



LEA 02	Decision: Mandatory	Reason for interaction	Priority: PRI 1,2,3
Individual staff engagements	<input checked="" type="checkbox"/> To support investment decisions relating to the company's reputation <input checked="" type="checkbox"/> To encourage corporate practice to identify the need to improve on ESG issues <input type="checkbox"/> Other: identify	<input checked="" type="checkbox"/> To support investment decisions relating to the company's reputation <input checked="" type="checkbox"/> To encourage corporate practice to identify the need to improve on ESG issues <input type="checkbox"/> Other: identify	
Collaborative engagements	<input checked="" type="checkbox"/> To support investment decisions relating to the company's reputation <input checked="" type="checkbox"/> To encourage corporate practice to identify the need to improve on ESG issues <input type="checkbox"/> Other: identify	<input checked="" type="checkbox"/> To support investment decisions relating to the company's reputation <input checked="" type="checkbox"/> To encourage corporate practice to identify the need to improve on ESG issues <input type="checkbox"/> Other: identify	
Service provider engagements	<input checked="" type="checkbox"/> To support investment decisions relating to the company's reputation <input checked="" type="checkbox"/> To encourage corporate practice to identify the need to improve on ESG issues <input type="checkbox"/> Other: identify	<input checked="" type="checkbox"/> To support investment decisions relating to the company's reputation <input checked="" type="checkbox"/> To encourage corporate practice to identify the need to improve on ESG issues <input type="checkbox"/> Other: identify	

PRIVATE RI REPORT

2020

Afore XXI Banorte

About this report

This report is an export of the individual Signatory organisation responses to the PRI Reporting Framework during the reporting period specified above. It shows your responses to all completed indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders. The PRI will **not publish** this report on its website. Instead, you will be able to access the public RI Transparency report of your organisation and that of other signatories on the PRI website.

The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information.

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OO 01	Mandatory	Gateway/Peering	General
OO 01.1	Select the type that best describes your organisation or the services you provide.		
	<input type="radio"/> Non-corporate pension or superannuation or retirement or provident fund or plan <input type="radio"/> Corporate pension or superannuation or retirement or provident fund or plan <input type="radio"/> Insurance company <input type="radio"/> Foundation <input type="radio"/> Endowment <input type="radio"/> Development finance institution <input type="radio"/> Reserve - sovereign or government controlled fund <input type="radio"/> Family office <input checked="" type="radio"/> Other, specify <div style="margin-left: 20px;">Financial Group</div>		
OO 01.3	Additional information. [Optional]		
	<p>We are signatories of this initiative as a Financial Group (Grupo Financiero Banorte or GFNorte). However, according to the nature in which the assets are managed, we have developed two specific responsible investment strategies; one for our pension fund Afore XXI Banorte and another for our Asset Manager referred as Asset Manager Banorte in this report.</p> <p>Afore XXI Banorte has a structure of twenty-one Investment Societies for Retirement Funds (SIEFORES by its acronym in spanish), ten Siefores corresponding to Target Date Funds (TDF's), and eleven Siefores to Private Pension Funds. Both have the purpose to offer long-term investment and higher returns throughout the different stages of retirement savings. In this way, for the TDF's, the resources are invested in the SIEFORE according to the client's generation and for the Private Pension Funds the aim is to be aligned with the same investment philosophy and beliefs of Afore XXI Banorte. Most of the Private Pension Funds replicate the same structure of the TDF's, but in some cases, we design a tailored made portfolio reflecting the client requirements.</p> <p>In addition, o Asset Manager Banorte has a product offering structured through different types of investments and strategies within a wide range of financial assets that, together with an Investment Advisor, allow clients to build the portfolio that best suits their particular liquidity, investment horizon, and diversification needs.</p> <p>For each response of the report it is specified in the scope, whether it applies to Afore XXI Banorte or Asset Manager Banorte.</p>		
OO 02	Mandatory	Peering	General
OO 02.1	Select the location of your organisation's headquarters.		
	Mexico		
OO 02.2	Indicate the number of countries in which you have offices (including your headquarters).		
	<input checked="" type="radio"/> 1 <input type="radio"/> 2-5 <input type="radio"/> 6-10 <input type="radio"/> >10		
OO 02.3	Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).		
	30167		
OO 02.4	Additional information. [Optional]		
	GFNorte only operates in Mexico. From the 30,167 FTE reported of the Group; 3,581 are from Afore XXI Banorte.		
OO 03	Mandatory	Descriptive	General
OO 03.1	Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.		
	<input type="radio"/> Yes <input checked="" type="radio"/> No		
OO 03.3	Additional information. [Optional]		
	GFNorte will turn its second-year reporting formally to the initiative of the United Nations. The next reported information corresponds to the subsidiary's efforts of pension fund manager Afore XXI Banorte and Banorte's Asset Manager.		
OO 04	Mandatory	Gateway/Peering	General
OO 04.1	Indicate the year end date for your reporting year.		
	31/12/2019		
OO 04.2	Indicate your total AUM at the end of your reporting year.		
	Total AUM 882,313,654,305 MXN 45080993017 USD		
OO 04.5	Additional information. [Optional]		

