020, the Company made the repayment of the loan including interest accrued at this date.

g. **Cross-currency and interest rate swaps.** On February 14, 2013, regarding the placements of CEBURES, the Company executed cross-currency and interest rate swap contracts for hedging its exposure to the payment of its liabilities in Mexican Pesos:

i. For the debt maturing in 2023, the Company swapped fixed rate in Mexican Pesos for a fixed rate in U. S. Dollars, exchanging principal and interest payments. The weighted average interest rate, in U. S. Dollars for this swap was 4.12 percent in 2018.

ii. For the debt maturing in 2018, the Company swapped variable rate in Mexican Pesos for a fixed rate in U. S. Dollars, exchanging principal and interest payments. The weighted average interest rate, in U. S. Dollars for this swap was 2.66 percent in 2018.

As of December 31, 2020, the swaps' total notional value is $306.2 million ($3,900.0 million historical Mexican Pesos). These contracts have been designated as cash flow hedges.

h. **Multilateral Facility -** On November 19, 2019 the Company signed a credit agreement with IFC and NADB. The amount of the loan was $200.0 million, the proceeds will be used to finance four solar power plants with a total capacity of 376 MW across Mexico.

IFC and NADB have a 50 percent contribution each. The loan calls for semiannual amortization beginning on June 15, 2022 and ending in November 2034, for a total 15 years. The loan bears interest at LIBOR plus 2.25 percent per year until maturity.

On June 10, 2020, the Company signed the First Amended and Restated Common Terms Agreement by and among the Borrower IFC, NADB, JICA and DFC.

On June 10, 2020, the Company entered into a 15-year financing with DFC for up to $241.0 million dollars.The loan bears fix interest payment at a 2.90 percent per year until maturity. This transaction is part of the financing structure that the company closed in November 2019, with IFC, a member of the World Bank Group, and NADB.

i. **Interest rate swaps of Multilateral facility.** To partially mitigate its exposure to interest rate changes associated with the Multilateral Facility loan, IEnova entered into floating-to-fixed interest rate swaps for 100 percent of the loan. The outstanding interest rate swap assigned to Credit Agricole with a trade date of November 20, 2019, and an effective date of December 05, 2019, the date of disbursement of the loan. The term of the interest rate swap matches the critical terms of the interest payments. The swap is accounted as cash flow hedges. The fixed contracted interest rate is 1.77 percent.

j. **JICA Long-term credit.** On March 26, 2020, the Company entered into a 15-year credit facility for US$100.0 million with JICA. This transaction is part of the financing structure that the company closed in November 2019, with IFC, a member of the World Bank Group, and NADB.

Funds were disbursed on April 13, 2020 and integrated into those granted last year by IFC and NADB to finance and/or refinance the construction of the Company's solar generation project portfolio. The loan bears interest at LIBOR plus 1.50 percent per year until maturity.

k. **Interest rate swap of JICA Long-term credit.** To partially mitigate its exposure to interest rate changes associated with the JICA Long-term credit, IEnova entered into floating-to-fixed interest rate swaps for 100 percent of the loan. The outstanding interest rate swap assigned to BBVA with a trade date of March 27, 2020, and an effective date of April 13, 2020, the date of disbursement of the loan.

The term of the interest rate swap matches the critical terms of the interest payments. The swap is accounted for as cash flow hedge. The fixed contracted interest rate is 0.88 percent.

l. **Scotiabank.** On October 9, 2020, the Company withdrew $20.0 million from its uncommitted working capital facility with Scotiabank, the maturity was on October 9, 2023.

23. FINANCIAL INSTRUMENTS

23.1. CAPITAL MANAGEMENT

The Company expects its cash flows from operations to fund a substantial portion of future capital expenditures and dividends.

The Company is subject to externally imposed capital requirements for its regulated subsidiaries in the gas segment. According to applicable regulations the subsidiaries need to include in their bylaws the requirement to have a minimum fixed capital, without withdrawal rights, equivalent to 10 percent of their investment.

Also, the Company has a commitment with the Mexican regulator for capital contributions based on invested capital for its projects. As of December 31, 2020, 2019 and 2018, the Company had complied with the above requirements.

23.2. CATEGORIES OF FINANCIAL INSTRUMENTS

	As of		
	12/31/20	**12/31/19**	**12/31/18**
Financial assets			
Cash and cash equivalents	$ 291,993	$ 57,966	$ 51,764
Restricted cash	24,343	33,536	26,283
FVTPL			
Held for trading	1,402	17,241	17,703
Amortized cost			
Loans and receivables	1,000,746	920,410	844,989
Financial leasing	940,608	932,624	942,184
Financial liabilities			
FVTPL			
Held for trading	$ 185,035	$ 155,931	$ 163,823
Amortized cost	4,140,192	3,492,932	3,055,700

23.3 FINANCIAL RISK MANAGEMENT OBJECTIVES

The activities carried out by the Company may expose it to financial risks, including market risk, which encompasses foreign exchange, interest rate and commodity price risks, credit risk and liquidity risk. The Company seeks to minimize the potential negative effects of these risks on its financial performance through an overall risk management program.

The Company may use derivative and non-derivative financial instruments to hedge against some exposures to financial risks embedded in assets and liabilities on the Consolidated Statements of Financial Position or off-balance sheet risks (firm commitments and highly probable forecast transactions). Both financial risk management and the use of derivative and non-derivative financial instruments are governed by Company policies.

The Company identifies, assesses, monitors and centrally manages the financial risks of its operating subsidiaries through written policies that establish limits associated with specific risks including guidelines for permissible losses, guidelines for determining when the use of certain derivative financial instruments are appropriate and within policy guidelines, guidelines for when instruments can be designated as hedges, and guidelines for when derivative instruments do not qualify for hedge accounting but can qualify as held-for-trading, which is the case for derivative financial instruments. Compliance with established policies and exposure limits by the Company's management is reviewed by internal audit on a routine basis.

23.4 MARKET RISK

Market risk is the risk of erosion of the Company's cash flows, earnings, asset values and equity due to adverse changes in market prices and interest and foreign currency rates.

The Company has policies governing its market risk management and trading activities. The Parent's senior officers are members of committees that establish policies, oversee energy risk management activities, and monitor the results of trading and other activities to ensure compliance with the Company's stated energy risk management and trading policies. These activities include, but are not limited to, daily monitoring of market positions that create credit, liquidity and market risk. The respective oversight organizations and committees are independent from the energy procurement departments.

The Company enters a variety of derivative financial instruments to manage its exposure to commodity price, interest rate and foreign currency exchange rate risks, including:

- Interest rate swaps to mitigate the risk of rising interest rates or foreign currencies under which certain liabilities and related tax impacts are denominated in; and,
- Commodity price contracts to hedge the volatility in the prices and basis of natural gas.

There has been no material change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

23.5. VALUE AT RISK ("VAR") ANALYSIS

The VaR measure estimates the maximum potential loss the company can experience in any of it underlying position under normal market conditions, over a given holding period for a specified confidence level. The VaR methodology is a statistically defined, probability-based approach that considers market volatilities as well as risk diversification by recognizing offsetting positions and correlations between products and markets. Risks can be measured consistently across all markets and products, and risk measures can be aggregated to arrive at a single risk number.

Along with other tools, the Company uses VaR to measure its exposure to market risk primarily associated with commodity derivative instruments that the Company holds. The Company uses historical volatilities and correlations between instruments and positions in the calculations.

The Company uses a one-day holding period and a 95 percent confidence interval in its VaR calculations.

The one-day 95 percent VaR number reflects the 95 percent probability that the daily loss will not exceed the reported VaR.

The variance-covariance approach was used to calculate the VaR values.

	As of		
	12/31/20	**12/31/19**	**12/31/18**
VaR History (95%, one day) by risk type			
Interest rate swap and commodities	$ 50,387	$ 10,738	$ 2,258
Total VaR exposure	$ 47,868	$ 10,201	$ 2,145

VaR is a statistical estimate of how much a portfolio may lose in the given time horizon for the given confidence interval. By using a VaR with a 95 percent confidence interval, the potential losses above that percentile are not considered; by using historical data possible adverse extreme movements might not be captured, since these did not occur during the time period considered in the calculations; and there is no guarantee that the actual losses will not exceed the calculated VaR.

While VaR captures the Company's daily exposure to commodity and interest rate risk, sensitivity analysis evaluates the impact of a reasonably possible change in commodity prices and interest rates over a year. Details of sensitivity analysis for foreign currency risk are set out in Note 23.7.1.

23.6. COMMODITY PRICE RISK

Market risk related to physical commodities is created by volatility in the prices and basis of certain commodities. The Company's various subsidiaries are exposed, in varying degrees, to price risk, primarily to prices in the natural gas markets. The Company's policy is to manage this risk within a framework that considers the unique market and operating and regulatory environments of each subsidiary.

The Company is generally exposed to commodity price risk, indirectly through its LNG, gas pipelines and storage, and power generating assets. The Company may utilize commodity transactions in the course of optimizing these assets. These transactions are typically priced based on market indexes, but may also include fixed price purchases and sales of commodities. (Please refer to Note 23.4.).

23.7. FOREIGN CURRENCY RISK MANAGEMENT

The Company has investments in entities whose functional currency is not the U. S. Dollar; additionally, it also has balances in Mexican Pesos held by its U. S. Dollar functional currency subsidiaries, exposing the Company to currency fluctuations.

The Company's primary objective in reducing foreign currency risk is to preserve the economic value of the investments and to reduce earnings volatility that would otherwise occur due to exchange rate fluctuations.

As mentioned above, the Company enters into transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

The carrying amounts of the Company's foreign currency-denominated financial assets and financial liabilities, in relation to its subsidiaries' functional currencies, at the end of the reporting period are as follows:

	Financial assets		
	As of		
	12/31/20	**12/31/19**	**12/31/18**
U. S. Dollar functional currency subsidiaries	$ 1,047,389	$ 1,025,682	$ 907,113
Mexican Peso functional currency subsidiaries	20,890	26,462	32,146

	Financial liabilities		
	As of		
	12/31/20	**12/31/19**	**12/31/18**
U. S. Dollar functional currency subsidiaries	$ 921,593	$ 938,184	$ 860,870
Mexican Peso functional currency subsidiaries	18,380	47,867	31,325

For the Company's U.S. Dollar functional currency subsidiaries their Mexican Peso balances include: bank accounts and short-term investments, VAT, income tax receivables or payables, prepaid expenses, guarantee deposits, intercompany loans, long-term debt, trade accounts payable and other tax withholdings.

For the Company's Mexican Peso functional currency subsidiaries, their U.S. Dollar balances include: bank accounts, intercompany loans, trade accounts receivables or payables and provisions.

Exchange rates in effect as of the date of the Consolidated Financial Statements and their issuance date are as follows:

	Mexican Pesos			
	12/31/20	**12/31/19**	**12/31/18**	**04/26/21**
One U.S. Dollar	$ 19.9487	$ 18.8452	$ 19.6829	$ 19.8695

23.7.1. Foreign currency sensitivity analysis

The Company's account balances disclosed in Note 23.7. are exposed to the Mexican Peso for its U. S. Dollar functional currency subsidiaries and to the U. S. Dollar for its Mexican Peso functional currency subsidiaries.

The following table details the Company's profit and OCI sensitivity to a 10 percent increase and decrease in the U. S. Dollar against the Mexican Peso. The sensitivity rate used to report foreign currency risk internally to key Company's management is 10 percent, which represents management's benchmark of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10 percent change in foreign currency rates.

The sensitivity analysis includes intercompany loans where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower.

A negative number below indicates a decrease in profit or equity where the U. S. Dollar strengthens 10 percent against the Mexican Peso for U. S. Dollar functional currency subsidiaries. For a 10 percent weakening of the U. S. Dollar against the Mexican Peso, there would be a comparable impact on the profit or equity, and the balances below would be positive.

For U. S. Dollar functional currency entities, the sensitivity analysis to changes in the Mexican Peso to U. S. Dollar exchange rate is determined on a pre-tax basis due to the complexity of determining the tax impacts (tax laws recognize taxable or deductible exchange gains and losses based on the U. S. Dollar monetary position, regardless of the functional currency).

For Mexican Peso functional currency subsidiaries, a positive number below indicates an increase in profit or equity where the U. S. Dollar strengthens 10 percent against the Mexican Peso. For a 10 percent weakening of the U. S. Dollar against the Mexican Peso, there would be a comparable impact on the profit or equity, and the balances below would be negative.

	U.S. Dollar functional currency			Mexican Peso functional currency		
	2020	**2019**	**2018**	**2020**	**2019**	**2018**
Profit (loss) (i)	$ 8,005	$ 5,532	$ 2,943	$ (444)	$ (916)	$ 52
OCI	–	–	–	(4,203)	2,865	414

i. This is mainly attributable to the exposure to outstanding Mexican Peso receivables in the U. S. Dollar functional currency subsidiaries at the end of each reporting period.

The U. S. Dollars functional currency subsidiaries sensitivity to foreign currency decreased mainly due to higher intercompany loans with unconsolidated affiliates.

The Mexican Peso functional currency subsidiaries sensitivity to foreign currency has increased mainly due to higher trade and other trade receivables balances.

23.8. INTEREST RATE RISK MANAGEMENT

23.8.1. Interest rate swaps contracts entered into by the Company's JV's

As described in Note 10.1.b. the JV with Saavi Energia entered into a swap contract that effectively hedges the interest rate risk due to variable rate financings.

As described in Note 10.4.b. the JV with Brookfield entered into swap contract that effectively hedges the interest rate risk due to variable rate financings.

The FV of derivative instruments is based on the market values in place as of the date of the Consolidated Financial Statements, which impacts investment in JV with a debit to current earnings.

The Company's management considers the results of the sensitivity analysis for these derivatives to be immaterial.

23.9. CREDIT RISK MANAGEMENT

Credit risk is the risk of loss that would be incurred as a result of nonperformance of the Company's counterparties contractual obligations. The Company monitors credit risk through a credit-approval process and the assignment and monitoring of credit limits. The Company establishes these credit limits based on risk and return considerations under terms customary for the industry.

As with market risk, the Company has policies and procedures to manage credit risk, which are tailored for each business segment, administered by each subsidiary's respective departments and overseen by their management.

In ECO, depending on the type of service requested by the customer, different criteria are applied as follows:

Minor customers (residential customers for household consumption):

- Copy of official identification;
- Proof of residence or power of attorney from landlord, in case of rental residences;
- Personal references, (which are confirmed); and,
- Registration with tax agency for commercial customers with minor consumption.

Major customers (customers for industrial and commercial consumption):

- Power of attorney;
- Legal representative official identification;
- Copy of articles of incorporation;
- Proof of address; and,
- Depending on consumption volume, a guarantee is required, which could include letter of credit, cash deposit, or promissory notes among others.

The oversight includes a monthly review of 100 percent of the balances of major customers by the credit and collection department, to make sure that payments are made on a timely manner and to ensure that they comply with the agreed terms of their contract.

The Company believes that it has allocated adequate reserves for counterparty's nonperformance.

For all other entities of the Gas and Power segments, when the Company's development projects become operational, they rely significantly on the ability of their suppliers to perform on long-term agreements and on the ability to enforce contract terms in the event of nonperformance.

Also, the factors that the Company considers in evaluating a development project include negotiating customer and supplier agreements and, therefore, rely on these agreements for future performance.

23.9.1. Concentration of credit risk

The Company conducts businesses based upon ongoing evaluations of their customers' financial conditions and certain guarantees, except when such clients qualify for credit based on their long-term debt credit ratings issued by S&P's or other credit rating agency in the U. S. or Canada.

The management believes that the risk arising from its concentration of credit is mitigated since all of their major customers pay on a monthly basis, otherwise service can be suspended until due amounts are collected.

The following table shows the Company's revenue concentration by customer:

		As of		
	Segment	**12/31/20**	**12/31/19**	**12/31/18**
Customer 1	Gas	$ 248,440	$ 301,727	$ 317,805
Customer 2	Power & Gas	168,541	222,867	218,126
Customer 3	Gas	178,250	167,770	171,666
Customer 4	Gas	135,535	143,090	143,026
Customer 5	Gas	122,787	127,243	123,366
Customer 6	Gas	94,198	102,084	98,435
Customer 7	Gas	64,664	64,237	84,846
Customer 8	Power	33,083	38,381	36,353
Customer 9	Gas	36,393	36,366	36,723
Others **		179,410	175,491	138,209
		$ 1,261,301	**$ 1,379,256**	**$ 1,368,555**

** Within others, there are no customers with revenue concentration greater than 9 percent.

As mentioned above, all major customers pay on a monthly basis, otherwise service can be suspended until due amounts are collected, and as a result, the Company's management does not estimate the Company is exposed to significant credit risks.

23.10. LIQUIDITY RISK MANAGEMENT

Ultimate responsibility for liquidity risk management rests with the Parent's directors and IEnova's key executives, who have established an appropriate liquidity risk management framework for management of the Company's funding and liquidity management requirements. As of December 31, 2020, the projects were funded with resources obtained from the Global Offering, unconsolidated affiliates loans and bank financing. The Company's current liabilities exceed its current assets mainly due to loans from unconsolidated affiliates and short-term debt. As explained in Notes 6 and 21, the Company had $892.5 million of unused lines of credits with banks.

23.10.1. Liquidity and interest risk tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on contractual maturity, which is the earliest date on which the Company can be required to pay. The tables include principal cash flows.

	Weighted average effective interest	**Less than 1 year**	**1-3 years**	**3-5 years**	**5+ years**	**Total**
December 31, 2020						
Variable interest rate from banks (SMBC)		$ 392,000	$ –	$ –	$ –	$ 392,000
Variable interest rate from banks (BNS)		280,000	–	–	–	$ 280,000
Variable interest rate from banks (Scotiabank)		100,000	–	–	–	$ 100,000
Variable interest rate from banks (International debt 10 years)		11,250	33,750	56,250	322,928	424,178
Variable interest rate from banks (International debt 30 years)		26,325	78,975	131,625	1,080,151	1,317,076
Fixed interest rate for long-term debt (Note 22)		12,803	209,462	–	–	222,265
Variable interest rate loan from banks (Ventika)		51,206	101,702	82,355	343,906	579,169
Variable interest rate loan from banks (IEnova Pipelines)		54,495	107,263	46,009	27,770	235,537
Multilateral Facility		13,768	48,643	104,615	492,435	659,461
Lease liabilities		2,812	5,703	4,832	75,544	88,891
		$ 944,659	$ 585,498	$ 425,686	$ 2,342,734	$ 4,298,577

	Weighted average effective interest	**Less than 1 year**	**1-3 years**	**3-5 years**	**5+ years**	**Total**
December 31, 2019						
Variable interest rate from banks (SMBC)		$ 1,174,068	$ –	$ –	$ –	$ 1,174,068
Variable interest rate from banks (Senior Notes 10 years)	3.75	11,250	33,750	56,250	334,178	435,428
Variable interest rate from banks (Senior Notes 30 years)	4.88	26,325	78,975	131,625	1,146,476	1,383,401
Fixed interest rate of long-term debt (Note 23.)	6.30	12,838	38,446	199,769	–	251,053
Variable interest rate loan from banks (Ventika)	6.49	51,218	81,591	143,419	462,329	738,557
Multilateral Facility	1.78	41,186	27,607	226,110	–	294,903
Variable interest rate loan from banks (IEnova Pipelines)	4.63	356	7,415	30,298	173,016	211,085
Variable interest rate for long-term (Trina)	6.07	585	1,756	2,927	12,946	18,214
Lease liabilities		1,197	3,501	3,800	95,944	104,442
		$ 1,319,023	$ 273,041	$ 794,198	$ 2,224,889	$ 4,611,151

	Weighted average effective interest	Less than 1 year	1-3 years	3-5 years	5+ years	Total
December 31, 2018						
Variable interest rate from banks (SMBC)		$ 808,086	$ –	$ –	$ –	$ 808,086
Variable interest rate from banks (International debt 10 years)	3.75	11,250	33,750	56,250	300,000	401,250
Variable interest rate from banks (International debt 30 years)	4.88	26,325	78,975	131,625	1,066,500	1,303,425
Fixed interest rate of long-term debt (Note 22.)	6.30	12,483	37,449	199,286	–	249,218
Variable interest rate loan from banks (Ventika)	6.49	53,649	83,028	197,086	447,892	781,655
Variable interest rate loan from banks (IEnova Pipelines)	4.63	49,316	33,268	283,563	–	366,147
Variable interest rate loan from banks (Trina)	6.07	256	684	1,140	3,862	5,942
		$ 961,365	$ 267,154	$ 868,950	$ 1,818,254	$ 3,915,723

Prepayments on intercompany loans can be made at the Company's discretion.