00 05	Mandatory to Report, Voluntary to Disclose	Gateway	General
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00 05.1 Provide an approximate percentage breakdown of your AUM at the end of your reporting year using the following asset classes and investment strategies:

	Internally managed (%)	Externally managed (%)
Listed equity	5	13
Fixed income	71	0
Private equity	0	2.5
Property	0	2.7
Infrastructure	0	4.8
Commodities	1	0
Hedge funds	0	0
Fund of hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Money market instruments	0	0
Other (1), specify	0	0
Other (2), specify	0	0

00 06	Mandatory	Descriptive	General
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00 06.1 Select how you would like to disclose your asset class mix.

- as percentage breakdown
- as broad ranges

00 06.2 Publish asset class mix as per attached image [Optional].

Asset Class Mix	\$ 877,451,792,553	100%
Fixed income	\$ 623,312,826,703	71%
Listed Equity	\$ 41,861,971,857	5%
Others	\$ 6,996,391,753	1%
Property	\$ 91,105,555,619	10%
Mandates	\$ 114,175,046,620	13%

00 06.3 Indicate whether your organisation has any off-balance sheet assets [Optional].

- Yes
- No

00 06.5 Indicate whether your organisation uses fiduciary managers.

- Yes, we use a fiduciary manager and our response to 00 5.1 is reflective of their management of our assets.
- No, we do not use fiduciary managers.

00 06.6 Provide contextual information on your AUM asset class split. [Optional]

Figures reported only consider AUM's of Afore XXI Banorte. Please note that 6.2 chart does not consider the swaps in the fixed income assets.

Afore XXI Banorte:

Afore XXI Banorte obeys the maximum exposition by asset class established by the Investment Regime defined by the National Commission of the Saving System for the Retirement (CONSAR). Through this regulation, CONSAR determines in detail the asset classes which are allowed and forbidden to invest as well as the limits of them.

00 07	Mandatory to Report, Voluntary to Disclose	Gateway	General
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00 07.1 Provide to the nearest 5% the percentage breakdown of your Fixed Income AUM at the end of your reporting year, using the following categories.

Internally managed	86.19	SSA
	1.89	Corporate (financial)
	11.86	Corporate (non-financial)
	0.06	Securitized

OO 08	Mandatory to Report, Voluntary to Disclose	Peering	General
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OO 08.1 Provide a breakdown of your organisation's externally managed assets between segregated mandates and pooled funds or investments.

Asset class breakdown	Segregated mandate(s)	Pooled fund(s) or pooled investment(s)	Total of the asset class (each row adds up to 100%)
[a] Listed equity	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %	100%
[f] Private equity	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %	100%
[g] Property	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %	100%
[h] Infrastructure	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %	100%

OO 08.2 Additional information. [Optional]

Figures reported only consider AUM's of Afore XXI Banorte.

Afore XXI Banorte

We use the services of investment external managers to diversify its portfolio to an international level, taking advantage of the economies of scale that are generated by executing the investment strategy through specialized intermediaries worldwide.

The investment regime authorized by CONSAR establishes the possibility that Siefors may grant investment mandates. These mandates consist into manage a percentage of the resources in order to canalize their investment through specialized experts in each of the regions and sectors considered appropriate to invest. In this way, the experience and technological platform of expert managers is exploited, accessing these markets efficiently and avoiding the operational complexity and costs, among other aspects.

OO 09	Mandatory	Peering	General
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OO 09.1 Indicate the breakdown of your organisation's AUM by market.

15	Developed Markets
83.6	Emerging Markets
0	Frontier Markets
1.4	Other Markets

OO 09.2 Additional information. [Optional]

Figures reported only consider AUM's of Afore XXI Banorte.

OO 10.1

Select the active ownership activities your organisation implemented in the reporting year.

Listed equity – engagement

- We engage with companies on ESG factors via our staff, collaborations or service providers.
- We require our external managers to engage with companies on ESG factors on our behalf.
- We do not engage directly and do not require external managers to engage with companies on ESG factors.

Listed equity – voting

- We cast our (proxy) votes directly or via dedicated voting providers
- We require our external managers to vote on our behalf.
- We do not cast our (proxy) votes directly and do not require external managers to vote on our behalf

Fixed income SSA – engagement

- We engage with SSA bond issuers on ESG factors via our staff, collaborations or service providers.
- We do not engage directly and do not require external managers to engage with SSA bond issuers on ESG factors. Please explain why you do not.

Please explain why you do not engage directly and do not require external managers to engage with companies on ESG factors.

Afore XXI Banorte: One of our opportunity areas identified last year were the engagement activities with fixed income issuers. The main reason why we do not engage with the issuers or those asset class is that, the asset class represents less than 2% of AUMs in our portfolio. Currently the percentage of assets where we implemented ESG considerations into the decision-making process is around 98% of AUMs (86% internally managed), the remaining corresponding to Corporate (financial) and Securitised. Some of Corporate (financial) and Securitised issuers, are large corporations and organizations where we have found some difficulties to establish channels of communication - mainly sovereign issuers- where we tried to have contact through financial intermediaries. Other reason is that, we prefer to concentrate on those assets and issuers who have an investment responsible strategy implemented and we can start, as soon as possible, to implement engagement activities. Through the incorporation of ESG factors we have developed an in-house methodology to evaluate equity and Fixed income (corporate non-financial) assets, thematic bonds and Sovereign bonds. For further detail, visit: https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/Politica_RentaFija.pdf

Fixed income Corporate (financial) – engagement

- We engage with companies on ESG factors via our staff, collaborations or service providers.
- We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

Please explain why you do not engage directly and do not require external managers to engage with companies on ESG factors.

Afore XXI Banorte: One of our opportunity areas identified last year were the engagement activities with fixed income issuers. The main reason why we do not engage with the issuers or those asset class is that, the asset class represents less than 2% of AUMs in our portfolio. Currently the percentage of assets where we implemented ESG considerations into the decision-making process is around 98% of AUMs (86% internally managed), the remaining corresponding to Corporate (financial) and Securitised. Some of Corporate (financial) and Securitised issuers, are large corporations and organizations where we have found some difficulties to establish channels of communication - mainly sovereign issuers- where we tried to have contact through financial intermediaries. Another reason is that, we prefer to concentrate in those assets and issuers who has an investment responsible strategy implemented and we can start, as soon as possible, to implement engagement activities. Through the incorporation of ESG factors we have developed an in-house methodology to evaluate equity and Fixed income (corporate non-financial) assets, thematic bonds and Sovereign bonds. For further detail, visit: https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/Politica_RentaFija.pdf

Fixed income Corporate (non-financial) – engagement

- We engage with companies on ESG factors via our staff, collaborations or service providers.
- We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

Fixed income Corporate (securitised) – engagement

- We engage with companies on ESG factors via our staff, collaborations or service providers.
- We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

Please explain why you do not engage directly and do not require external managers to engage with companies on ESG factors.