The following table details the Company's liquidity analysis for its derivative financial instruments. The table has been drawn-up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates or commodity prices forward curves at the end of the reporting period.

	Less than 1 year	1-2 years	3-5 years	5+ years	Total
December 31, 2020					
Net settled:					
- Interest rate swaps, cross currency swap, exchange rate	$ (8,264)	$ (141,806)	$ (7,805)	$ (3,659)	$ (161,534)
	$ (8,264)	$ (141,806)	$ (7,805)	$ (3,659)	$ (161,534)

	Less than 1 year	1-2 years	3-5 years	5+ years	Total
December 31, 2019					
Net settled:					
- Interest rate swaps, cross currency swap, exchange rate	$ (33,429)	$ (30,421)	$ (152,585)	$ (33,621)	$ (250,056)
	$ (33,429)	$ (30,421)	$ (152,585)	$ (33,621)	$ (250,056)

	Less than 1 year	1-2 years	3-5 years	5+ years	Total
December 31, 2018					
Net settled:					
- Interest rate swaps, cross currency swap, exchange rate	$ 176	$ (1,920)	$ (159,750)	$ (2,909)	$ (164,403)
	$ 176	$ (1,920)	$ (159,750)	$ (2,909)	$ (164,403)

23.11. FV of financial instruments

23.11.1. FV of financial instruments carried at amortized cost

Except as detailed in the following table, management considers that the carrying amounts of financial assets and financial liabilities recognized in the Consolidated Financial Statements approximate their FVs.

	As of					
	12/31/20		12/31/19		12/31/18	
	Carrying amount	FV	Carrying amount	FV	Carrying amount	FV
Financial assets						
Financial lease receivables	940,608	1,362,000	932,624	1,308,000	942,184	942,184
Due from unconsolidated Affiliates	818,159	849,002	781,003	823,757	691,340	696,626
Financial liabilities						
- -Long-term debt (traded in stock exchange)	1,776,967	2,000,569	1,016,697	1,010,330	1,038,142	865,710
- Loans from banks long-term	1,061,744	672,983	790,444	756,411	669,629	675,801
- Loans from unconsolidated affiliates (Long-term)	272,857	282,109	233,597	228,578	75,161	67,963
Loans from associate (Long-term)	–	–	11,190	10,848	3,757	3,274

23.11.2. Valuation techniques and assumptions applied for the purposes of measuring FV

The FVs of financial assets and financial liabilities are determined as follows:

i. The FV of finance lease receivables is determined by calculating the present value of discounted cash flows, including the contract extension period, using the discount rate that represents the Company's Transportation Weighted Average Cost of Capital (Level 3).

ii. The Company determined the FV of its long-term debt using prices quoted on recognized markets (Level 1).

iii. For financial liabilities, other than long-term debt, accounts receivables and payable due to unconsolidated affiliates, the Company determined the FV of its financial liabilities carried at amortized cost by determining their present value as of each period end. The risk free interest rate used to discount to present value is adjusted to reflect the Company's own credit risk. (Level 3).

iv. The FV of commodity and other derivative positions, which include interest rate swaps, is determined using market participant assumptions to measure these derivatives. Market participants' assumptions include the risk inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. (Level 2).

Significant assumptions used by the Company in determining the FV of the following financial assets and liabilities are set out below.

23.11.3. FV measurements recognized in the Consolidated Statements of Financial Position

The Company applies recurring FV measurements to certain assets and liabilities. "FV" is defined in Note 2.2.b.

A FV measurement reflects the assumptions market participants would use in pricing an asset or liability based on the best available information. These assumptions include the risk inherent to a particular valuation technique (such as a pricing model) and the risks inherent to the model inputs. Also, management considers the Company's credit standing when measuring its liabilities at FV.

The Company establishes a FV hierarchy that prioritizes the inputs used to measure FV. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the FV hierarchy are as follows:

- Level 1 are those inputs derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;

- Level 2 are those inputs derived from inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 are those inputs derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The assets and liabilities of the Company that were recorded at FV on a recurring basis are listed in the following table and were classified as Level 1 and 2 in the FV hierarchy as shown below:

	As of		
	12/31/20	**12/31/19**	**12/31/18**
Financial assets at FVTPL			
Short-term investments (Level 1)*	$ 218,483	$ 35,742	$ 26,366
Derivative financial assets (Level 2)	1,402	17,241	17,620
Financial liabilities at FVTPL			
Derivative financial liabilities (Level 2)	185,035	155,931	163,823

The Company does not have financial assets or liabilities classified as Level 3 and there were no transfers between Level 1 and 2 during the reporting periods presented.

* The short-term investments include current restricted cash by $21.7 million, $30.8 million and $23.3 million as of December 31, 2020, 2019 and 2018, respectively.

23.11.4. Hedging instruments

The impact of the hedging instruments on the statement of financial position as of December 31, 2020, 2019 and 2018 are as follows:

	As of		
	12/31/20		
	Notional value	**Carrying amount**	**Change in fair value used for measuring in-effectiveness**
U. S. Dollars			
Interest rate swap	$ 636,170	$ (41,926)	$ (26,045)
Foreign currency	140,501	(10,362)	(4,376)
Mexican Peso			
Cross currency swap	3,900,000	(127,505)	(5,517)

	As of 12/31/19		
	Notional value	Carrying amount	Change in fair value used for measuring in-effectiveness
U. S. Dollars			
Interest rate swap	$ 595,039	$ (15,881)	$ (8,790)
Foreign currency	122,747	(5,986)	(7,835)
Mexican Peso			
Cross currency swap	3,900,000	(121,988)	18,509

	As of 12/31/18		
	Notional value	Carrying amount	Change in fair value used for measuring in-effectiveness
U. S. Dollars			
Interest rate swap	$ 451,017	$ (7,091)	$ 4,029
Foreign currency	107,503	1,849	1,849
Mexican Peso			
Cross currency swap	3,900,000	(140,497)	44,488

23.11.5. Commodities and other derivative positions

The Company enters into derivative financial instrument agreements to hedge the volatility of its income tax impact attributable to the fluctuation of the Mexican Peso relative to the U. S. Dollar. Certain monetary assets and liabilities of the Company are denominated in U. S. Dollars (functional currency); however, they are remeasured in Mexican Pesos throughout the year for Mexican tax purposes. The remeasurement of these assets and liabilities gives rise to foreign currency gains and losses for Mexican tax purposes and impacts the Mexican income tax liability.

The Company recognized the change in FV and the settlements in the "cost of revenue" line item within the Consolidated Statements of Profit.

24. INCOME TAXES

The Company is subject to ISR. The rate of current income is 30 percent.

24.1. INCOME TAXES RECOGNIZED IN THE CONSOLIDATED STATEMENTS OF PROFIT

	As of		
	12/31/20	12/31/19	12/31/18
Current income tax:			
ISR	$ (109,822)	$ (139,677)	$ (113,683)
	(109,822)	**(139,677)**	**(113,683)**
Deferred Income tax:			
Deferred income tax	(36,114)	7,119	(29,381)
Total taxes in the Consolidated Statements of Profit	**$ (145,936)**	**$ (132,558)**	**$ (143,064)**

Income tax expense is reconciled with the profit before tax as follows:

	Year ended		
	12/31/20	12/31/19	12/31/18
Profit before income tax and share of profits of joint ventures	$ 449,170	$ 560,474	$ 535,666
Income tax expense calculated at 30%	(134,751)	(168,142)	(160,700)
Non-deductible expenses	(5,752)	(2,369)	(1,985)
Effects of foreign exchange rate	36,291	(35,830)	513
Effects of inflation adjustment	(28,028)	(19,169)	(28,076)
Effect of unused tax losses not recognized as deferred income tax asset	(338)	(3,157)	2,279
Non-taxable income	1,001	–	–
Effect of foreign exchange rate and inflation on the tax bases of property, plant and equipment, net and unused tax losses	(27,166)	77,499	55,180
Tax incentive *	23,302	24,108	– –
Other	(10,495)	(5,498)	(10,275)
Income tax expense recognized in the Consolidated Statements of Profit	**$ (145,936)**	**$ (132,558)**	**$ (143,064)**

The change in the effective tax rates was mainly attributable to the following:

- The effect of exchange rate changes in the tax basis of property, plant and equipment, which are valued in Mexican Pesos for tax purposes, while maintained in U. S. Dollars (functional currency) for financial reporting purposes. In addition, the Mexican income tax law takes into account the effects of inflation on such tax basis.
- The effect of foreign currency exchange gains or losses is being calculated on Mexican Pesos balances for financial reporting purposes, while the Mexican income tax law recognizes foreign exchange gains or losses on U. S. Dollar balances.

- The inflationary effects relative to certain monetary assets and liabilities.
- Tax losses used or not recognized as deferred taxes.
- *Recognition of the income tax incentive applicable to certain taxpayers residing in the northern border region, in accordance with a decree issued on December 28, 2018.

24.2. INCOME TAX RECOGNIZED DIRECTLY IN COMMON STOCK AND OCI

	Year ended		
	12/31/20	**12/31/19**	**12/31/18**
Recognized directly in OCI:			
Tax related to actuarial gain on defined benefit plans	(295)	(287)	(156)
Tax on valuation of financial instruments held for hedging purposes	(3,107)	(2,020)	(4,605)
Total of income tax recognized directly in common stock and OCI	**$ (3,402)**	**$ (2,307)**	**$ (4,761)**

24.3. DEFERRED INCOME TAX ASSETS AND LIABILITIES BALANCES

The following is the analysis of deferred income tax assets (liabilities) presented in the Consolidated Statements of Financial Position:

	As of		
	12/31/20	**12/31/19**	**12/31/18**
Deferred income tax assets:			
Benefit of tax-loss carry forwards for recovering income taxes paid in previous years	$ 29,694	$ 21,855	$ 72,497
Accrued expenses and provisions	30,683	32,127	21,582
Effect of business combination IGM	1,846	1,257	1,355
Employee benefits	8,758	8,941	6,845
Inventories	5,140	4,941	1,909
Credit expected losses	93	127	159
Deferred income tax assets for issuance or ordinary shares under IPO and follow on	16,570	17,851	17,851
Deferred income tax asset regarding valuation of financial instruments held for hedging purposes	12,184	8,644	6,593
Total deferred income tax assets	104,968	95,743	128,791
Deconsolidation effect (a)	(4,318)	(5,845)	(47,938)
Deferred income tax asset	**$ 100,650**	**$ 89,898**	**$ 80,853**

	As of		
	12/31/20	**12/31/19**	**12/31/18**
Deferred income tax liabilities:			
Property, plant and equipment	$ (216,346)	$ (192,394)	$ (228,634)
Finance leases	(282,467)	(279,605)	(282,525)
Effect of assets FV and intangible of Ventika	(76,716)	(79,867)	(83,054)
Prepaid expenses	(2,576)	(6,181)	(4,396)
Other	(20,073)	(1,708)	(16,221)
Right-of-use-assets	(10,369)	(12,047)	–
Total deferred income tax liabilities	**(608,547)**	**(571,802)**	**(614,830)**
Deconsolidation effect (a)	**4,318**	**5,845**	**47,938**
Deferred income tax liabilities	**$ (604,229)**	**$ (565,957)**	**$ (566,892)**

a. The effects of tax deconsolidation in deferred income tax are presented to reflect that the Company no longer has the right to offset income taxes of its subsidiaries and, therefore, they are presented separately in the Consolidated Statements of Financial Position as of December 31, 2020, 2019 and 2018.

i. As of December 31, 2020 , the Company has not recognized a deferred tax asset in the amount of $24.1 million generated from the deductible temporary differences between book value and tax basis of TDM. The Company considers that there are no sufficient taxable profits available to recognize all or part of the deferred tax asset.

24.4 DEFERRED INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following is an analysis of the deferred tax assets (liabilities) included in the Consolidated Statements of Financial Position:

	As of		
	12/31/20	**12/31/19**	**12/31/18**
Assets	$ 100,650	$ 89,898	$ 80,853
Liabilities	$ (604,229)	$ (565,957)	$ (566,892)
	$ (503,579)	**$ (476,059)**	**$ (486,039)**

Deferred tax assets have been recognized for tax-loss carryforwards and the IMPAC paid which provide for future tax benefits in the form of future deductible amounts and tax credits, respectively, and can be realized subject to compliance with certain requirements.

Expiration dates and restated amounts as of December 31, 2020, are as follows:

Years	Tax-Loss Carryforwards	IMPAC Recoverable
2020	$ –	$ 138
2021	–	138
2022	103	138
2023	480	138
2024	2,350	138
2025	1,464	138
2026	14,584	138
2027	3,508	138
2028	19,715	138
2029	8,847	138
2030	47,930	–
	$ 98,981	$ 1,380

In determining the deferred income tax as described above, the effects of tax-loss carryforwards and IMPAC paid recoverable were included for $98.9 million and $1.4 million respectively.

24.5. CURRENT TAX RECEIVABLE AND PAYABLE

	As of		
	12/31/20	12/31/19	12/31/18
Current tax assets:			
ISR receivable	$ 69,596	$ 22,061	$ 74,806
Current tax liabilities:			
ISR payable	$ (28,860)	$ (62,699)	$ (63,044)

25. STOCKHOLDERS' EQUITY

	As of		
	12/31/20	12/31/19	12/31/18
Common stock	$ 743,501	$ 955,239	$ 963,272
Additional paid-in equity	2,320,385	2,342,883	2,351,801
	$ 3,063,886	$ 3,298,122	$ 3,315,073

25.1. ISSUED MEMBER'S EQUITY IS COMPRISED AS FOLLOWS:

Pursuant to a resolution of the general ordinary member's meeting on February 15, 2013, member's equity increase was approved at $1.00 Mexican Peso per share, which was subscribed and paid by SEH an unconsolidated affiliate, increasing the value of its social part; also, Company's name change from Sempra Mexico, S. de R. L. de C. V. to "Sociedad Anonima de Capital Variable" ("S. A. de C. V.", Public limited Company) was approved. As a result of such resolution, the change of social parts for shares was performed; as of February 15, 2013, the distribution of such shares was as follows:

	Shares		
Shareholders name	Class I	Class II	Total
Sempra Energy Holdings XI, B.V.	4,990	935,908,312	935,913,302
Sempra Energy Holdings IX, B.V.	10	–	10
	5,000	935,908,312	935,913,312

Shareholder's equity consists of nominative shares with no-par value. The theoretical value per share is $10.00 Mexican Pesos. The Class I and II represent the fixed and the variable part of shareholder's equity, respectively. Variable capital may be increased without limitation.

On March 6, 2013, SEH subscribed for a capital increase in Semco Holdco, S. de R. L. de C. V. ("SEMCO" (a subsidiary of Sempra Energy)), agreeing to pay for such capital increase through a contribution of IEnova's shares in an amount to be determined based on the price per share in the Global Offering, and subject to the shares being duly registered with the Mexican National Securities Registry ("RNV", by its initials in Spanish). On March 21, 2013, the effective date of the Global Offering and registration of IEnova's shares with the RNV, SEMCO acquired 100 percent of the Shares of SEH pursuant to the above described terms; therefore, beginning on this date, SEMCO was the new Parent Company of IEnova.

On March 21, 2013, the Company carried out a Global Offering of shares. Through such Global Offering, the Company issued 189,661,305 shares at a placement price of $34.00 Mexican Pesos per share; such offering included an over-allotment option up to 28,449,196 shares. The amount of this Global Offering was $520,707 ($6,448.4 million Mexican Pesos).

In connection with the Global Offering, on March 27, 2013, the underwriters in Mexico and abroad exercised the over-allotment option. The amount of over-allotment was $78,106.0 ($967.0 million Mexican Pesos), related to 28,449,196 shares at the placement price of $34.00 Mexican Pesos per share.

On September 14, 2015, the Ordinary and Extraordinary Shareholder's Meeting approved the proposal of an equity offering through a combined global offering which consists of a public offering in Mexico to the general public and a concurrent international offering as defined by Rule 144A and in Regulation S, under the United States Securities Act of 1933.

In addition an equity increase was approved for up to $3,300.0 million Mexican Pesos in Ordinary and Extraordinary Shareholder's Meetings; of which 330 million ordinary shares were issued. As of December 31, 2015, such shares have been neither subscribed nor paid, and therefore no impacts have been reflected in the Consolidated Financial Statements.

25.2. FORMATION OF A REPURCHASE FUND ITS OWN SHARES

During the Company's General Shareholders' Meeting on June 14, 2018, the formation of a repurchase fund of the Company's own shares of a maximum amount of $250.0 million was approved. This repurchase fund was reestablished in the General Shareholders Meeting on April 30, 2020 per an amount of $500.0 million.

As of October 21, 2020, August 6, 2019, and December 31, 2018, the Company repurchased 77,122,780, 4,620,000 and 2,000,000 shares for a total of $231.0, $16.9 and $7.2 million, respectively. As of December 31, 2020, the Company has canceled the treasury shares.