Afore XXI Banorte: One of our opportunity areas identified last year were the engagement activities with fixed income issuers. The main reason why we do not engage with the issuers or those asset class is that, the asset class represents less than 2% of AUMs in our portfolio. Currently the percentage of assets where we implemented ESG considerations into the decision-making process is around 98% of AUMs (86% internally managed), the remaining corresponding to Corporate (financial) and Securitised. Some of Corporate (financial) and Securitised issuers, are large corporations and organizations where we have found some difficulties to establish channels of communication - mainly sovereign issuers- where we tried to have contact through financial intermediaries. Another reason is that, we prefer to concentrate in those assets and issuers who has an investment responsible strategy implemented and we can start, as soon as possible, to implement engagement activities. Through the incorporation of ESG factors we have developed an in-house methodology to evaluate equity and Fixed income (corporate non-financial) assets, thematic bonds and Sovereign bonds. For further detail, visit: https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/Politica_RentaFija.pdf

OO 11.1	Select the internally managed asset classes in which you addressed ESG incorporation into your investment decisions and/or your active ownership practices (during the reporting year).
	Listed equity
	<input checked="" type="checkbox"/> We address ESG incorporation. <input type="checkbox"/> We do not do ESG incorporation.
	Fixed income - SSA
	<input checked="" type="checkbox"/> We address ESG incorporation. <input type="checkbox"/> We do not do ESG incorporation.
	Fixed income - corporate (financial)
	<input type="checkbox"/> We address ESG incorporation. <input checked="" type="checkbox"/> We do not do ESG incorporation.
	Fixed income - corporate (non-financial)
	<input checked="" type="checkbox"/> We address ESG incorporation. <input type="checkbox"/> We do not do ESG incorporation.
	Fixed income - securitised
	<input type="checkbox"/> We address ESG incorporation. <input checked="" type="checkbox"/> We do not do ESG incorporation.
	Commodities
	<input type="checkbox"/> We address ESG incorporation. <input checked="" type="checkbox"/> We do not do ESG incorporation.

OO 11.2	Select the externally managed assets classes in which you and/or your investment consultants address ESG incorporation in your external manager selection, appointment and/or monitoring processes.
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Asset class	ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes				
Listed equity	<table border="1"> <tr> <td></td> <td>Listed equity - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</td> </tr> <tr> <td></td> <td> <input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation </td> </tr> </table>		Listed equity - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes		<input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation
	Listed equity - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes				
	<input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation				
Private equity	<table border="1"> <tr> <td></td> <td>Private equity - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</td> </tr> <tr> <td></td> <td> <input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation </td> </tr> </table>		Private equity - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes		<input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation
	Private equity - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes				
	<input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation				
Property	<table border="1"> <tr> <td></td> <td>Property - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</td> </tr> <tr> <td></td> <td> <input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation </td> </tr> </table>		Property - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes		<input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation
	Property - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes				
	<input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation				
Infrastructure	<table border="1"> <tr> <td></td> <td>Infrastructure - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</td> </tr> <tr> <td></td> <td> <input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation </td> </tr> </table>		Infrastructure - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes		<input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation
	Infrastructure - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes				
	<input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation				

OO 11.4	Provide a brief description of how your organisation includes responsible investment considerations in your investment manager selection, appointment and monitoring processes.
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Afore XXI Banorte:

For the selection and appointment of a manager, we analyze with the following information included in the Request For Proposal (RFP) template:

- General information of the prospective Manager (mission of the company, membership in a commercial and / or financial group as a subsidiary or parent company, AUMs, experience in asset management and mandates, principal clients, principal competitors, potential executives and operatives in charge of the mandate, government bodies, etc.).
- Comprehensive questionnaire of the "personality" of the prospective agent. That is to say, the effectiveness to adhere to investment criteria and timely identification of risks and approved by the respective committees, as well as the capacity to execute the mandate and the costs of managing it.
- Description of your investment philosophy incorporating ESG within the analysis and making-decision process. The Team designated to the analysis of these factors, follow-up policies and updates of controversies.
- Legal elements, criteria of transparency, integrity and confidentiality applied by the President in a standard manner.
- Other means through which Afore XXI Banorte can deepen the knowledge of the prospective agent.
- The outcome of the analysis based on RFP results is a score revealing the investment management quality and performance, were previously described, different aspects are evaluated, mainly qualitative ones. As it is included in our Investment Manual, we classified as eligible those managers that comply with the following aspects:
 - Respond duly to the questionnaire or information requirements asked for the Afore,
 - Being signatory or participant of an initiative or organization related to Responsible Investment,
 - Proxy Voting Policy publicly available
 - Have an exclusion sectors list, as well as acknowledge and align to the Exclusion, restricted and prohibited sectors list of Afore XXI Banorte
 - Have a specialized/assigned intern area dedicated to ESG appointment and monitoring processes
 - Have a methodology to rate in ESG themes their portfolio
 - Consider training programs about ESG themes.

The monitoring of managers are carried out through the following methods:

- ESG questionnaire for mandates (In this document the mandate explain its Responsible Investment strategy and best practices)
- Monitoring calls, whereby we are not only discussing the financial outcomes or risks, but also the ESG risks identified in the portfolio, as well its performance in ESG management,
- Six-monthly reports to possible updates into the management strategies of the mandates,
- Annual monitoring where the manager reports its process and improvements of its portfolios,
- Monitoring to controversies or relevant events that could mean a risk to the investment, through a template where we ask the manager to give an explicatory description of the controversy and its contingency plan

Investment managers must have minimum compliance of policies and control of ESG factors in its investment process. Also, within the monitoring and control of the management carried out, it is necessary to analyze the management of the ESG factors in their investments. The last and critical issue considered to the selection of a manager is based on the strategy that Afore XXI Banorte determines through its committees. For further detail, visit: https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/Lineam_Gesti%C3%B3nMandatos.pdf

Asset Manager Banorte:

We include a questionnaire within our sub advisory's selection process on whether or not the asset manager considers ESG factors through their investment process. It is important to mention that all of our current partners are signatories of the PRI.

OO 12	Mandatory	Gateway	General
OO 12.1	Below are all applicable modules or sections you may report on. Those which are mandatory to report (asset classes representing 10% or more of your AUM) are already ticked and read-only. Those which are voluntary to report on can be opted into by ticking the box.		
	Core modules		
	<input checked="" type="checkbox"/> Organisational Overview <input checked="" type="checkbox"/> Strategy and Governance		
	RI implementation directly or via service providers		
	Direct - Listed Equity incorporation		
	<input checked="" type="checkbox"/> Listed Equity incorporation		
	Direct - Listed Equity active ownership		
	<input checked="" type="checkbox"/> Engagements <input checked="" type="checkbox"/> (Proxy) voting		
	Direct - Fixed Income		
	<input checked="" type="checkbox"/> Fixed income - SSA <input checked="" type="checkbox"/> Fixed income - Corporate (non-financial)		
	RI implementation via external managers		
	Indirect - Selection, Appointment and Monitoring of External Managers		
	<input checked="" type="checkbox"/> Listed Equities <input checked="" type="checkbox"/> Private Equity <input checked="" type="checkbox"/> Property <input checked="" type="checkbox"/> Infrastructure		
	Closing module		
	<input checked="" type="checkbox"/> Closing module		
OO 12.2	Additional information. [Optional]		
	Nothing else to add.		