For the year ended December 31, 2020
(Mexican Pesos)

Company stockholder's	Number of shares	Fixed shares	Variable shares	Total	Total shares in USD
SEMCO	1,019,038,312	$ 50,000	$ 10,190,333,120	$ 10,190,383,120	$ 520,976
Private investors	433,242,720	–	4,332,427,200	4,332,427,200	222,525
	1,452,281,032	$ 50,000	$ 14,522,760,320	$ 14,522,810,320	$ 743,501

For the year ended December 31, 2019
(Mexican Pesos)

Company stockholder's	Number of shares	Fixed shares	Variable shares	Total	Total shares in USD
SEMCO	1,019,038,312	$ 50,000	$ 10,190,333,120	$ 10,190,383,120	$ 751,825
Private investors	510,365,500	–	5,103,655,000	5,103,655,000	203,414
	1,529,403,812	$ 50,000	$ 15,293,988,120	$ 15,294,038,120	$ 955,239

For the year ended December 31, 2018
(Mexican Pesos)

Company stockholder's	Number of shares	Fixed shares	Variable shares	Total	Total shares in USD
SEMCO	1,019,038,312	$ 50,000	$ 10,190,333,120	$ 10,190,383,120	$ 751,825
Private investors	514,985,500	–	5,149,855,000	5,149,855,000	211,447
	1,534,023,812	$ 50,000	$ 15,340,188,120	$ 15,340,238,120	$ 963,272

26. DECLARED DIVIDENDS

During 2019 and 2018, pursuant to the resolution of Company's General Shareholders' Meeting, payments of dividends in cash were approved and were paid from retained CUFIN balances. Under Mexican tax regulation, dividends paid from CUFIN balances are not taxed, dividends were declared and paid, for the following amounts:

Meeting date	Amount
October 22, 2019	$ 220,000
July 24, 2018	210,000

26.1. DIVIDENDS PER SHARE

	Cents per share for year ended	
	12/31/19	12/31/18
IEnova	$ 0.14	$ 0.13

During 2020 the Company did not declare dividends.

27. SEGMENT INFORMATION

27.1. CHANGE IN REPORTABLE SEGMENTS

In February 2020, IEnova approved a change to its reporting segments, effective January 1, 2020, to improve visibility of each business performance, and enable the business to respond to management´s needs more effectively. Therefore, the information presented in the reportable segments as of December 31,2019 and 2018 were recast. The Segment Information includes the non financial measurements in Consolidated Statements of Profit: operating income and EBITDA for purpose of the management analysis.

Aggregation criteria:

IEnova groups its reportable segments according to the nature of the business activities, having as main starting point the interrelation of its activities in the business operations as the main relevant economic characteristic. In order to determine the aggregation of the operating segments to reportable, the nature of the products or services, the operation processes, the category of product customers and the existing regulatory framework were considered within its evaluation, and concluded from the above that the reportable segments identified by IEnova are as follows:

Gas:

The Gas segment includes IEnova assets that develop, own and operate or have an equity investment in natural gas pipelines, ethane and LPG pipelines and natural gas transportation, distribution and sales operations, in the states of Baja California, Sonora, Sinaloa, Coahuila, Chihuahua, Durango, Tamaulipas, Chiapas, San Luis Potosi, Tabasco, Veracruz, Nuevo Leon and Jalisco, Mexico. The aggregation criteria in this segment included the specific analysis of the distribution and transportation activities, sale of natural gas, which cannot be carried out without in the pipeline system for transportation, for which the management considers the evaluation of the performance of these activities as a whole.

In addition, the operation of transportation and distribution of natural gas, ethane and LPG is regulated by CRE, which establishes the guidelines for the operation, as well as maximum rates for each service to be charged to customers, as well the authorization for the commercialization of natural gas in Mexico.

Power:

The Power segment includes three types of technology: solar, wind and combined cycle based on natural gas. Likewise, they participate in two markets; Mexico and California in the United States. In all projects, the nature of the product is electrical power energy, which is unique, regardless of the technology with which it has been generated, and the markets have similar characteristics in their operation, with certain regulatory or contractual differences, for example, for being of an export nature. As an important feature, customers in the energy sector are entities that require minimum consumption to carry out their operations regardless of the technology that produces them.

Management considers that reporting Power segment regardless of its technology, has the benefit of a natural portfolio compensation due to its diversification of technology and customers, synergies of administration and operation and similar regulations for electrical systems, among others.

Storage:

This segment includes the LNG terminal in Baja California, Mexico for the import, storage and regasification of LNG. Additionally, it includes the operations of four liquid gas storage spheres ("LPG") in Jalisco, Mexico. The Company is developing projects for the construction of onshore and in land terminals for the receipt, storage and delivery of hydrocarbons, these terminals will be located in Veracruz, Estado de Mexico, Puebla, Baja California, Sinaloa, Colima and Jalisco, Mexico. The aggregation in this segment is based on the nature and operation of the assets, the activities are also included in the hydrocarbons law and the clients are companies authorized to commercialize those products.

The operation of the terminals will have important synergies in the forms of operation, allocation of capacity, procedures and security protocols, as well as similarities in contracts with different clients (fixed rates for capacity and variables), ensuring the expected returns of the investment in its assets.

The following information is provided to assist the users of the financial statements during transition to the new segment reporting structure. The change affected neither the accounting policies nor the basis of preparation of the financial information.

The following summarizes the changes made to the reporting business segments:

1. Energia Costa Azul, S. de R.L. de C. V. ("ECA"), Transportadora del Norte SH, S. de R.L. de C.V. ("TDN") ,TDF and marine and land terminals projects have been moved from Gas segment to a new segment "Storage".

2. SDGN, Gasoductos Ingenieria, S. de R.L. de C.V. ("GI") Servicios de Energia Costa Azul, S. de R.L. de C.V. ("SECA"), have been moved from Gas segment to a non-reportable segment Corporate.

3. Intrasegment/intersegment eliminations are presented in a separate column.

The operating segment information as of December 31, 2020, 2019 and 2018 are as follows:

2020					
	Gas	**Storage**	**Power**	**Corporate and eliminations**	**Consolidated**
External revenue	$ 805,377	$ 159,963	$ 289,816	$ 6,145	$ 1,261,301
Intercompany revenue	**60,805**	**83,503**	**–**	**(144,308)**	**–**
Revenue	866,182	243,466	289,816	(138,163)	1,261,301
Cost of revenue	(334,425)	(256)	(106,342)	143,122	(297,901)
Operating costs, administration and others	**(121,827)**	**(57,286)**	**(51,194)**	**(4,381)**	**(234,688)**
EBITDA	409,930	185,924	132,280	578	728,712
Depreciation and amortization	(67,977)	(47,516)	(47,255)	776	(161,972)
Operating income	**341,953**	**138,408**	**85,025**	**1,354**	**566,740**
Interest income					58,513
Financial costs					(144,319)
Other (loss), net					(31,764)
Profit before income tax and share of profits of joint ventures					449,170
Income tax expense					(145,936)
Share of profits of joint ventures					157,832
Profit of the year					**$ 461,066**

2019					
	Gas	**Storage**	**Power**	**Corporate and eliminations**	**Consolidated**
External revenue	$ 894,790	$ 156,477	$ 323,131	$ 4,858	$ 1,379,256
Intercompany revenue	**89,618**	**83,703**	**–**	**(173,321)**	**–**
Revenue	984,408	240,180	323,131	(168,463)	1,379,256
Cost of revenue	(434,529)	(198)	(128,327)	171,961	(391,093)
Operating costs, administration and others	**(124,494)**	**(51,408)**	**(37,847)**	**3,424**	**(210,325)**
EBITDA	425,385	188,574	156,957	6,922	777,838
Depreciation and amortization	(66,084)	(48,298)	(42,912)	1,495	(155,799)
Operating income	**359,301**	**140,276**	**114,045**	**8,417**	**622,039**
Interest income					45,665
Financial costs					(132,849)
Other (loss), net					25,619
Profit before income tax and share of profits of joint ventures					560,474
Income tax expense					(132,558)
Share of profits of joint ventures					39,769
Profit of the year					**$ 467,685**

2018	Gas	Storage	Power	Corporate and eliminations	Consolidated
External revenue	$ 903,741	$ 153,716	$ 308,244	$ 2,854	$ 1,368,555
Intercompany revenue	**114,635**	**83,297**	**–**	**(197,932)**	**–**
Revenue	1,018,376	237,013	308,244	(195,078)	1,368,555
Cost of revenue	(444,942)	(175)	(137,468)	196,794	(385,791)
Operating costs, administration and others	**(119,143)**	**(57,148)**	**(41,282)**	**3,054**	**(214,519)**
EBITDA	454,291	179,690	129,494	4,770	768,245
Depreciation and amortization	(64,509)	(39,949)	(34,288)	1,589	(137,157)
Operating income	**389,782**	**139,741**	**114,045**	**6,359**	**631,088**
Interest income					27,449
Financial costs					(122,879)
Other (loss), net					8
Profit before income tax and share of profits of joint ventures					535,666
Income tax expense					(143,064)
Share of profits of joint ventures					37,984
Profit of the year					**$ 430,586**

	As of		
	12/31/20	**12/31/19**	**12/31/18**
Assets by segment:			
Gas	$ 6,068,403	$ 5,795,587	$ 5,735,059
Storage	2,500,692	2,126,634	1,719,083
Power	1,864,801	1,720,286	1,408,760
Corporate and eliminations	32,528	(90,001)	(94,305)
Consolidated total assets	**$ 10,466,424**	**$ 9,552,506**	**$ 8,768,597**

	As of		
	12/31/20	**12/31/19**	**12/31/18**
Liabilities by segment:			
Gas	$ 2,166,265	$ 2,087,468	$ 2,125,645
Storage	1,053,231	776,212	408,176
Power	1,320,363	1,193,539	929,937
Corporate and eliminations	804,768	538,050	551,089
Consolidated total liabilities	**$ 5,344,627**	**$ 4,595,269**	**$ 4,014,847**

27.2. OTHER INFORMATION BY SEGMENT

	Property, plant and equipment			Accumulated depreciation		
	As of			As of		
	12/31/20	**12/31/19**	**12/31/18**	**12/31/20**	**12/31/19**	**12/31/18**
Gas	$ 2,483,361	$ 2,369,759	$ 2,251,708	$ (352,628)	$ (293,055)	$ (229,834)
Storage	2,199,294	1,892,969	1,592,817	(466,863)	(428,554)	(389,875)
Power	1,525,337	1,402,750	1,150,247	(303,287)	(265,568)	(232,776)
Corporate and eliminations	(27,244)	(31,160)	(46,917)	(9,458)	(9,179)	(8,456)
	$ 6,180,748	**$ 5,634,318**	**$ 4,947,855**	**$ (1,132,236)**	**$ (996,356)**	**$ (860,941)**

	Depreciation and amortization			Additions to property, plant and equipment		
	Year ended			Year ended		
	12/31/20	**12/31/19**	**12/31/18**	**12/31/20**	**12/31/19**	**12/31/18**
Gas	$ 67,977	$ 63,238	$ 62,702	$ 132,338	$ 109,494	$ 93,221
Storage	47,516	46,544	39,571	297,950	287,340	125,590
Power	47,255	42,137	34,228	118,180	247,123	222,384
Corporate and eliminations	(776)	3,880	656	6,165	20,127	1,550
	$ 161,972	**$ 155,799**	**$ 137,157**	**$ 554,633**	**$ 664,084**	**$ 442,745**

27.3. SEGMENT REVENUES

The following tables show the restated numbers from the previous operating segments disclosure:

Revenues 2019	Previous	Storage	Other	Current
Gas	$ 1,054,218	$ (240,180)	$ 170,370	$ 984,408
Storage	–	240,180	–	240,180
Power	323,131	–	–	323,131
Corporate and eliminations	1,907	–	(170,370)	(168,463)
	$ 1,379,256			**$ 1,379,256**

Revenues 2018	Previous	Storage	Other	Current
Gas	$ 1,058,535	$ (237,013)	$ 196,854	$ 1,018,376
Storage	–	237,013	–	237,013
Power	308,244	–	–	308,244
Corporate and eliminations	1,776	–	(196,854)	(195,078)
	$ 1,368,555			**$ 1,368,555**

27.4. ASSETS AND LIABILITIES BY SEGMENT

The following tables show the restated numbers from the previous operating segments disclosure:

Assets 2019

	Previous	Storage	Other	Current
Gas	$ 7,030,018	$ (2,126,634)	$ 892,203	$ 5,795,587
Storage	–	2,126,634	–	2,126,634
Power	1,654,192	–	66,094	1,720,286
Corporate and eliminations	868,296	–	(958,297)	(90,001)
	$ 9,552,506			**$ 9,552,506**

Assets 2018

	Previous	Storage	Other	Current
Gas	$ 6,705,011	$ (1,719,083)	$ 749,131	$ 5,735,059
Storage	–	1,719,083	–	1,719,083
Power	1,356,815	–	51,945	1,408,760
Corporate and eliminations	706,771	–	(801,076)	(94,305)
	$ 8,768,597			**$ 8,768,597**

Liabilities 2019

	Previous	Storage	Other	Current
Gas	$ 1,306,150	$ (776,212)	$ 1,557,530	$ 2,087,468
Storage	–	776,212	–	776,212
Power	690,230	–	503,309	1,193,539
Corporate and eliminations	2,598,889	–	(2,060,839)	538,050
	$ 4,595,269			**$ 4,595,269**

Liabilities 2018

	Previous	Storage	Other	Current
Gas	$ 1,066,774	$ (408,176)	$ 1,467,047	$ 2,125,645
Storage	–	408,176	–	408,176
Power	655,386	–	274,551	929,937
Corporate and eliminations	2,292,687	–	(1,741,598)	551,089
	$ 4,014,847			**$ 4,014,847**

For the purposes of monitoring segment performance and allocating resources between segments:

i. All assets are allocated to reportable segments. Goodwill is allocated to reportable segments.
ii. All liabilities are allocated to reportable segments, except mainly for Corporate financing.

27.5.EXTERNAL REVENUE BY SEGMENT AND SUBSEGMENT

The following is an analysis of the Company's revenue from its major type of product or service:

	Year ended		
	12/31/20 (Note 12)	**12/31/19 (Note 12)**	**12/31/18 (Note 12)**
Distribution	$ 58,395	$ 72,880	$ 74,671
Transportation	424,100	440,339	468,582
Sale of natural gas	322,882	381,571	360,488
Storage	159,963	156,477	153,716
Power	289,816	323,131	308,244
Corporate and others	6,145	4,858	2,854
Total revenues	**$ 1,261,301**	**$ 1,379,256**	**$ 1,368,555**

Sale of natural gas includes other operating revenues mainly comprised of:

a. IEnova Marketing received payments from SLNGIH and SLNGI related to the losses and obligations incurred in the amount of $94.2, $102.1 and $98.5 million for the years ended December 31, 2020, 2019 and 2018, respectively; such balances are presented within the revenues line item in the Consolidated Statements of Profit.

   On August 3, 2018, as a part of dissolution of SLNGIH there was a deed of termination executed between IEnova Marketing and SLNGIH, transferred indemnity obligations under the deed of indemnity from SLNGIH back to SLNGI by executing the Third Amended and Restated LNG SPA between IEnova Marketing and SLNGI.

b. The Company reported damage and declared a force majeure event for the Guaymas-El Oro segment of the Sonora pipeline in the Yaqui territory that has interrupted its operations since August 23, 2017. There is no material economic impact due to this event. The Sasabe-Puerto Libertad-Guaymas segment remains in full operation.

28. REVENUES

28.1. DISTRIBUTION BY TYPE OF REVENUES

The Company has initially applied IFRS 15 from 1 January 2018. The following table shows the distribution by type of revenue shown in the Consolidated Statements of Profit for the years ended on December 31, 2020, 2019 and 2018:

	Year ended (Recast)		
	12/31/20	**12/31/19**	**12/31/18**
Revenue from operations:			
Contracts with customers*	$ 786,846	$ 818,695	$ 847,729
Leases*	174,969	190,281	180,281
Derivatives	76,350	81,721	69,617
Others - Sale of natural gas	126,414	176,271	171,206
Other revenue - Non IFRS 15	96,722	112,288	99,722
Total revenue	**$ 1,261,301**	**$ 1,379,256**	**$ 1,368,555**

*TDN operating lease amount was reclassified to lease line in amount of $18.6 million as of December 31, 2018.

28.2. DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

Following is a breakdown of income from contracts with clients by type of product or service, operating segment and date on which obligations are met, as well as a reconciliation of total revenue per segment for the years ended on December 31, 2020, 2019 and 2018:

	Year ended (Recast)		
	12/31/20	**12/31/19**	**12/31/18**
Power generation	$ 286,794	$ 311,193	$ 307,039
Transportation of gas*	252,933	266,337	300,730
Storage and regasification capacity*	155,354	135,686	134,970
Natural gas distribution	58,601	74,277	78,647
Administrative services	33,163	31,202	26,343
Total revenue from contracts with clients	**$ 786,845**	**$ 818,695**	**$ 847,729**
Obligations met:			
Over time (See 28.4)	**$ 786,845**	**$ 818,695**	**$ 847,729**

* TDN, TDF and marine and land terminals projects have been moved from Transportation of gas segment to Storage with an impact of $42.0 and $40.7million as of December 31,2019 and 2018 respectively as consequence of change in reportable segments.

The revenue from products and services shown in the preceding table arise independently from contracts with each of the clients with possible renewal provided in the contracts.

Energy services and deliveries are conducted over time, as the client receives the benefits provided by the Company throughout the period in which the contract remains in effect. That income is assigned on the basis of independent sales prices established in the contract and on the basis of amounts incurred. Assignment of the consideration, and therefore the schedule of income recognition, required no changes as a result of adopting IFRS 15 during 2018.

Following is a detailed description of the principal features by type of product or service:

a. Revenue from power generation

i. Renewables power

The Company generates revenue from renewable energy generated by Ventika, a wind energy generation facility acquired in December 2016.

Such revenue for the sale of power is recorded under long term U. S. Dollar PPAs as energy is delivered at the interconnection point. It is invoiced to clients based on the volume of electricity delivered at rates established in a formula set down in the contracts.

The client has a period of time established in the contract (commonly up to the later of (i) 10 days following issuance of the invoice and (ii) the 30th of the calendar month in question) to make full payment on the invoice in question. In certain contracts, if Ventika fails to provide the client with the minimum production agreed over one year of operations, it must pay the client a fine in the amount of the difference between (i) what the client must pay the CFE to acquire that energy in the market and (ii) the amount the Client would have paid Ventika to purchase the minimum amount of energy at the contract price. The Company has determined that the transaction price does not contain a significant financing component.

Pima Solar. In March 2017, the Company, through one of its subsidiaries executed a 20-year electric supply contract with DeAcero to provide energy, CEC, and capacity from a new solar power plant located in Caborca, Sonora, Mexico. The solar power plant has a 110 MW capacity.

On April 1, 2019, management declared the completion of the construction COD of the Pima Solar project.

La Rumorosa Solar and Tepezala Solar. On September 28, 2016, the Company was declared winner of two solar projects, bided by the CENACE with an approximate capacity of 41 MW, located in Baja California, Mexico and 100 MW capacity, located in Aguascalientes, Mexico, respectively. The Tepezala project was built and developed and constructed in collaboration with Trina Solar who has a 10 percent of shares.

On June 1, 2019, management declared the completion of the construction and COD of the Rumorosa Solar project.

On October 6, 2019, management declared the completion of the construction and COD of Tepezala Solar project.

Don Diego Solar. On February 28, 2018, the Company executed a 15-year electricity supply contract with various subsidiaries of Liverpool. The electricity is generate by a new solar power plant that is located in the municipality of Benjamin Hill in the State of Sonora, Mexico.

On December 1, 2020, management declared the completion of the construction and COD of Don Diego Solar project.

The sale of power is recorded under long term PPAs as energy is delivered at the interconnection point. It is invoiced to clients based on the volume of electricity delivered at rates established in a formula set down in the contracts.

ii. Combined cycle power

TDM, a natural gas-based combined cycle electric power generation plant with a capacity of 625 MW. TDM supplies the power electricity generated directly to the electricity grid of the Independent System Operator of the State of California in the United States ("CAISO") on the border with México and SGPM provides marketing, programming and supply services to TDM.

The sale of power is recorded as energy is delivered to the grid. It is invoiced based on the volume of electricity delivered. Energy sales into CAISO are subject to CAISO Tariff rules section 11 for Settlement and Billings in the Day-Ahead and Real-Time markets. All transactions are settled at the relevant Locational Marginal Prices ("LMP"). The agreement pricing is a mixture of fixed and variable components based upon contracted price and capacity.

b. Revenue from transportation of gas

Transportation services are provided over long-term agreements based on rates established at inception of the contract and the Company is obligated to transport and deliver natural gas and other products to the costumer from the receipt point to the delivery point, subject to a minimum/maximum.

The variable usage fee depends of the volume delivered. The stand-alone selling price is established at the inception of each contract and depends of the agreement and it's based on a regulated rate or a conventional rate.

c. Revenue from storage of natural gas

Natural gas always remains the property of the storage service clients, which pay a global rate based on two components:

i. A fixed rate, which confers the right to store natural gas at Company facilities.

ii. A rate per unit for volumes injected into or withdrawn from the storage unit.

The fixed rate component of the global rate is recorded as revenue for the period in which the service is rendered. The charge per unit is recorded as revenue when volumes are injected into or withdrawn from the storage units.

d. Revenue from administrative services

Revenue from services rendered under the management agreements generally arises as services are rendered and are recorded over time as clients receive and consume the benefits of said services. Clients are invoiced for services on the basis of a fixed annual rate and payment is generally due in one month. Certain agreements allow for the reimbursement of expenses when the Company acts as agent of affiliates, such as in cases where it manages invoicing and personnel subcontracting of other affiliates. In those cases, income is recorded net of the respective expenses incurred.

e. Revenue from natural gas distribution

Revenue is generated through the monthly distribution service charges billed to its customers. The purchase price of natural gas for the Company is based on international price indices and is transferred directly to customers. The charges for the distribution service of the ECO system are regulated by the CRE, which reviews the rates every five years and monitors the prices charged to final consumers. The current tariff structure of natural gas minimizes the market risk to which the Company is exposed, since the rates are adjusted regularly based on inflation and fluctuations in exchange rates. The adjustments due to inflation take into account the cost components incurred both in Mexico and in the U . S., so that costs incurred in the latter country can be included in the final rates.

28.3 BALANCES FROM REVENUE ARISING FROM CONTRACTS WITH CUSTOMERS

Revenue from rendering services to customers prior to expiration of the payment date is recorded as contractual assets until the remaining performance obligations are satisfied.

When payments are received prior to complying with the performance obligations associated with contracts with customers, that revenue is deferred as a contractual liability and is generally amortized in line with profits during the lifetime of the contract, provided performance obligations are met.

The following table shows the reconciliation of balances at the opening and closing of contracts with clients for Company, contractual assets and liabilities as of December 31, 2020, 2019 and 2018.

	Contracts assets	Contract liabilities
Balance as of January 01, 2020	$ –	$ (15,765)
Advance payments	–	(47,148)
Balance as of December 31, 2020 *	**$ –**	**$ (62,913)**

	Contracts assets	Contract liabilities
Balance as of January 01, 2019	$ –	$ (11,984)
Other deferred revenue adjustments	–	(3,781)
Balance as of December 31, 2019 *	**$ –**	**$ (15,765)**

	Contracts assets	Contract liabilities
Balance as of January 01, 2018	$ –	$ (834)
Other deferred revenue adjustments	–	(6,803)
Advance payments	–	(4,347)
Balance as of December 31, 2018 *	**$ –**	**$ (11,984)**

*The contract liabilities are presented in Other non - current liabilities in the Consolidated Statements of Financial Position. (See Note 18.).

a. Accounts receivable from contracts with customers

The following table shows the receivable balances associated with contracts with customers shown in the Consolidated Statements of Financial Position.

	Year ended		
	12/31/20	**12/31/19**	**12/31/18**
Accounts receivable - commercial - net	$ 98,753	$ 59,330	$ 101,038
Accounts receivable - other - net	83,833	80,077	52,611
Total	**$ 182,586**	**$ 139,407**	**$ 153,649**

28.4 PERFORMANCE OBLIGATIONS

Company revenue from contracts with customers are principally related to the generation, transfer and distribution of electricity and the transfer, distribution and storage of natural gas via our regulated public services. Likewise, other midstream services are provided as well as others pertaining to renewable energy.

The Company considers the transfer of electricity and natural gas, as well as natural gas storage services, to be continuous and integrated services. Electricity and natural gas services are generally received and consumed by the client simultaneously. Therefore, the performance obligation related to the services is met over time and represents a series of differentiated services which are substantially the same and show the same transfer-to-client pattern. Energy services and deliveries are conducted over time, as the client receives the benefits provided by the Company throughout the period in which the contract remains in effect.

Payment conditions in contracts with clients vary. There is generally an unconditional right to client payment, which expires once the performance obligation to the client has been complied with.

Therefore, there are no material contractual assets or contractual liabilities in the Consolidated Statements of Financial Position. The lapse from the date of invoicing to the expiration date is not significant, i.e., usually from 10 to 90 days.

Therefore, revenue is usually recognized when the agreed basic service has been rendered to the clients and an amount has been invoiced to the clients reflecting the consideration to which it is entitled in exchange for those services.

28.5 TRANSACTION PRICE ASSIGNED TO PENDING PERFORMANCE OBLIGATIONS

Remaining performance obligations	**In millions**
2021	$ 397
2022	401
2023	402
2024	343
2025	345
Thereafter	4,186
Total Revenues to be recognized	**$ 6,074**

No information is disclosed concerning remaining performance obligations for (a) contracts with an expected duration of one year or less, (b) revenue recorded in the amount the entity is entitled to invoice for services rendered, and (c) a variable consideration assigned to performance obligations that have remained entirely unsatisfied.

28.6 SIGNIFICANT JUDGMENTS

The Company uses the product method to record revenue from regular operations under contracts with clients related to performance obligations satisfied over time so as to determine the schedule for satisfaction of said performance obligations, as the value of the delivery of electricity or natural gas to the client can be measured directly on the basis of units delivered. In most cases, the right to the consideration of the client corresponds directly to the value transferred to the client and is recorded in income in the amount the entity is entitled to invoice.

The Company records revenue from services and from the generation of wind and electric energy at the time those services are rendered or delivered to and accepted by that client, in the terms of the programs established in each contract. Consequently, assignment of that revenue is based on independent sales prices established in the contract and on the basis of amounts incurred.

28.7 ASSETS RECORDED FOR COSTS INCURRED IN ORDER TO SECURE OR COMPLY WITH A CONTRACT WITH A CLIENT.

The Company has not recorded assets pertaining to costs incurred in order to secure or comply with a contract with clients at December 31, 2020, 2019 and 2018.

29. INTEREST INCOME

	Year ended		
	12/31/20	12/31/19	12/31/18
Interest income:			
Unconsolidated affiliates	$ 56,050	$ 41,766	$ 24,405
Bank investments	2,463	3,899	3,044
	$ 58,513	$ 45,665	$ 27,449

The following is an analysis of interest income by category of asset:

	As of		
	12/31/20	12/31/19	12/31/18
Loans and receivables	$ 56,050	$ 41,766	$ 24,405
Held-to-maturity investments	2,463	3,899	3,044
	$ 58,513	$ 45,665	$ 27,449

30. OPERATING, ADMINISTRATIVE AND OTHER EXPENSES

	Year ended		
	12/31/20	12/31/19	12/31/18
Purchased services	$ 108,462	$ 80,306	$ 101,490
Employee benefit expenses	108,383	102,441	88,231
Purchased materials	27,028	22,774	20,750
Outside services and others	(9,185)	4,804	4,048
	$ 234,688	$ 210,325	$ 214,519

Outside services and others include charges related to leases of land and buildings with low value and less than one year.

31. OTHER (LOSSES) GAINS, NET

	Year ended		
	12/31/20	12/31/19	12/31/18
Net foreign exchange gains (losses) (a)	$ (32,650)	$ 27,116	$ (6,104)
Net (losses) gains arising on derivative financial instruments (b)	(316)	(1,364)	3,415
Other (losses) gains	1,202	(133)	2,697
	$ (31,764)	$ 25,619	$ 8

a. A foreign exchange gain (loss) by $(43.7), $29.9 and $(2.9) million for the years ended December 31, 2020, 2019 and 2018, on a peso-denominated inter-affiliate loan granted to IMG for the development of the South Texas - Tuxpan marine pipeline project for our proportionate share of the project´s financing is included. (Please refer to Note 10.2.).

b. The amount represents a change in FV arising from the cross currency swaps, interest rates swaps and foreign exchange forwards and the related settlements. (Please refer to Note 23.).

32. FINANCE COSTS

	Year ended		
	12/31/20	12/31/19	12/31/18
Interest	$ (135,185)	$ (124,804)	$ (104,711)
Capitalized interest (a)	26,911	22,454	10,746
Decommissioning liabilities accretion expense	(3,013)	(2,803)	(2,552)
Other finance costs	(8,919)	(7,403)	(8,615)
Interest on loans from unconsolidated affiliates	(14,900)	(10,972)	(17,747)
Lease liabilities interest	(9,213)	(9,321)	–
	$ (144,319)	$ (132,849)	$ (122,879)

a. Please refer to Note 14., for the capitalized interest on qualified assets.

33. DEPRECIATION AND AMORTIZATION

	Year ended		
	12/31/20 (Note 13, 14, 37)	12/31/19 (Note 13, 14, 37)	12/31/18 (Note 13, 14, 37)
Depreciation of property, plant and equipment	$ 140,780	$ 133,682	$ 126,839
Rights-of-use assets amortization	10,962	11,777	–
Other assets amortization	10,230	10,340	10,318
Total depreciation and amortization expense	$ 161,972	$ 155,799	$ 137,157

34. EARNINGS PER SHARE

34.1. BASIC EARNINGS PER SHARE

	Year ended		
	12/31/20	12/31/19	12/31/18
Basic and diluted earnings per share	$ 0.31	$ 0.31	$ 0.28

34.2. BASIC AND DILUTED EARNINGS PER SHARE

The earnings and weighted average number of shares used in the calculation of basic and diluted earnings per share are as follows:

	Year ended		
	12/31/20	12/31/19	12/31/18
Earnings from continuing operations used in the calculation of basic and diluted earnings per share	$ 462,115	$ 468,241	$ 430,592
Weighted average number of shares for the purposes of basic and diluted earnings per share	1,504,052,723	1,530,116,250	1,533,857,145

The Company does not have potentially diluted shares.

35. COMMITMENTS

35.1. SALES COMMITMENTS

a. **GRO.** Entered into Firm Transportation Service Agreements ("FTSAs") with eight customers. Under the FTSAs, the Company is committed to provide firm natural gas transportation service up to certain daily quantities of natural gas, defined as Maximum Daily Quantities ("MDQ") measured in dekatherms per day ("Dth/d"). The FTSAs establish a transportation service rate which can be a conventional rate or a regulated rate. Such rates are applied to customer's reserved daily transportation capacity. Conventional rates typically remain fixed during the term of the contract. The regulated rates are adjusted annually for inflation and other factors per regulations and the CRE authorization. The range of effective periods and the agreed-upon MDQ for each agreement described above are from 5 to 25 years and from 800 to 1,307,000 Dth/d, respectively.

b. **TGN.** Entered into FTSAs with two clients. Through FTSAs the Company commits to surrender transportation services up to a certain daily amount of natural gas. The FTSAs establish conventional or regulated transportation rates.

c. **ECA.** TThe Company has a Firm Storage Services Agreement ("FSSA") for 50 percent of the LNG Terminal's capacity to a third party for 20 years commencing in May 2008. As of April 2009, the customer assigned a portion of its contracted capacity to another independent third party. The other 50 percent of the capacity is a FSSA with a related party IEnova Marketing for 20 years.

The Company built a nitrogen facility to provide nitrogen injection services to agreed storage capacity parties. Agreement terms were embedded into the LNG Terminal's FTSAs with same period term of 20 years. This plant started operations on December 22, 2009.

d. **GAP.** Entered into a 25 years capacity contract with CFE corresponding to segment Sasabe Guaymas, which started operations in December 2014 and has a capacity of 793,100 Dth/d.

The Company, entered into a 25 years capacity contract with CFE related to next segments:

	Sasabe Puerto Libertad	Puerto Libertad Guaymas	San Isidro Samalayuca	Guaymas El Oro	Ojianga El Encino
Capacity	793.1 Dth/d		1,169.02 Dth/d	525.3 Dth/d	1,396.7 Dth/d
Started Operation	1/10/2015	1/8/2015	31/3/2017	19/5/2017	30/6/2017
Zone	Sonora		Chihuahua	Sonora y Sinaloa	Chihuahua

The Company entered into a 21 years capacity contract with CFE corresponding to segment El Ramal Empalme which started operations in June 2017 and has a capacity of 232.8 Dth/d. This agreement was executed on May 5, 2016.

The Company has entered into Interruptible Transportation and Compression of natural gas Service Agreements ("ITSAs") with Shell Trading Mexico, S. de R. L. de C. V. Under the ITSAs, the Company is committed to provide interruptible natural gas transportation service up to 1,000 Dth/d defined as MDQ. The ITSAs establish a transportation service rate which has to be approved by CRE. This agreement was executed on May 15, 2017 and will continue in full force until May 15, 2022.

The Company has entered into ITSAs with Union Energetica del Noroeste, S. A de C. V. Under the ITSAs, the Company is committed to provide interruptible natural gas transportation service up to 3,600 Dth/d defined as MDQ. The customer will pay the regulated fee applicable in accordance with the latest publication by the Official Gazzete of the Federation and according to the modifications approved by the CRE. This agreement will be valid as of the date on which the customer notifies to GAP that is ready to start the natural gas tests and will be in force until such tests are concluded. This agreement was executed on January 4, 2017.

e. **IEnova Pipelines.** The Company has entered into ITSAs with two customers. Under the ITSAs, the Company is committed to provide interruptible natural gas transportation and compression service up to certain daily quantities of natural gas, defined as MDQ measured in Gigacalories per day ("Gcal/d"). The ITSAs establish a transportation and compression service rate published in the Official Gazette of the Federation in accordance with the applicable regulations. The range of effective periods and the agreed-upon MDQ for each agreement described above are from one to three years and from 3,822 to 10,000 Gcal/d respectively. The agreements were executed on April 19, 2017 and will continue in full force until April 30, 2020, respectively.

On February 15, 2001, entered into a contract with to increase the maximum daily capacity of natural gas transportation to Chihuahua, by adding a natural gas compression system. The contract term is 20 years, commencing on November 12, 2001 (date of commencement of commercial operation of the station), with the right of renewal for additional five years. The maximum daily capacity covered by this contract is 60 MMCFPD.

On October 22, 2014, entered into a natural gas transportation services contract, under the TF-1 firm transport service scheme with CFE for a firm base reserved capacity of 100 MMCFPD with a regulated rate. After December 31, 2014, the amendments extend the maturity with automatic renewals of one-year period.

On October 22, 2014, entered into an agreement to provide natural gas transportation service under the TI-1 interruptible transport service scheme to CFE for an interruptible capacity of 72 MMCFPD with a regulated rate. After December 31, 2015, the amendments extend the maturity with automatic renewals of one-year period.

On October 31, 2014, entered into a natural gas transportation services contract, under the TI-2 interruptible transport service scheme with CFE for an interruptible capacity of 50 MMCFPD with a regulated rate. After December 31, 2014, the amendments extend the maturity with automatic renewals of one-year period.

On September 28, 2016, entered into a fifth natural gas transportation services amending agreement, under the TF-1 firm transport service scheme with Pemex TRI signed on December 11, 2009, for a firm base reserved capacity of 40 MMCFPD with a regulated rate. After December 31, 2017, the amendments extend the maturity with automatic renewals of one-year period. This agreement is currently in effect with Pemex TRI.

On September 28, 2016, entered into a fifth natural gas transportation services amending agreement, under the TI-1 interruptible transport service scheme with Pemex TRI signed on December 11, 2009 for an interruptible capacity of 80 MMCFPD with a regulated rate. After December 31, 2017, the amendments extend the maturity with automatic renewals of one-year period. This agreement is currently in effect with Pemex TRI.

On September 28, 2016, entered the into a fifth natural gas transportation services amending agreement, under the TI-2 interruptible transport service scheme with Pemex TRI signed on December 11, 2009 for a interruptible capacity of 80 MMCFPD with a regulated rate. After December 31, 2017, the amendments extend the maturity with automatic renewals of one-year periods. The agreement is currently in effect with Pemex TRI.

On December 16, 2014, entered into a second natural gas transportation services amending agreement, under the TI-1 interruptible transport service scheme with Energia Chihuahua signed on December 21, 2012, for an interruptible capacity of 80 MMCFPD. After December 31, 2015, the amendments extend the maturity with automatic renewals of one-year period.

On February 17, 2012, signed a service contract to LPG storage with Pemex TRI. This contract provides base storage capacity reserved of 4,470 MMCFPD to 30,000 Bbld. The contract term is 15 years with a conventional rate, which represents the rate regulated by the CRE minus 1.2 percent. This contract was given in all rights and obligations, together with all attachments to TdN, by signing an amendment agreement dated on June 18, 2012, between IEnova Pipelines, TdN and Pemex TRI.

f. **GAP.** In October 2012, was awarded by the CFE with two contracts to build and operate an approximately 835 Km (500 miles) natural gas pipeline network connecting the northwestern Mexican states of Sonora and Sinaloa (“Northwest gas pipeline”, also known as the “Sonora Pipeline”) to the U.S. interstate pipeline. The Northwest gas pipeline will comprised of two segments; the first one is for an approximate length of 505 Km, 36-inch diameter pipeline with 770 MMCFPD of transportation capacity; and the second one, is for an approximate length of 330 Km, 30-inch pipeline with 510 MMCFPD of transportation capacity. The estimated price per MMCFPD is approximately $250.0. The Company estimates the total cost of the Northwest gas pipeline will be $1.0 billion. The capacity of the Northwest gas pipeline is fully contracted by CFE under two 25-years firm contracts denominated in U.S. Dollars.