OO LE 01	Mandatory to Report, Voluntary to Disclose	Gateway	General
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OO LE 01.1	Provide a breakdown of your internally managed listed equities by passive, active - quantitative (quant), active - fundamental and active - other strategies.
0	Passive
0	Active - quantitative (quant)
100	Active - fundamental and active - other

OO LE 01.2	Additional information. [Optional]
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Afore XXI Banorte:

The stock picking, among other strategies, represents an important management activity were took place in our first efforts to incorporate ESG criteria into the investments process. This way, the financial analysis is managed by the Fundamental Analysis Specialist, who requests an ESG analysis with the main risks and opportunities about the ESG issues related to the investment proposal. The ESG team analyzes the company's management of ESG issues, and the level of compliance of other ESG requests like politics, processes and others. For further details, visit: https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/Lineam_RentaVarPropActiva.pdf or https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/ESG_Integ.pdf

OO FI 01	Mandatory to Report, Voluntary to Disclose	Gateway	General
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OO FI 01.1	Provide a breakdown of your internally managed fixed income securities by active and passive strategies
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SSA	Passive	0
	Active - quantitative (quant)	0
	Active - fundamental and active - other	100
Corporate (financial)	Passive	0
	Active - quantitative (quant)	0
	Active - fundamental and active - other	100
Corporate (non-financial)	Passive	0
	Active - quantitative (quant)	0
	Active - fundamental and active - other	100
Securitized	Passive	0
	Active - quantitative (quant)	0
	Active - fundamental and active - other	100

OO FI 01.2	Additional information. [Optional]
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Figures reported only consider AUM's of Afore XXI Banorte.

Our Fixed Income team actively manages approximately \$623 mm pesos in assets. These are segmented across the Government, Securitized and Corporate Bond markets.

OO FI 03	Mandatory	Descriptive	General
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OO FI 03.1	Indicate the approximate (+/- 5%) breakdown of your SSA investments, by developed markets and emerging markets.
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SSA	0	Developed markets
	100	Emerging markets

OO FI 03.2 Indicate the approximate (+/- 5%) breakdown of your corporate and securitised investments by investment grade or high-yield securities.

Type	Investment grade (+/- 5%)	High-yield (+/- 5%)	Total internally managed
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OO FI 03.3 Additional information. [Optional]

Figures reported only consider AUM's high-yield Afore XXI - Banorte.

OO SAM 01 Mandatory to Report, Voluntary to Disclose Gateway General

OO SAM 01.1 Provide a breakdown of your externally managed listed equities and fixed income by passive, active quant and, active fundamental and other active strategies.

Listed equity (LE)	0	Passive
	0	Active - quantitative (quant)
	100	Active - fundamental and active - other

OO SAM 01.2 Additional information [Optional].

Figures reported only consider AUM's of Afore XXI Banorte.

OO Checks Checks

If there are any messages below, please review them before continuing. If there are no messages below, please save this page and continue.

SG 01.1 Indicate if you have an investment policy that covers your responsible investment approach.

✓ Yes

SG 01.2 Indicate the components/types and coverage of your policy.

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach	<input type="radio"/> Applicable policies cover all AUM <input checked="" type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM
<input checked="" type="checkbox"/> Formalised guidelines on environmental factors	
<input checked="" type="checkbox"/> Formalised guidelines on social factors	
<input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors	
<input checked="" type="checkbox"/> Fiduciary (or equivalent) duties	
<input checked="" type="checkbox"/> Asset class-specific RI guidelines	
<input checked="" type="checkbox"/> Sector specific RI guidelines	
<input checked="" type="checkbox"/> Screening / exclusions policy	
<input type="checkbox"/> Other, specify (1)	
<input type="checkbox"/> Other, specify(2)	

SG 01.3 Indicate if the investment policy covers any of the following

- Your organisation’s definition of ESG and/or responsible investment and it’s relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