   In order to ensure compliance, during the construction stage and up to the scheduled date of commercial operation of the Northwest gas pipeline, GAP issued 2 irrevocable standby credit letters, for $90.0 million and $65.0 million with CFE as beneficiary, with term of one year, which can be extended automatically for annual periods until November 30, 2039 and until October 31, 2041, respectively.

g. **La Rumorosa solar project.** Entered into an Electricity SPA with CFE for 15 years and has a contracted energy of 114,115.9 MWh by year and shall take effect from COD which is on June 15, 2019; the contract was executed on January 20, 2017.

   The Company, signed a CEC SPA with CFE for 20 years. During this period ESJH acquired the obligation to sell to CFE 117,064 CEC per year. This commitment took effect on June 1, 2019, the contract was executed on January 20, 2017.

h. **Tepezala solar project.** Entered into an Electricity SPA with CFE for 15 years and has contracted energy of 278,357.76 MWh per year and it took effect on October 6, 2019 (COD), the contract was executed on January 20, 2017.

The Company entered into an Power SPA with CFE for 15 years and has a contracted power of 10 MW per year and it took effect on October 6, 2019 (COD), the contract was executed on January 20, 2017.

The Company signed a CEC with CFE for 20 years, during this period ESJRI acquired the obligation to sell to CFE 285,606 CEC per year, this commitment took effect on October 6, 2019 (COD), the contract was executed on January 20, 2017.

On August 25, 2020, a modification agreement was signed to the electricity purchase and sale contracts, electricity, power and CEC with CFE for the modification of the date of commencement of commercial operations as of July 21, 2020. The duration of these contracts as well as the annual energy, power and CEL's commitments contracted were not modified.

i. **Pima solar project.** Entered into an electricity, power and CEC with De Acero, this contract was executed on March 24, 2017 and will have a duration of 20 years starting on April 1, 2019.

Must deliver for each contract year at least the amount of CEC corresponding to the guaranteed Energy that will be one CEC per MWh and is obligated to transfer the net power of the power plant which is 110 MW.

On December 23, 2019, PIMA and De Acero signed an agreement to terminate the contract signed on March 24, 2017 and in turn the parties signed a new contract for the sale of electricity and CEC with a term of 19 years from the date of commencement of commercial operations which was as of January 1, 2020, in this contract the obligation is established to transfer the energy of the plant equivalent to 100MW and to deliver at least the amount corresponding to the energy guarantee of one CEC per MWh.

j. **Marine terminal Veracruz project.** The Company executed the services agreement with Valero dated as of July 29, 2017. With effect since the COD, the Company will provide to the customer the terminal services for the reception, storage and delivery of refined products. The COD is expected to take place in April 2020 and include 2,100,000 barrels of shell storage capacity. The initial term of this agreement shall commence on the COD and shall run for a period of 10 years.

On March 19, 2021, the Company formally declared the start of commercial operation.

k. **Puebla in-land terminal project.** The Company executed the services agreement with Valero dated as of July 29, 2017. With effect since the COD, the Company will provide to the customer the terminal services for the reception, storage and delivery of refined products. The COD shall mean, among others, has tankage availability of 650,000 barrels of shell capacity. The parties expect the COD to occur during second quarter of 2021. The initial term of this agreement shall commence on the COD and shall run for a period of 10 years.

l. **Estado de Mexico in-land project.** The Company executed the services agreement with Valero dated as of July 29, 2017. With effect since the COD, the Company will provide to the customer the terminal services for the reception, storage and delivery of refined products. The COD shall mean, among others, has tankage availability of 650,000 barrels of shell capacity. The parties expect the COD to occur during second quarter of 2021. The initial term of this agreement shall commence on the COD and shall run for a period of 10 years.

m. **IEnova Marketing.** On July 1, 2018, entered into a contract with CFE, for supply natural gas at the delivery points from an LNG Storage Plant, the contract ends on December 31, 2022, equivalent to 14.5 years.

The Company has entered into a base contract for SPA of natural gas (the "Base Contract"), through this contract IEnova Marketing celebrated a Supply Agreement with several clients to supply natural gas. The terms and conditions of the Supply Agreement are variable for each customer. As of December 31, 2017, IEnova Marketing support seven ongoing supply agreements with contract terms less than 5 years.

On July 1, 2015 entered into natural gas SPA with SLNGI, transfering 65 percent of profits and losses under the compensation scheme dated August 3, 2018. The agreements end on August 30, 2029.

On February 1, 2013, entered into a Scheduling Agreement with SG&PM; the agreement ends on December 31, 2022. The objective of the agreement is to engage in the service of SGEN to supply natural gas at the delivery points of SG&PM.

On January 1, 2013 and September 1, 2014 the Company signed two natural gas purchase contracts with SLNGI. The agreements end on August 20, 2029 and December 31, 2022 respectively. The acquired annual capacity are 188,000,000 MMBtu/year and 400 MMBtu/year respectively.

n. **GdT.** Executed a natural gas compression and transport service contract with Pemex Gas y Petroquimica Basica, now Pemex Transformacion Industrial. Such contract was signed on December 19, 2001 and stipulates a capacity of 1,000 MPCD of natural gas. The contract provides for a conventional rate as established in the natural gas regulations of the CRE. The contract duration is 20 years, computed as of November 12, 2003 (COD). On January 1, 2016, this agreement was transferred to CENAGAS.

o. **GdN.** On July 19, 2013, entered into an agreement to provide natural gas transportation services to Pemex Gas y Petroquimica Basica, now Pemex Transofrmacion Indistrial. The agreement has a term of 25 years from COD the system with a regulated rate. This contract is under scheme firm transport capacity reserved of 2,100 MCFD. This contract was transferred to CENAGAS on January 1, 2016.

p. **DEN.** On December 15, 2014, entered an agreement with TAG to provide O&M services.

This agreement expires in 25 years from the pipeline commercial operations.

On January 1, 2016, entered an agreement with TAG to provide commercial services for a period equal Natural Gas Transport Permit G/335/TRA/2014 in favor of TAG, starting from the firm contract date.

q. **Ventika.** During 2014, entered into a 20-years contract with their customer's partners to sell 100 percent of the renewable energy produced from the wind energy project. Such agreement commenced in April 2016 once Ventika started commercial operations.

r. **TDF.** On December 15, 2005, entered into a LPG transport service contract with Pemex TRI, under firm base capacity reserved of 4,470 MMCFPD equivalent to 30,000 Bbld. This agreement expires 20 years after COD.

s. **GdS.** On December 13, 2012, entered into an ethane gas transportation services contract with Pemex TRI. The contract duration is 21 years with a conventional rate. The contract is under the firm transport service scheme for a firm base reserved capacity of: Segment I Cangrejera- Complejo Etileno XXI 33,000 BPD, Segment I Complejo Etileno XXI-Cangrejera 29,500 BPD, Segment II Nuevo Pemex Km 3 66,000 BPD, Segment II Cactus-Km 3 38,000 BPD, Segment II Km 3-Complejo Etileno XXI 95,500 BPD and Segment III Cd. Pemex-Nuevo Pemex 105,600 BPD.

t. **Wind power generation facility.** On November 16, 2017, the Company through Energia Sierra Juarez 2 U. S., LLC, its wholly owned subsidiary, executed a 20-year PPA with SDG&E, a IEnova's unconsolidated affiliate. The contract will be supplied through a new wind power generation facility that will be located in the municipality of Tecate in Baja California, Mexico. The project will have a capacity of 108 MW. This contract was assigned by Energia Sierra Juarez 2 U. S., LLC to Energia Sierra Juarez 1 U. S., LLC on March 2019. The beginning of commercial operations is expected to occur on July 19, 2021.

u. **Don Diego Solar.** On February 28, 2018, the Company executed a 15-years electricity supply contract with various subsidiaries of Liverpool, with a term of 15 years from the COD, the contracted energy is 150,000 MWh per year.

On April 12, 2019, an electricity supply contract was signed with Minera Autlán with a term of 15 years from the start of commercial operation, the contracted energy is 175,000 MWh per year.

On August 2, 2019, an electricity supply contract was signed with various subsidiaries of Scotiabank Inverlat with a term of 15 years from the start of commercial operation, the contracted energy is 18,134.44 MWh per year.

The electricity will be generated by a new solar power plant that will be located in the municipality of Benjamin Hill in the State of Sonora, Mexico with a capacity of 125 MW. The plant started operations in December 2020 and the beginning of commercial operations is expected to occur in the second half of 2021.

v. **Marine terminal, Baja California, Mexico.** On April, 2018, the Company signed a long-term contract with Chevron, for approximately 50 percent of the terminal's storage capacity for a period of 15 years.

On March 14, 2018, the Company executed a second long-term contract for the storage and delivery of hydrocarbons with BP, for the remaining 50 percent of the terminal's storage capacity for a period of 10 years.

w. **Marine terminal in Topolobampo, Sinaloa, Mexico.** In September and October 2018, the Company announced the execution of two long-term, U. S. dollar-denominated, contracts with subsidiaries of Chevron and Marathon for the storage and delivery of refined products, primarily gasoline and diesel, at the terminal, for the receipt, storage and delivery in Topolobampo, Sinaloa, Mexico. The agreements will allow Chevron and Marathon to each utilize approximately 50 percent of the terminal's initial one million barrels of storage capacity. Its term in Chevron is 15 years and with Marathon 10 years.

x. **Marine terminal in Manzanillo, Colima, Mexico.** On September 26, 2018, the Company executed a long - term contract with Trafigura, for 740 thousand barrels, equivalent to 50 percent of the terminal's storage capacity.

y. **LNG project.** In April 2020, ECAL executed definitive 20-year LNG sale and purchase agreements with Mitsui & Co., Ltd. and an affiliate of TOTAL S.A. for approximately 0.8 Mtpa of LNG and 1.7 Mtpa of LNG, respectively. Each agreement remains subject to certain customary conditions of effectiveness.

z. **Border Solar.** On July 10, 2019, the company signed a contract with several subsidiaries of the Liverpool group for a period of 15 years from the start of commercial operation, the contracted energy is 85,000 MWh per year.

On September 15, 2019, an electricity supply contract was signed with several subsidiaries of the Círculo CCK group with a term of 15 years from the start of commercial operation, the contracted energy is 117,000 MWh per year.

On October 4, 2019, an electricity supply contract was signed with Envases Universales de México with a term of 10 years from the start of commercial operation, the contracted energy is 228,000 MWh per year.

On December 10, 2019, an electricity supply contract was signed with several subsidiaries of the Cementos de Chihuahua group with a term of 15 years from the start of commercial operation, the contracted energy is 40,000 MWh per year.

The electrical energy will be generated in a solar power plant located in Ciudad Juárez, Chihuahua, Mexico, with a capacity of 150MW. The date of commercial operation is estimated to be early 2021.

35.2. PURCHASE COMMITMENTS

a. **TDM.** On May 31, 2019, the Company signed a services agreement ("CSA") for the gas and steam turbines maintenance, it includes the replacement of pieces and a termination date of 10 years. Payments under this contract in 2020 and 2019 were $5.9 and $6.1 million, respectively. Future contractual cash payments are as follows:

Year		Amounts
2021	$	5,640
2022		6,160
2023		2,000
Thereafter		6,500
	$	**20,300**

b. **ECA.** Entered into a service agreement with Turbinas Solar, S. A. de C. V. ("Turbinas Solar") which provides extended service and maintenance for five gas turbines. As of April 2014, Turbinas Solar assigned this agreement to Turbinas Solar. The agreement establishes two main types of services: a monthly fee covers operational support and extended product warranty for $124.4 million and a variable cost based on turbine usage, expensed as incurred, for major turbine maintenance, that will be capitalized and amortized over a five-year period based on its estimated useful life. The term of the agreement is 60-months starting from the date of first beneficial use. During 2013, the Company renegotiated the agreement-terms until 2018; On March 31, 2018 agreement shall be extended for a period of five hundred and eighteen (518) days through August 31, 2019 and On August 16, 2019 the term of this agreement was extended until December 31, 2020.

During 2020 and 2019, payments under the agreement were $2.0 million and $1.3 million, respectively. Future contractual cash payments are as follows:

Year		Amounts
2021	$	800

During 2020, the company entered into several contracts for corrosion service and control room construction. The payments made on these contracts were $ 0.5 million. The future payments of said contracts are mentioned below:

Year		Amounts
2021	$	866
2022		528
2023		18
	$	**1,412**

c. **IEnova.** On January 1, 2013, the Company entered into an Information Technology Services Agreement with Sempra Infrastructure (formerly U.S. Gas & Power) (a related party in U.S.). Pursuant to this agreement, Sempra Infrastructure will provide certain software and information technology services, including software, support and security services. The Company pays an approximate annual rate of $6.8 million. This agreement has an initial term of five years, and for subsequent five year Renewal Terms thereafter.

d. **GdT.** On December 5, 2012, entered into an agreement with Pemex TRI through which it receives compression services based on interruptible by Pemex TRI to GdT, on investment of $4.6 million will be used for the rehabilitation of compression station 19 and Pemex TRI reinstate costs in 75 percent and only paid 25 percent to Pemex TRI. On January 1, 2016 this agreement was transferred to CENAGAS. This contract is for indefinite term.

During 2020, the company entered into several contracts, for the replacement of the PK-191 Turbocharger at the Caracol station, replacement of the PK-171 Turbine at the Los Indios station, maintenance of the PK-172 Turbocharger and major inspection. The payments made from these contracts were $5.4 million. The future payments of said contract are mentioned below:

Year		Amounts
2021	$	6,750
2022		996
	$	**7,746**

e. **TDF.** On December 15, 2005, entered into an agreement with Pemex TRI, through which it receives O&M services for liquid gas transport system. This agreement expires 20 years after COD. The agreement is currently in effect with Pemex Logistica.

During 2020 and 2019, payments were $5.2 and $5.2 million, respectively. Future contractual cash payments are as follows:

Year		Amounts
2021	$	6,166
2022		5,692
2023		5,692
Thereafter		11,384
	$	**28,934**

During 2020, the Company entered into a contract for the supply and commissioning of a TDF chromatograph. The payments made on these contracts were $ 0.2 million. The future payments of said contract are mentioned below:

Year		Amount
2021	$	2,907

f. **TdN.** On February 21, 2012, entered into an agreement with Pemex TRI, through which it provides operation and maintenance services for the LPG transportation services. This agreement expires 20 years after COD. This agreement is currently in effect with Pemex Logistica.

During 2020 and 2019, payments were $0.9 million and $3.0 million, respectively. Future contractual cash payments are as follows:

Year		Amounts
2021	$	4,651
2022		2,790
2023		2,790
Thereafter		22,789
	$	**33,020**

During 2020, the Company entered into a contract for preventive and corrective maintenance. The payments made from these contracts were $ 0.2 million. The future payments of said contract are mentioned below:

Year		Amounts
2021	$	272
2022		252
2023		21
	$	**545**

g. **GdS.** On April 16, 2014, entered into an agreement with Pemex TRI, through which it provides operation and maintenance services for the ethane gas transportation services. This agreement expires in 20.5 years after the first segment COD. This agreement is currently in effect with Pemex Logistica.

During 2020 and 2019, payments were $3.0 million and $6.2 million, respectively. Future contractual cash payments are as follows:

Year		Amounts
2021	$	18,046
2022		7,007
2023		7,007
Thereafter		75,321
	$	**107,381**

h. **Gasoductos Servicios Corporativos y de Administración, S. de R. L. de C. V. ("GSCA").** On March 30, 2017, entered into an agreement with GE Oil & Gas Products and Services, S. de R. L. de C. V. ("GE") for the maintenance of GdT's turbines. This agreement will expire upon the first occur considering the following:

a) The date upon which all covered units have reached their performance end date, or
b) Eight years from the contract effective date.

On November 19, 2019, this contract had an addendum. The estimated cost of this contract amounts to $18.2 million. During 2020 and 2019, payments were $0.6 million and $2.5 million, respectively. Future contractual cash payments are as follows:

Year		Amounts
2021	$	4,123
2022		958
2023		16
	$	**5,097**

GSCA and GdT. Entered into various O&M agreements during 2017. During 2019 and 2018, payments during the agreement were $1.0 million and $1.3 million, respectively.

i. **IEnova Marketing.** On May 1, 2008, entered into a contract with MGI Supply, LTD ("MGI"), to purchase the gas natural transportation capacity in GAP (formerly the North Baja System). The acquired capacity is 210 Dth/d. The contract term is for 14 years (ends on August 31, 2022).

On November 24, 2016, entered into a purchase natural gas capacity agreement with SG&PM, to guarantee the ongoing Supply Agreements signed with several customers. The acquired capacity is variable and the average maturity is less of 5 years.

j. **GAP Compression stations.** During 2018, the Company entered into several contracts for the construction of the project. For the year ended December 31, 2019, the payments made from these contracts were $ 22.6 million.

Year		Amounts
2021	$	2,348

k. **Software licenses.** During 2018, the Company entered into a contract for the purchase of software licenses. For the years ended December 31, 2020 and 2019, the payments derived from said contract were $0.9 and $4.7 million, respectively. Net future payments under this contractual commitment are as follows:

Year		Amounts
2021	$	1,100
2022		880
2023		880
	$	**2,860**

l. **Tepezala solar project.** During 2018, the Company entered into several contracts for the project. During 2020 and 2019, payments under these contracts were $8.9 and $59.8 million, respectively. Net future payments under these contractual commitments are as follows:

Year		Amounts
2021	$	2,348

During 2018, the Company entered into contracts for the assignment of permit rights and road rights related to the project. During 2020 and 2019, payments under these contracts were $1.9 and $0.4 million, respectively. There are no additional material future payments.

During 2018, the Company started several parcel land purchase negotiations for the site on which the project will be constructed. During 2020 and 2019, payments under these contracts were $0.3 million. Net future payments under these contractual commitments are as follows:

Year		Amounts
2021	$	352
2022		352
2023		352
Thereafter		5,206
	$	**6,262**

m. **Border Solar project Construction.** During 2019 the Company entered into several contracts for the construction of the solar facility in Cd. Juarez. During 2020 and 2019, payments under these contracts were $101.0 million and $28.0 million. Net future payments under these contractual commitments are as follows:

Year		Amounts
2021	$	6,208

On October 31, 2019 the Company has signed an Energy Transformers agreement to acquire some power transformers for substation at the solar facility, includes all licenses, fees, taxes, charges for packing or transport, freight and related services applicable. Net future payments under this contractual commitment will be $1.5 million.

n. **Don Diego Solar project.** During 2019 the Company entered into several contracts for the construction of the solar facility in Benjamin Hill Sonora. During 2020 and 2019 the payments under these contracts were $6.7 million and $97.3 million. Net future payments under these contractual commitments are as follows:

Year		Amounts
2021	$	2,647

o. **Sonora Compression Station Projects.** During 2019, the Company, entered into several contracts for the engineering, procurement and construction of natural gas compression station in Pitiquito Sonora, for an amount of $ 64.6 million, this for one-year period. During 2020 and 2019, payments under these contracts were $27.6 and $3.6 million. Net future payments under these contractual commitments are as follows:

Year		Amounts
2021	$	11,479

p. **rprise Resource Planning ("ERP") project.** During 2019, the Company entered into several contracts for services derived from the implementation of the new ERP system "SAP and implementations", the contract was signed on June 27, 2019 with no expiration date. The ERP implementation "SAP" has master data service, licenses, advisory services.

During 2020 and 2019, payments under these contracts were $7.8 million and $8.1 million, respectively. Net future payments under these contractual commitments are as follows:

Year		Amounts
2021	$	4,900
2022		1,825
2023		1,625
Thereafter		38
	$	**8,388**

q. **Terminals.** During 2018, the Companies of the liquid segment entered into several contracts for the construction of the terminal projects. During 2020 and 2019 the payments under these contracts were $234.4 million and $174.02 million, respectively and future payments are as follows:

Terminal Description		2021
Puebla in-land project	$	21,599
Estado de Mexico in-land project		21,544
Veracruz marine terminal project		13,769
Baja Refinados project		1,175
Manzanillo terminal project*		205,638
Topolobampo terminal project		71,782
	$	**335,507**

* Amount and term are in accordance with the original provisions, which currently are under review.

r. **DEN project.** During 2019, the Company entered into two right of ways agreement; considering starting date December 23, 2019, first agreement expires in two-years and the second one on January 2, 2019, this agreement expires in one-year, related to the project construction. During 2020 and 2019, payments under these contracts were $0.6 million and $3.0 million. Net future payments under these contractual commitments are as follows:

Year		Amounts
2021	$	224

During 2020, the Company entered into various maintenance contracts for the project. The payments under these contracts were $ 0.3 million. The future payments of said contracts are mentioned below:

Year		Amounts
2021	$	767
2022		470
	$	1,237

s. **GI.** During 2020, the Company entered into 2 contracts with CEMEX for the assignment of rights for services with Ventika and Ventika II. The payments made from these contracts were $ 2.5 million. The future payments of said contract are mentioned below:

Year		Amounts
2021	$	5,000

36. CONTINGENCIES

36.1 MATTERS RELATED WITH TAX AUTHORITIES

Additional income taxes payable could arise in transactions with related parties if the Mexican Tax Authority (Servicio de Administracion Tributaria, "SAT" by its initials in Spanish), during a review, believes that prices and amounts used by the Company are not similar to those used with or between independent parties in comparable transactions.

36.2 TAX LABOR AND SOCIAL SECURITY REFORMAS

Tax legislation in Mexico has undergone various modifications so there is no guarantee that the legal regime, including, but not limited to, in tax matters will not undergo modifications in the future. Among the changes and considerations we have the following:

a. On December 8, 2020, the Decree by which various provisions of the Income Tax Law, the Value Added Tax Law and the Tax Code of the Federation (the "Tax Reform"), which entered into force on January 1, 2021. Among the main changes are the following:

i. Income Tax

- Several modifications are made to the regime applicable to authorized donees, among them that various entities that pay taxes under the regime of legal entities for non-profit purposes must have an authorization to receive deductible donations.

- The withholding rates applicable to individuals who obtain income through technological platforms are modified. Likewise, the sanction provided for in the Value Added Tax Law is approved in the event of non-compliance with the obligations to withhold and pay income tax.

ii. VAT

- It is established as a sanction to foreign technology platforms that when they incur serious tax omissions, they can block Internet access to their services.

iii. Federal Tax Code

- With respect to the general anti-abuse rule included in article 5-A of the Federal Tax Code, it is clarified that the resolution that derives from the application of said article must be limited to the determination of a tax credit derived from the reclassification of operations from the fiscal point of view, without implying that said resolution determines criminal consequences for taxpayers.

- New assumptions are added for which the certificates issued by the Tax Administration Service ("SAT") will be definitively canceled, for example, when the tax authorities detect that the taxpayer issuing digital tax receipts did not disprove the presumption of nonexistence of the operations covered by said vouchers and, therefore, it is definitely in that situation under the terms of the fourth paragraph of article 69-B of the Federal Tax Code.

- Refund requests will not be considered submitted when the taxpayer, or the address indicated by him, are not located before the Federal Taxpayers Registry. The term that the authorities have to notify taxpayers regarding the resolution extends from ten to twenty business days.

- It was approved to establish within the assumptions that conform to the accounting that the taxpayer must keep for all the time in which the company or contract in question subsists, the information and documentation necessary to implement the agreements reached as a result of the procedures resolution of controversies contained in the treaties to avoid double taxation.

- Likewise, to support the information contained in the meeting minutes in which the capital increase is recorded, it is established that the information and supporting documentation of said increase must also be available, such as bank statements, appraisals made, minutes containing capital reserves or decreed dividends, as well as the corresponding accounting records.

- In the case of the capitalization of liabilities, it was also approved that the meeting minutes should be kept in which said acts are recorded, as well as the documents that certify the accounting existence and the value of the liability, documents that must meet the requirements for such effects issued by the SAT through general rules.

- The adoption of a conclusive resolution may only be requested from the beginning of the powers of verification and up to within twenty days after the one in which the final act has been drawn up, the notice of observations or the provisional resolution is notified, depending on the case.

b. On December 31, 2018, the Decree of fiscal incentives for the Northern Border Region (the Decree) was published in the Official Gazette of the Federation, which entered into force as of January 1, 2019, which had an original validity. of two years, 2019 and 2020. However, its validity was extended until December 31, 2024 through the Decree that modifies the various tax incentives for the northern border region published in the Official Gazette of the Federation on 30 December 2020.

   The purpose of the Decree is to strengthen the economy on the northern border of the country, stimulate and encourage investment, promote productivity and contribute to the creation of sources of employment. Said Decree establishes fiscal incentives in ISR and VAT, applicable to those who have their fiscal domicile, branches or establishments in the northern border region. The stimuli consist of the following:

   i. A tax credit for the equivalent of one third of the ISR for the year or provisional payments related to the income obtained in the region, except those derived from intangible assets and digital commerce.

   ii. A 50% reduction in VAT for the sale of goods, provision of services and temporary use or enjoyment of goods delivered materially or services provided in the region, except for the sale of real estate and intangibles and the provision of digital content.

The Company evaluated the accounting and fiscal impact of the 2020 Tax Reform on its financial information and concluded, based on the facts and circumstances as of the date of the authorization of the Consolidated Financial Statements as of December 31, 2020, that they were not significant impacts as of that date. However, the Administration will subsequently evaluate the facts and circumstances that will change in the future, especially due to the particular rules that the tax authorities will issue or the interpretation and recently on the application of the Reform.

c. On November 12, 2020, the Federal Executive presented a bill before the Congress of the Union that contains various reforms to the Federal Labor Law ("LFT"), Social Security Law ("LSS"), Law of the Institute of National Housing Fund for Workers ("LINFONAVIT"), Federal Tax Code ("CFF"), Income Tax Law ("LISR") and the Value Added Tax Law ("LIVA"), with the aim of regulating the labor subcontracting regime ("outsourcing") in our country.

   In general, the proposal consists of the following:

   - Outsourcing schemes would be prohibited by law.

   - As the only exception, it is established that the provision of specialized services or the execution of specialized works, which are not part of the corporate purpose or the economic activity of the beneficiary of the services, will not be considered subcontracting of personnel.

   - The contractor must obtain an authorization from the Ministry of Labor and Social Welfare to operate as a provider of specialized services.

   - Economic sanctions are established for employers who benefit from outsourcing and fail to comply with the law.

   - For tax purposes, it is established in a general way that the tax receipts that have been issued may not have tax effects due to the subcontracting of personnel.

   - The contractors of the aforementioned specialized services will be jointly liable for the contributions paid by the contractor.

   - It is proposed to establish as qualifying for the commission of the crime of tax fraud and its equivalents, the use of simulated schemes for the provision of specialized services or the execution of specialized works, as well as the execution of the subcontracting of personnel.

   - The amount of employee participation in profits (PTU) that is paid to workers will have a maximum limit of three months of the worker's salary or the average of the participation received in the last three years; the amount that is most favorable to the worker will be applied.

   - It is expected that the reform will be published in the Official Gazette of the Federation on May 1, 2021 and will enter into force the day after its publication.

36.3 JUDICIAL, ADMINISTRATIVE OR ARBITRAL PROCEEDINGS

The Company may become involved in litigation and administrative proceedings relating to claims arising out of its operations and properties. These may include claims filed by suppliers and customers, federal, state or local governmental authorities, including tax authorities, neighboring residents and environmental and social activists, as well as labor disputes. Other than as described below, there are no material governmental, legal or arbitration proceedings against the Company which may have a material adverse effect on its business, financial position or results of operations:

a. *Motions for review (recurso de revision) against MIA of the ECA Terminal, filed by Castro, Valdez y Palafox. In May 2003, Hiram Castro Cruz and Roberto Valdez Castañeda ("Castro and Valdez"),* jointly, and Monica Fabiola Palafox ("Palafox"), acting individually filed *motions for review* before the Ministry of the Environment and Natural Resources *(Secretaria de Medio Ambiente y Recursos Naturales, SEMARNAT) t*o challenge the issuance of the MIA to the ECA Terminal granted in April 2003, based on allegations similar to IVG's allegations. SEMARNAT dismissed the motions and the plaintiffs filed before the Federal Court of Tax and Administrative Justice *(Tribunal Federal de Justicia Fiscal y Administrativa, TFJFA),* in Mexico City, motions for annulment against the respective rulings. In January 2006 and May 2013, the TFJFA issued the judgments declaring null and void the rulings through which SEMARNAT dismissed the motions for annulment ordering SEMARNAT to issue new rulings in the terms set forth in such judgments. In the case of Castro and Valdez, SEMARNAT admitted the motion and in January 2012 it issued a resolution ratifying the validity of the MIA. In March 2012, Valdez filed before the TFJFA a motion for annulment against the ruling issued by SEMARNAT and ECA filed before the Collegiate Circuit Court for the Federal District, a motion against the ruling whereby the TFJFA ordered the admittance of the motion filed by *Valdez*. In the case of Palafox, SEMARNAT has not issued its resolution on the MIA yet. The management of the Company deems that the claims of Castro, Valdez and Palafox are unfounded. It still pending of resolution.

b. *Saloman Arya Furst and Abraham Hanono Raffoul filed* before the Unitary Agrarian District Court of Ensenada a claim against the Ministry of Agrarian Reform (*Secretaria de la Reforma Agraria*), ECA and other 20 defendants. The purpose of such claim is to procure a declaration of nullity of the property rights granted by the National Agrarian Registry regarding some plots of land where ECA's Terminal is located, as well as the return of another plot which allegedly is located in the same place, based on the argument that the property titles issued in favor of the ECA's former owners were issued improperly and without considering the existing property rights of such immovable property. In September 2011, was held a definitive hearing on the subject, where the plaintiffs offered evidence to extend their claim. The judge did not admit the evidence, and before issuing the judgment, the plaintiffs filed a constitutional claim against the refusal of the judge to the admittance of the evidence. The action of the judge is suspended by the constitutional claim, and, the constitutional trial cannot continue until the Court serves notice of the civil claim to the other defendants, which has not happened. The Company deems that the claim is ungrounded.

After several adjourned hearings, on June 9, 2015, the parties were duly notified of these proceedings. On that same date, the hearing was held, during which the disputed issues were set and the evidence of all the parties was offered. Given the amount of evidentiary material, the Court reserved the right of study and assessment thereof to subsequently set a new date of hearing. It was held on September 2015, where there was no resolution, later it was programmed the relief of an expert test in the field for the November 3, 2016. This test was released and to the date was submitted to the Agrarian Court.

On November 3, 2017, a diligence for inspection and study in the field was carried out by various experts offered by the litigants. To date all experts have surrendered their respective opinions. The Agrarian Court has ordered the issuance of an expert opinion of a third party in dispute and is requesting the Superior Agrarian Court, the appointment of an expert for this purpose. It still pending of resolution.

c. Amparo trial filed by TAG Pipelines Norte against the Closing of the MLV2211 valve, of the Los Ramones Phase II North Pipeline, made by the Municipality of Dr. Arroyo, Nuevo Leon, for the alleged lack of the Building Use License, derived from an alleged inspection ordered in official letter 001/2019 dated February 21, 2019, carried out on February 25, 2019. TAG Pipelines Norte promoted Amparo Trial before the Third Court of Distrito. in Administrative Matters in Monterrey, Nuevo Leon, whose amparo notebook is 413/2019, the responsible authorities being the Municipal President of Dr. Arroyo, the First and Second Trustees of said Municipality, and the Secretary of Urban Development and Public Works. It is noteworthy that on October 8, 2019, the Municipality of Aramberri, Nuevo Leon, at the request via exhortation, of the Municipality of Dr. Arroyo Nuevo Leon, notified TAG Pipelines Norte of the Resolution contained in official letter number 090/2019, dated March 29, 2019, due to the lack of building use license, through which it intends to impose a Tax Credit. Resolution 090/2019 of March 29, 2019, it is fought through a nullity trial before the Administrative Litigation Court based in Monterrey, Nuevo Leon, which claim was filed on October 18, 2019, which process continues.

d. On October 8, 2019, the Municipality of Aramberri, Nuevo Leon, notified TAG Pipelines Norte of the resolution contained in official letter number 122/2019, dated March 29, 2019, for allegedly not having fully covered various contributions such as land use permit, approval of construction plans, and lack of building use license, through which it intends to impose a tax credit. Resolution 122/2019 of March 29, 2019, it is fought through a nullity trial before the Administrative Litigation Tribunal based in Monterrey, Nuevo Leon, which claim was filed on October 18,2019, which process continues.

e. Federal Injunction case number 603/2018 at the 9th District Court with residence in Ensenada, B.C. filed by Bajamar Homeowners Association, against the permits issued by the federal government, to build and operate a natural gas liquefaction terminal. ECAs was recently served. The constitutional hearing is set for February 24, 2020. The Judge denied the definitive suspension of the acts claimed, which was appealed by the plaintiff. The Collegiate Court granted the suspension. A counter-guarantee was requested, so that the suspension is null and void, which was denied by the Judge, and we will appeal said refusal which is pending of resolution.

f. Amparo lawsuit filed on February 12, 2020 by IEnova Marketing, S. de R.L. de C.V. ("IEnova Marketing"), ECAL, Ecogas Mexico, S. de R.L. de C.V. and Termoelectrica de Mexicali, S. de R.L. de C.V., whereby the plaintiffs as natural gas sellers in the territory of Baja California or as purchasers of such products, challenging the "Tax on the First-hand Sale of gasoline and other derivatives due to environmental impacts" provided in the Finance Law of the State of Baja California, also challenge the articles of the Revenue Law for State of Baja California that establish the "Environmental Tax on the Sale of gasoline and other petroleum derivative due to environmental impacts", provided in the Revenue Law for the State of Baja California, approved by the Congress of Baja California, published in the Official *Gazzette* of the State on December 31, 2019. On May 1, 2020, the Baja California Congress derogated this tax, as of the date of these Condensed Interim Consolidated Financial Statements it is no longer applicable. Based on the foregoing, the Company is waiting for the final resolution of the amparo to be issued by the corresponding Courts.

g. In May 2020, the two third-party capacity customers at the ECA LNG regasification facility, Shell Mexico and Gazprom, asserted that a 2019 update of the general terms and conditions for service at the facility, as approved by the CRE, resulted in a breach of contract by IEnova and a force majeure event. Citing these circumstances, the customers subsequently stopped making payments of amounts due under their respective LNG storage and regasification agreements. IEnova has rejected the customers' assertions and has drawn (and expects to continue to draw) on the customers' letters of credit provided as payment security. The parties engaged in discussions under the applicable contractual dispute resolution procedures without coming to a mutually acceptable resolution. In July 2020, Shell Mexico submitted a request for arbitration of the dispute and Gazprom has joined the proceeding. IEnova will avail itself of its available claims, defenses, rights and remedies in the arbitration proceeding, including seeking dismissal of the customers' claims. Gazprom has since replenished the amounts drawn on its letter of credit and has resumed making regular monthly payments under its LNG storage and regasification agreement. Shell and Gazprom filed for preliminary relief asking the Arbitral Tribunal to prevent ECA from invoicing or collecting any payments under the contract and from drawing on the letters of credit. The preliminary relief was initially granted but revoked on December 23, 2020. A hearing to discuss the preliminary relief petitioned by Shell and Gazprom was held on January 2021 and the Arbitral Tribunal decided on February 8, 2021 to deny its petition. Shell Mexico also filed a constitutional challenge to the CRE's approval of the update to the general terms and conditions. In October 2020, Shell Mexico's amparo request to stay CRE's approval was denied and, subsequently, Shell Mexico filed an appeal of that decision.

A hearing to discuss the preliminary relief petitioned by Shell and Gazprom was held on January 2021 and the Tribunal decided on February 8, 2021 to deny its petition. The new hearing was set for the week of October 18, 2021.

h. On September 2020, ECA was notified of an administrative claim filed at the Ensenada Municipality, by two companies. They are suing for the annulment of several municipal administrative permits and licenses issued in favor of ECA, related to the liquefaction plant, arguing that such permits were granted over land that they owned. The Ensenada Municipality granted a suspension of the permits and licenses, until a ruling is issued regarding their legality. ECA filed its answer to the administrative claim, defending the legality of the permits and its property titles, petitioning for a quick dismissal of the case and requesting that the plaintiffs file a bond to guarantee possible damages because of the suspension of the permits. This procedure was concluded without adverse effects for the Company.

i. IEnova Marketing generates monthly balances in favor of VAT which it requests in refund. Recently, the Tax Authority has partially denied the refund of VAT, which amount to $14.8 million approximately. The Company started a legal procedure. It is important to mention that under Company and its legal Advisor's opinion, there are enough legal arguments to recover these amounts, therefore its was not recorded any allowance.

37. APPLICATION OF NEW AND REVISED IFRS

a. Application of new and revised IFRSs or IAS that are mandatory effective for the current year.

In the current period, the Company has applied a number of new IFRS and amendments to IFRSs issued by the IASB that are mandatories effective for an accounting period that begins on or after January 1, 2020:

Impact of the initial application of Interest Rate Benchmark Reform (amendments to IFRS 9, IAS 39 and IFRS 7).

The Company has considered the impact of interest rate benchmark reform ('IBOR reform') on its hedge accounting. The Company has adopted the 'Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7' issued in September 2019. Adopting these amendments provides temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by IBOR reform.

The reliefs have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness continue should be recorded in the income statement. Furthermore, the amendments set out triggers for when the reliefs will end, which include the uncertainty arising from interest rate benchmark reform no longer being present.

The Company has a significant exposure to changes in the USD IBOR benchmark. At 31 December 2020 the Company has USD $878.7 millions on variable debt, referenced to IBOR benchmark and active interest rate swaps with a notional amount of USD $636.2 millions, which are indexed to USD LIBOR. The interest rate swaps are designated in cash flow hedge relationships hedging the various USD LIBOR term loans.

In assessing whether the hedge is expected to be highly effective on a forward-looking basis, the Company has assumed that the USD LIBOR interest rate on which the cash flows of its interest rate swap and its hedged floating rate loans are based are not altered by IBOR reform.

The Company anticipates that USD LIBOR will transition to SOFR and has considered an IBOR transition plan. This transition project will include changes to systems, processes, risk and valuation models, as well as managing related tax and accounting implications. The Company currently anticipates that the areas of greatest change will be amendments to the contractual terms of its LIBOR referenced floating-rate swap, and updating its hedge designation.

Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

i. The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

ii. Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and

iii. There is no substantive change to other terms and conditions of the lease.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the Consolidated Financial Statements of the Company.

Impact of the initial application of other new and amended IFRS Standards that are effective for the current year

In the current year, the Company has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 January 2020.

Their adoption has not had any material impact on the disclosures or on the amounts reported in these Consolidated Financial Statements.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

These amendments had no impact on the Consolidated Financial Statements of the Company.

Amendments to IFRS 3 Definition of a business

The Company has adopted the amendments to IFRS 3 for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or Company of similar assets..

These amendments had no impact on the Consolidated Financial Statements of the Company, but may impact future periods should the Company enter into any business combinations.

Amendments to IAS 1 and IAS 8 Definition of material

The Company has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency. These amendments had no impact on the Consolidated Financial Statements of, nor is there expected to be any future impact to the Company.

b. New and revised IFRS issued but not yet effective

At the date of authorization of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective:

IFRS 17	**Insurance Contracts**	**1 de enero de 2023**
IFRS 10 and IAS 28 (amendments)	**Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**	**Pending**
Amendments to IAS 1	**Classification of Liabilities as Current or Non-current**	**January 1, 2023**
Amendments to IFRS 3	**Reference to the Conceptual Framework**	**January 1, 2022**
Amendments to IAS 16	**Property, Plant and Equipment—Proceeds before Intended Use**	**January 1, 2022**
Amendments to IAS 37	**Onerous Contracts – Cost of Fulfilling a Contract**	**January 1, 2022**
Annual Improvements to IFRS Standards 2018-2020 Cycle	**Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture**	**January 1, 2022**

The Management do not expect that the adoption of the Standards listed above will have a material impact on the Consolidated Financial Statements of the Company in future periods.

38. EVENTS AFTER REPORTING DATE

38.1. ENTERPRISE RESOURCE PLANNING ("ERP") IMPLEMENTATION

In January 2021, IEnova implemented a new enterprise resource planning system (ERP system) to replace its legacy system. The implementation improves user access security and increases automation of internal controls in IEnova's accounting, back office and financial reporting cycles, which we consider to be material to IEnova. Management has taken steps to ensure that controls were appropriately designed and implemented in connection with the integration of and transition to the new ERP system. IEnova continues to review and enhance the design and related documentation of its internal control over financial reporting in connection with its implementation of the new ERP system in order to maintain an effective control framework. (See Note 35.2).

38.2. ELECTRICAL REFORM

On March 9, 2021, a reform to the Electricity Industry Law was published in the Official Gazette of the Federation to include the following main provisions:

- Providers of basic services are allowed to enter into Electricity Coverage Contracts outside of CENACE auctions. Before the Reform, they could only enter into medium and long-term Hedging Contracts after an auction organized by CENACE.
- Access to the Transmission Network ("RNT") and the General Distribution Networks ("RGD") is restricted, since CFE centrals are granted preferential access.
- In accordance with the Reforms, Clean Energy Certificates will be recognized for all Power Plants regardless of the date of their construction.
- The Energy Regulatory Commission is ordered, prior to the corresponding process, to revoke the self-supply permits granted in fraud of the law.

It should be noted that the application of the Law Reform to the Electricity Industry has been suspended by court order since March 11, 2021, for which the Federal Government has asked the Supreme Court of Mexico to resolve the matter.

We cannot predict the resolution of lawsuits will have on the Mexican economy and our business. These circumstances could have a material effect on our cash flows, our financial condition, results of operations and / or our prospects.

38.3. CHANGES IN ENERGY RENEWABLE REGULATION (UPDATE)

On February the 3, 2021, the Supreme Court of Mexico partially voided the Policy of reliability, security, continuity and quality in the National Electric System fought. Therefore, we cannot predict the impact that the political, social, and judicial landscape, including multiparty rule, civil disobedience and trials resolutions, will have on the Mexican economy and our business in Mexico.

38.4. GUAYMAS - EL ORO PIPELINE

On March 12, 2021, IEnova and the CFE agreed to extend the suspension of the agreement to September 14, 2021. Under the revised agreement, the CFE will resume making payments only when the damaged section of the Guaymas-El Oro of the Sonora pipeline is repaired.

38.5. ACQUISITION OF THE PARTICIPATION OF SAAVI ENERGIA IN ESJ

On March 19, 2021, IEnova completed the acquisition of Saavi Energía's 50 percent equity interest in ESJ for a purchase price of approximately $79.0 million after post-closing adjustments, plus the assumption of $355.0 million in debt, including $88.0 million owed from ESJ to IEnova that will eliminate upon consolidation. IEnova previously accounted for its 50 percent interest in ESJ as an equity method investment. This acquisition increased IEnova's ownership in ESJ from 50 to 100 percent at closing of the acquisition. ESJ owns a fully operating wind power generation facility with a nameplate capacity of 155 MW, for which SDG&E has agreed to purchase 100 percent of the output of the facility under a long-term PPA. ESJ is constructing a second wind power generation facility, which we expect will be completed in late 2021 or in the first quarter of 2022 and will have a nameplate capacity of 108 MW.

38.6. VERACRUZ TERMINAL COD

On March 19, 2021, the Company declared the COD for the receipt, storage and delivery of refined products in the New Port of Veracruz. This project, with a capacity to store more than 2 million barrels of gasoline, diesel and jet-fuel, contributes to ensure national energy security and provide reliable, safe and efficient access to fuels in the Gulf-Center region.

38.7. BORDER SOLAR COD

On March 25, 2021, the Company declared that there is no technical or legal impediment to declare the Border Solar´s COD on the indicated date.

38.8. ACQUISITION OF MANZANILLO´S REFINED PRODUCTS

On March 26,2021, the Company informed the execution of a purchase and sale agreement for the acquisition of the remaining participation that Trafigura has in the Manzanillo Refined Products Terminal. The purchase price of Trafigura's equity is approximately $6.0 million.

The transaction is expected to close during the second half of 2021 and is subject to customary closing conditions, including the approval from COFECE.

38.9. TOPOLOBAMPO TERMINAL SERVICE AGREEMENT ("TSA")

On March 26,2021, the Company executed a long-term, U.S. Dollar-denominated contract with Trafigura for the storage and delivery of refined products, primarily gasoline and diesel, at the terminal, for the receipt, storage and delivery in Topolobampo, Sinaloa, Mexico.

38.10. HYDROCARBONS LAW ("LH")

On April 23, 2021, the President's initiative to reform the LH was approved by the Federal Legislative Power, leaving only its promulgation and publication pending. The Reform Project grants SENER and CRE additional powers to suspend and terminate early the permits for the activities of the third title of the LH to which the group companies are engaged. The suspension will now proceed for the time determined by SENER or CRE when a danger to national security, energy security, or to the national economy is foreseen, regardless of the conduct of the permit holder, who will also be sanctioned if he acts with fraud. Likewise, new grounds for the revocation of permits will be included that the permit holder (i) carries out its regulated activity with illegally imported products or with respect to which taxes have not been paid (contraband) or (ii) relapses in non-compliance with the provisions applicable to the quantity, quality and measurement of hydrocarbons and petroleum products or in the unauthorized modification of the technical conditions of systems, pipelines, facilities or equipment (assumptions that previously involved increased fines). Additionally, in the case of existing permits, the transitory articles contemplate that the competent authorities will revoke those permits that: (i) fail to comply with the minimum storage requirements established by SENER on the date the reform decree enters into force or (ii) that, upon entry into force of the reform decree, do not comply with the requirements established in the LH or violate the provisions of the LH. Similarly, permits will expire in cases where the permit holder does not exercise the rights within the term established in the permit, or in the absence of a term, for a consecutive period of three hundred and sixty-five calendar days.

38.11. IENOVA´S NON-CONTROLLING INTEREST

On April 5, 2021, the Company informed the market, based on the provisions of article 50, section III, subsection d) of the General Provisions Applicable to Securities Issuers and other Securities Market Participants issued by the National Banking and Securities Commission, that its controlling shareholder Sempra Energy, announced today the execution of an agreement to perform a transaction that includes a non-controlling interest in IEnova.

On April 12, 2021, IEnova announced today that the Corporate Practices Committee (the "Corporate Practices Committee") of its Board of Directors (the "Board of Directors") received a non-binding offer letter, dated today (the "Final Offer Letter"), from Sempra Energy ("Sempra"), pursuant to which Sempra conveyed its intention to conduct an offer to acquire all of the issued and outstanding publicly held ordinary shares of IEnova (which represent approximately 29.83% of IEnova's issued and outstanding share capital) in exchange for Sempra common stock (the "Exchange Offer"), at an exchange ratio of 0.0323 shares of Sempra common stock for each IEnova ordinary share (the "Exchange Ratio").

Based on the Exchange Ratio, the implied consideration per IEnova ordinary share is equal to 87.20 Mexican pesos per IEnova ordinary share, calculated using the five-day volume-weighted average price for Sempra common stock as quoted on the New York Stock Exchange and the five-day average Ps./U.S.$ exchange rate reported by the Mexican Central Bank (Banco de México) as the "FIX Rate," in each case as of April 9, 2021, the most recent practicable trading day for which information was available prior to the delivery of the Final Offer Letter. The Exchange Offer is subject to obtaining all necessary governmental authorizations required by applicable law.

As required by Article 101 of the Mexican Securities Market Law (Ley del Mercado de Valores), the Board of Directors will issue an opinion on the fairness, from a financial point of view, of the equity consideration proposed by Sempra as expressed by the Exchange Ratio contained in the Final Offer Letter, after considering the recommendation of the Corporate Practices Committee, which will rely on the fairness opinion to be issued by J.P. Morgan Securities LLC, as independent financial advisor, all of which will separately be disclosed to investors.

On April 14, 2021, IEnova announced that at an extraordinary meeting of its Board of Directors (the "Board of Directors") held on April 14, 2021 (the "Meeting"), with attendance by all the members of the Board of Directors and abstentions from discussion and voting by those members of the Board of Directors who expressed a conflict of interest, the directors participating at the Meeting unanimously resolved, among other things, to vote in favor of opining that the equity consideration proposed by Sempra Energy ("Sempra") in connection with Sempra's previously announced offer to acquire all of the issued and outstanding publicly held ordinary shares of IEnova in exchange for Sempra common stock (the "Exchange Offer") is fair to IEnova shareholders from a financial point of view. The equity consideration proposed by Sempra in connection with the Exchange Offer was expressed in an exchange ratio (the "Exchange Ratio") set forth in a non-binding offer letter, dated April 12, 2021 (the "Final Offer Letter"), from Sempra to the Corporate Practices Committee of IEnova's Board of Directors (the "Corporate Practices Committee"). The publicly held ordinary shares of IEnova represent approximately 29.83% of IEnova's issued and outstanding share capital. The Board of Directors evaluated the equity consideration proposed by Sempra in the Exchange Offer by applying the Exchange Ratio and taking into account the prevailing market price for Sempra common stock and the Ps./U.S.$ exchange rate as of the close of market on April 13, 2021.

The opinion of the Board of Directors was made in conformity with the recommendation of the Corporate Practices Committee, which recommendation was based, among other factors, on the opinion, dated April 14, 2021 (the "Independent Advisor Opinion"), issued by J.P. Morgan Securities LLC, as independent financial advisor to the Corporate Practices Committee in connection with the Exchange Offer (the "Independent Advisor"). In the Independent Advisor Opinion, the Independent Advisor opined on the fairness of the equity consideration proposed by Sempra in the Exchange Offer to IEnova shareholders from a financial point of view.

At the Meeting, the Board of Directors reviewed written certifications by the members of the Board of Directors, including IEnova's Chief Executive Officer, with respect to the number of IEnova ordinary shares held by such members and their intention with respect to such ordinary shares in connection with the Exchange Offer, as follows:

Will Tender Ordinary Shares in the Exchange Offer		Will Not Tender Ordinary Shares in the Exchange Offer		Total	
35,000	100 %	–	– %	35,000	100 %

The Board of Directors also reviewed the conflicts of interest expressed at the Meeting by Randall Lee Clark, Faisel Hussain Khan, Jennifer Frances Jett, Trevor Ian Mihalik, Erle Allen Nye, Jr., Peter Ronan Wall, Lisa Glatch, Tania Ortiz Mena López Negrete, Carlos Ruíz Sacristán and Vanesa Madero Mabama in connection with their participation and presence during discussion and voting on all matters related to the Exchange Offer, including with respect to the Final Offer Letter and the opinion of the Board of Directors required by Article 101 of the Mexican Securities Market Law (Ley del Mercado de Valores). Any such abstentions due to conflicts of interest did not affect the required quorum for the Meeting.

On April 26, 2021, the Company announced that Sempra launched a public exchange tender offer to acquire all of the issued and outstanding ordinary shares of IEnova not owned directly or indirectly by Sempra, which represent approximately 29.8 percent of the total outstanding shares of IEnova ("IEnova Public Shares"), in exchange for shares of Sempra common stock at an exchange ratio of 0.0323 shares of Sempra common stock for each IEnova Public Share. This announcement is made in terms of the public offer notice published today by Sempra, through the electronic information system "Emisnet" of the Mexican Stock Exchange (Bolsa Mexicana de Valores), through Casa de Bolsa BBVA Bancomer, S.A. de C.V., Grupo Financiero BBVA Bancomer as exchange agent.

38.12. DEN TAX REFUND

DEN generates monthly balances in favor of VAT which it requests in refund. Recently, the Tax Authority has denied the refund of VAT, which amount to $2.0 million (40 million pesos) approximately.

The Company started a legal procedure. It is important to mention that under Company and its legal Advisor's opinion, there are enough legal arguments to recover these amounts.

39. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements were approved and authorized for issuance by Carlos Mauer Diaz Barriga, Chief Financial Officer on April 26, 2021 and subject to the approval of the Ordinary General Shareholders' Meeting and Board of Directors.

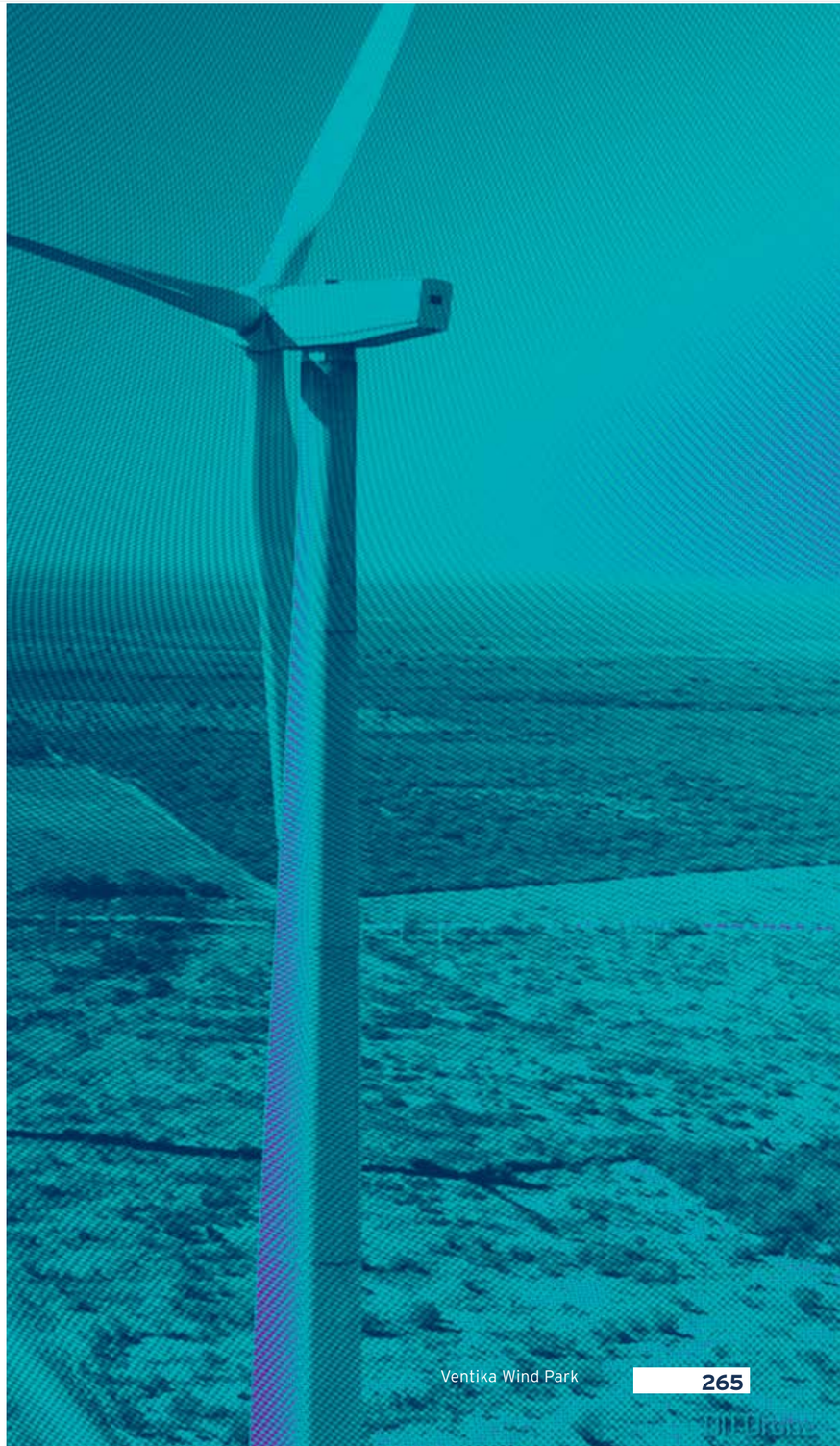
40. MAIN REGISTERED OFFICE

- Paseo de la Reforma No. 342 Piso 24
  Torre New York Life
  Col. Juarez, C.P. 06600
  Ciudad de Mexico, Mexico.

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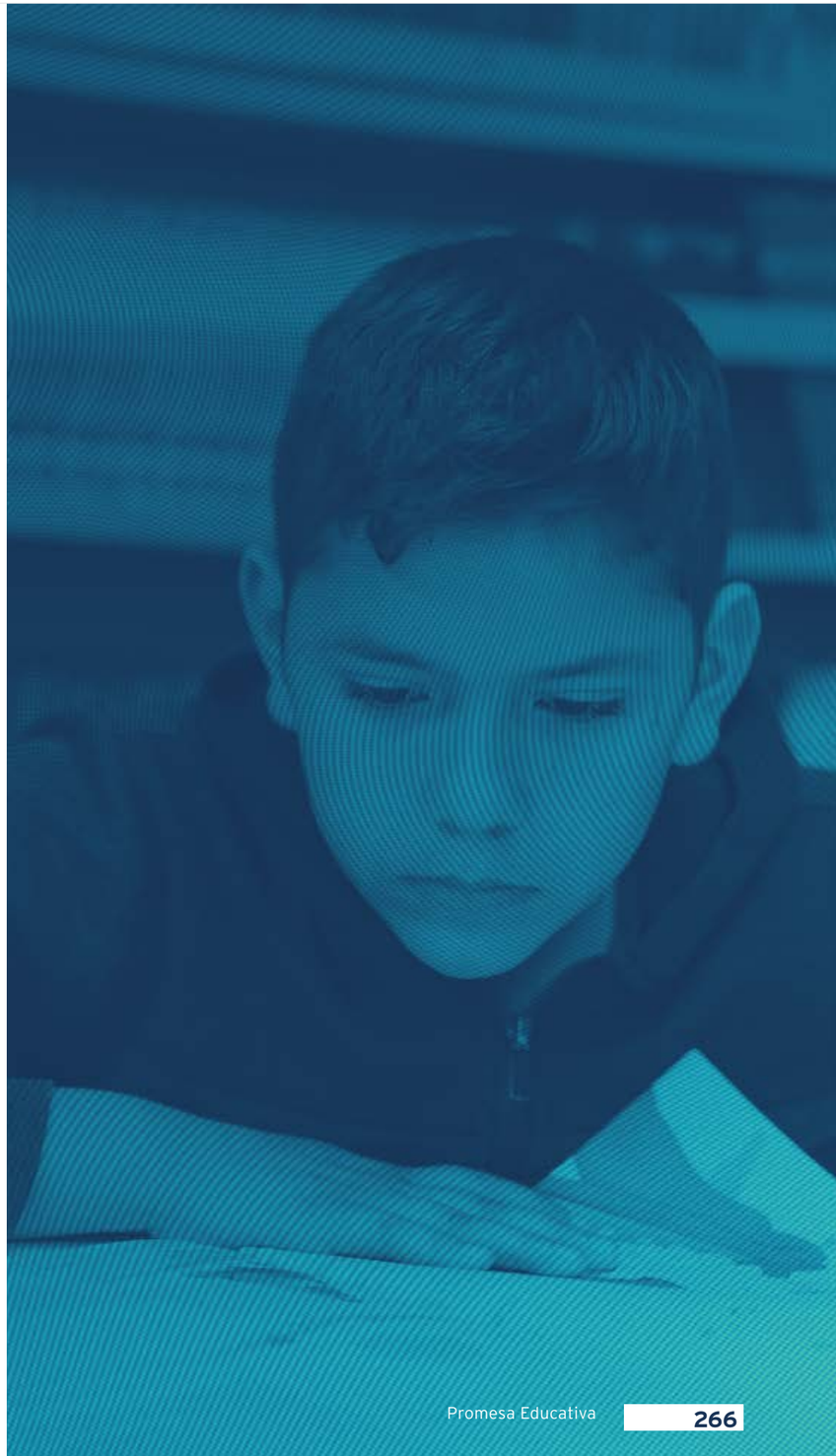
GLOSSARY AND FORMULAS

Aguaprieta Pipeline or GAP	System which consists of 13 km of a 20-inch diameter pipeline and a design capacity of 200 mmcfd (2.1 mmthd), located in the state of Sonora.
AMCHAM	American Chamber of Commerce, Mexico.
AMDEE	Mexican Wind Energy Association (Asociación Mexicana de Energía Eólica).
AME	Mexican Energy Association (Asociación Mexicana de Energía).
AMGN	Mexican Association of Natural Gas (Asociación Mexicana de Gas Natural).
ASEA	Safety, Energy, and Environment Agency (Agencia de Seguridad, Energía y Ambiente).
ASOLMEX	Mexican Association of Photovoltaic Solar Energy (Asociación Mexicana de Energía Fotovoltaica).
Baja Refinados Terminal	Refined products storage terminal, located in Baja California, currently under construction. The project will have a capacity of approximately 1,000,000 bl.
BMV	Mexican Stock Exchange (Bolsa Mexicana de Valores).
Border Solar	Photovoltaic solar power plant with a 150 MWAC capacity, located in Ciudad Juárez, Chihuahua.
BP	BP plc., and its subsidiaries, formerly British Petroleum. An energy company mainly in oil and natural gas.
Carbon Dioxide Equivalent	A measurement used to compare several greenhouse gas emissions based on their global warming potential.
CCE	Business Coordinating Council (Consejo Coordinador Empresarial).
Cemefi	Mexican Center for Philanthropy (Centro Mexicano para la Filantropía).
CEMEX	Cemex, S.A.B. de C.V., and subsidiaries.
CENACE	National Energy Control Center (Centro Nacional de Control de Energía).
CENAGAS	National Natural Gas Control Center (Centro Nacional de Control de Gas Natural).
CFE	Federal Electricity Commission (Comisión Federal de Electricidad).
CH_4	Methane.
Chevron	Chevron Combustibles de México, S. de R.L. de C.V.
CO_2	Carbon Dioxide.
COFECE	Antitrust Commission (Comisión Federal de Competencia Económica).
Coparmex	Employers Confederation of the Mexican Republic (Confederación Patronal de la República Mexicana).
CRE	Energy Regulatory Commission (Comisión Reguladora de Energía).
DACGs	General Administration Stipulation (Disposición Administrativa de Carácter General).
DeAcero	DeAcero, S.A.P.I. de C.V., and subsidiaries.
DEN	Ductos y Energéticos del Norte, S. de R.L. de C.V., was a joint venture between IEnova and Pemex TRI until November 2017.
Don Diego Solar	Solar power plant with a 125 MWAC capacity, located in the municipality of Benjamín Hill in the state of Sonora.



Ventika Wind Park

EBITDA	Earnings Before Taxes, Depreciation, and Amortization.
ECA LNG or ECA Liquefaction	ECA LNG Holdings B.V., and subsidiaries.
ECOGAS	ECOGAS México, S. de R.L. de C.V., the company's natural gas distribution business.
Energía Costa Azul or ECA	Energía Costa Azul, S. de R.L. de C.V., and subsidiaries.
Energía Sierra Juárez or ESJ	Energía Sierra Juárez, S. de R.L. de C.V., a wind park with a 155 MW capacity, located in Baja California. The second stage of the wind park is currently under construction, and it will have a 108 MW capacity. This was a joint venture between the company and Actis, which ended on March 19th, 2021.
ESJ Expansion	The goal of the Energía Sierra Juárez expansion project is to increase ESJ's current capacity by installing 26 wind turbines with a 108 MW capacity.
Ethane Pipeline	A three-segment 224 km pipeline with a transportation capacity of up to 52 mmcfd (0.6 mmthd) in the first segment; approximately 152 mmcfd (1.8 mmthd) in the second segment—both for transporting ethane gas—and approximately 106,000 bpd (3.1 mmthd) in the third segment for transporting ethane from Pemex's processing facilities in the states of Tabasco, Chiapas, and Veracruz to the Ethylene XXI ethylene and polyethylene polymerization facility in the state of Veracruz.
FCPA	Foreign Corrupt Practices Act.
FEMSA	Fomento Económico Mexicano, S.A.B. de C.V.
FTSE	Financial Times Stock Exchange.
Gasoductos de Chihuahua or GdC	Gasoductos de Chihuahua, S. de R.L. de C.V., a company in which IEnova was partners with Pemex TRI until September 26, 2016. The name Gasoductos de Chihuahua has been changed to IEnova Pipelines.
Gazprom	Gazprom Marketing & Trading México, S. de R.L. de C.V.
GHG	Greenhouse Gas Emissions.
GJ	Gigajoules.
GPTW	Great Place to Work (program that ranks the best companies to work for).
GRI	Global Reporting Initiative.
GR	Rosarito Pipeline.
GRO Expansion	Pipeline under construction that is part of the Rosarito Pipeline, which is approximately 200 km long and includes a compression station of approximately 60,000 installed horsepower.
Guadalajara Terminal	Refined products storage terminal located in the state of Jalisco, currently under development.
Guaymas-El Oro Pipeline	Second segment of the Sonora Pipeline, which consists of approximately 330 km of a 30-inch diameter pipeline spanning the states of Sonora and Sinaloa, with a transportation capacity of 510 mmcfd (5.3 mmthd) and a compression station with 33,300 installed horsepower.
GW	Gigawatts.
GWh	Gigawatts-hour.
HP	Horsepower.
HR Ratings	HR Ratings de México S.A. de C.V., a securities ratings agency.
ICC	International Chamber of Commerce-Mexico Chapter.
IEnova	Infraestructura Energética Nova , S.A.B. de C.V.
IEnova Marketing	IEnova Marketing, S. de R.L. de C.V.
IFC	International Finance Corporation, member of the World Bank.



IMEF	Mexican Institute of Financial Executives (Instituto Mexicano de Ejecutivos de Finanzas).
INECC	National Institute of Ecology and Climate Change (Instituto Nacional de Ecología y Cambio Climático).
IPC	Index of the Mexican Stock Exchange (Índice de Precios y Cotizaciones).
ISME	International Society for Mexico Energy.
ISO	International Organization for Standardization.
ISS	Institutional Shareholder Services.
km	Kilometers.
kW	Kilowatts.
kWh	Kilowatts-hour.
Liverpool	El Puerto de Liverpool, S.A.B. de C.V.
LMV	Mexican Securities Market Law (Ley del Mercado de Valores).
LNG	Liquefied Natural Gas.
LNG Terminal or ECA	An LNG storage terminal with a capacity of 320,000 m3 (73.3 mmth) in two tanks, each with a capacity of 160,000 m3 (36.6 mmth), with a regasification capacity of 1,300 mmcfd (13.5 mmthd), or a nominal capacity of 1,000 mmcfd (10.4 mmthd), located in Ensenada, Baja California.
Los Ramones I Pipeline	Pipeline which consists of approximately 116 km of a 48-inch diameter pipeline, two compression stations with a combined capacity of 123,000 horsepower installed and a natural gas transportation capacity of 2,100 mmcfd (21.8 mmthd). It runs from the border between the state of Tamaulipas and the U.S. to the interconnection points with the Los Ramones Norte Pipeline in the state of Nuevo León.
Los Ramones Norte Pipeline	A joint venture with Brookfield, this pipeline consists of approximately 452 km a 42-inch diameter pipeline, two compression stations with a combined capacity of 123,000 horsepower installed and a natural gas transportation capacity of 1,420 mmcfd (14.8 mmthd). It runs from the interconnection points with the Los Ramones I Pipeline in Los Ramones, in the state of Nuevo León, to the interconnection point with the Los Ramones Sur Pipeline in the state of San Luis Potosí.
LPG	Liquefied Petroleum Gas.
LPG Terminal in Guadalajara	An 80,000 bl (4.4 mmth) LPG storage facility, located in the state of Jalisco.
LTAR	Lost Time Accident Rate = Number of accidents x 200,000/hours worked.
Manzanillo Terminal	Refined products storage terminal, located in the state of Colima, that is currently under construction, with a storage capacity of 2,180,000 bl. The project will be developed as a joint venture with Trafigura.
mmbl	Millions of barrels.
mmbld	Millions of barrels daily.
mmcfd	Millions of cubic feet daily.
mmcf	Millions of cubic feet.
mmth	Millions of therms.
mmthd	Millions of therms daily.
Mtpy	Millions of tons per year.



Guadalajara LPG Storage Terminal

MSCI	Morgan Stanley Capital International.
MW	Megawatts.
MW_{AC}	Megawatts, alternate current.
N_2O	Nitrous oxide.
Naco Compression Station	A 14,300-horsepower natural gas compressor installed on CENAGAS's Naco-Hermosillo pipeline in Naco, Sonora.
NOM	Official Mexican Standard (Norma Oficial Mexicana).
NO_x	Nitrogen oxides.
OHSAS	Occupational Health and Safety Assessment Series.
Ojinaga-El Encino Pipeline	Pipeline which consists of approximately 220 km of a 42-inch diameter pipeline with a natural gas transportation capacity of 1,356 mmcfd (14.1 mmthd), located in the state of Chihuahua.
Operating Unit or Business Unit or Asset	Refers to IEnova's companies currently operating in the Gas and Power business segments.
Pemex	Petróleos Mexicanos.
Pemex TRI	Pemex Transformación Industrial, previously Pemex Gas y Petroquímica Básica.
Pima Solar	Photovoltaic solar power plant located in Caborca, Sonora with a capacity of 110 MWAC.
PROFEPA	Federal Environmental Protection Agency (Procuraduría Federal de Protección al Ambiente).
PROFOI	IEnova Operators Training Program (Programa de Formación de Operadores IEnova).
Puebla Terminal	Refined products storage terminal located in Puebla, currently under construction. The project will have a capacity of approximately 650,000 bl.
Ramal Empalme Pipeline	Pipeline of 20 km which consists of a 20-inch diameter pipeline with a natural gas transportation capacity of 226 mmcfd (2.4 mmthd), located between Empalme and Guaymas and is part of the Sonora Pipeline.
RC Energía	Joint Venture between Rainbow Energy Marketing Corporation and Grupo CLISA.
Rosarito Pipeline	Pipeline which consists of three segments of approximately 302 km in aggregate length, including the 30-inch diameter Rosarito Mainline with a natural gas transportation capacity of approximately 534 mmcfd (5.6 mmthd), the 42-inch diameter LNG Spur with a capacity of approximately 2,600 mmcfd (27.0 mmthd), and the 12-inch diameter Yuma Lateral with a capacity of 190 mmcfd (2.0 mmthd). Located in Baja California, it also includes two 32,760 horsepower compression stations.
Rumorosa Solar	Photovoltaic solar power plant with a capacity of approximately 44 MWAC, located in the state of Baja California.
S&P/BMV Total Mexico ESG Index	New name of the sustainability index of the Mexican Stock Exchange.
Samalayuca Pipeline	Pipeline which consists of approximately 37 km of a 24-inch diameter pipeline with a capacity of 400 mmcfd (4.2 mmthd). It runs from Ejido San Isidro, Chihuahua, to the CFE's Samalayuca power plant and interconnects with a separate 16-inch diameter pipeline that is wholly owned by Pemex TRI, which runs from Ciudad Juárez to Chihuahua.
San Fernando Pipeline	Pipeline which consists of approximately 114 km of a 36-inch diameter pipeline, with a maximum daily transportation capacity of 1,000 mmpcd (10.4 mmthd) and a compression capacity of 1,460 mmcfd (15.2 mmthd), as well as two compression stations with an aggregate of 90,000 installed horsepower. The pipeline runs from the El Caracol compression station in Reynosa, Tamaulipas to the Los Indios compression station in San Fernando, Tamaulipas.



San Isidro-Samalayuca Pipeline	Pipeline which consists of approximately 23 km with a natural gas transportation capacity of 1,135 mmcfd (11.8 mmthd) and a 71,000 installed horsepower compression station, located in the state of Chihuahua.
SAP	Systems, Applications & Products in Data Processing.
Sásabe-Puerto Libertad-Guaymas Pipeline	First segment of the Sonora Pipeline which consists of approximately 505 km of a 36-inch diameter pipeline with a natural gas transportation capacity of 812 mmcfd (8.0 mmthd). The pipeline includes two sections in Sonora: the 220-km Sásabe–Puerto Libertad section and the 285-km Puerto Libertad–Guaymas section.
SASB	Sustainability Accounting Standards Board.
Scotiabank	Scotiabank Inverlat, S.A. Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat.
SCT	Ministry of Communications and Transportation (Secretaría de Comunicaciones y Transportes).
SEFORE	A long-term savings program focused on retirement that IEnova offers its employees. It enables them to plan and manage a financial retirement goal.
SEMAR	Ministry of the Navy (Secretaría de Marina).
SEMARNAT	Ministry of the Environment and Natural Resources (Secretaría del Medio Ambiente y Recursos Naturales).
Semco	Semco Holdco, S. de R.L. de C.V.
Sempra Energy or Sempra	Sempra Energy, a California corporation and the Company's indirect parent company.
SENER	Ministry of Energy (Secretaría de Energía).
Shell	Shell México Gas Natural, S. de R.L. de C.V.
SMEs	Small- and medium-sized companies.
Sonora Pipeline	Natural gas pipeline which consists of approximately 835 km, with a capacity of 812 mmcfd (8.0 mmthd) for the first segment and 510 mmcfd (5.3 mmthd) for the second segment, located in the states of Sonora and Sinaloa. The first segment is the Sásabe-Puerto Libertad-Guaymas Pipeline, and the second segment is the Guaymas-El Oro Pipeline; both segments are interconnected to each other and with the Ramal Empalme Pipeline.
South Texas-Tuxpan Pipeline	Marine pipeline that was developed as a joint venture with TC Energy, which consists of approximately 800 km, with a natural gas transportation capacity of 2,600 mmcfd (27 mmthd) and a compression station. IEnova holds a 40% stake in the joint venture and TC Energy holds a 60% stake.
TC Energy	TC Energy Corporation, formerly TransCanada Corporation.
tCH_4	Tons of methane.
tCO_2e	Tons of carbon dioxide equivalent.
Tecnológico de Monterrey	Instituto Tecnológico y de Estudios Superiores de Monterrey.
Tepezalá Solar	Photovoltaic solar power plant with a capacity of approximately 100 MWAC, located in the state of Aguascalientes.
Termoeléctrica de Mexicali or TDM	Termoeléctrica de Mexicali, S. de R.L. de C.V., a 625 MW natural-gas-fired, combined-cycle power generation facility located in the state of Baja California.
TGN	Transportadora de Gas Natural de Baja California, S. de R.L., one of IEnova's natural gas pipelines.
TGN Pipeline	Pipeline which consists of approximately 45 km of a 30-inch diameter pipeline with a capacity of 940 mmcfd (9.8 mmthd) and a 9,600-installed horsepower compression station, located in Baja California.

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Gasoducto Rosarito

The Climate Registry	NGO in the US that measures and verifies international carbon standards.
tN_2O	Tons of nitrous oxide.
Topolobampo Terminal	Refined products storage terminal located in Sinaloa, which is currently under construction. The project will have a capacity of 1,180,000 bl.
Total	Total S.A.
Trafigura	Trafigura México, S.A. de C.V., a logistics and raw materials company with which IEnova has established a joint venture.
Trina Solar	Trina Solar Limited.
TRIR	Total Recordable Incident Rate = Number of total recordable incidents x 200,000/hours worked.
Turnover Rate	Number of cuts in a year / Total number of employees.
USD$	US dollars.
Valero	Valero Energy Corporation.
Valle de México Terminal	Refined products storage terminal located in the vicinity of Mexico City, currently under construction. The project will have a capacity of approximately 650,000 bl.
VAT	Value Added Tax.
Ventika	Includes two neighboring wind parks, Ventika I and Ventika II, with 126 MW per park, for a total capacity of 252 MW, with 84 3-MW turbines. Located in the state of Nuevo León, Ventika I and Ventika II operate as a single park.
Veracruz Terminal	Refined products storage terminal located in the state of Veracruz, currently under construction. The project will have a capacity of approximately 2,100,000 bl.
WRI	World Resources Institute.
WWTP	Wastewater Treatment Plants.



Gasoducto Samalayuca

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

Energía Sierra Juárez Wind Park