SG 01.4 Describe your organisation’s investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

Afore XXI Banorte:
 As a pension fund manager, our main commitment with our affiliated active employees is to safeguard their savings and offer long-term strategies with greater investment returns. We have a diversified portfolio that allow us to manage its risks with a proper asset allocation strategy. The secondary commitment is the integration of ESG issues in decision- making, planning processes, and a continue communication with issuers, to align our value chain under the Principles of Responsible Investment. The Afore considers that the real economic impact (from an ESG point of view) is related to controversies on ESG pillars that can affect the cash flow and financial stability of companies we invested in, but with the early recognition and analysis of the risks of an investment proposal and the economic status globally, can prevent losses in the portfolio. To further detail visit our policy: https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/ESG_Integ.pdf

Asset Manager Banorte:
 Due to limited number of characters information can be found on 01.6

SG 01.5 Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

Afore XXI Banorte:
 We pursue responsible investment practices to improve the financial performance of investments, to promote sustainable investments and to reduce systematically the risk exposure of the portfolio. Because of this, since 2018, we integrated ESG issues into the investment process, which showed the climate change risks, its impact on the local economy and the level of vulnerability of the investments in the portfolio. As an investor, we are highly involved in the migration to low carbon investments, to prevent global average temperatures from rising more than 2° Celsius. We are aware that without the private sector, the possibilities to accomplish it are low. Therefore, we are developing an investment strategy to invest in low carbon investments. Additionally, we established defined objectives to the infrastructure sector which, in our consideration, is one of the most vulnerable sectors confronting climate change risks. Our objectives are set for 2030 and consider it that, to at least 50% of the Infrastructure issuers in the portfolio, must meet with the following:

- Have an ESG policy, program, initiative or implemented projects.
- Have buildings certified under LEED or similar certification,
- To incorporate clean technology and/or renewable energy to reduce its carbon footprint,
- Have strategies and processes to mitigate risks related to climate change,
- Have insurance coverage of climate change damages or green investments that help mitigate climate change,
- Develop reports or documentation of the risks and/or opportunities related to ESG,
- In risk analysis, consider climate change and its related events, and

- Involvement with shareholders.

Additionally, during 2020 we are going to incorporate into the ESG analysis, the main controversies that may cause a downgrade of the company's ESG score. Also, we are working on an investment strategy to increase investment in projects that help to decrease the carbon footprint of the portfolio.

Due it is an important matter to stakeholders, we have developed a methodology to analyze how the issuers manage the ESG factors, and evaluated their capability and commitment to adopt ESG issues,. This methodology provides a qualitative review of the company or investment project considering different sources of public information of the company. The model has been adapted to asses' specific sectors, different types of assets. The latest update to the model was the addition of a new indicator for listed equity issuers about their disclosure of information.

Asset Manager Banorte:

Variations: in addition to our traditional investment policy, we have a framework of internal guidelines that are complementary, which includes;

A responsible investment policy where we declare our adherence to the initiative, our strategy and commitments

A manual detailing our implementation processes and the areas involved

Procedures for the application of ESG transparency analysis, monitoring of public controversies, communication channel with broadcasters and involvement.

It is important to mention that most of the content of these documents is informative, they do not directly influence investment processes so far, unless it is indicated by the Asset Manager General Direction.

Key elements: According to our Responsible Investment Manual, the Asset Manager General Direction may take into consideration in the decision-making process of investment the ESG analyzes, carried out by the Sustainability and Responsible Investment Department, in cases where the application of the reputational risk algorithm determines a high level of risk in investments equal to or greater than 1% of total assets under management.

Exceptions: We developed an exclusion list in which Asset Manager Banorte is prohibited from investing. This list includes all the assets whose activity is involved in the following areas: nuclear energy, production and/or commercialization of radioactive materials (including storage and treatment of radioactive waste), asbestos and polychlorinated biphenyls (PCBs), production and/or commercialization of chemicals industrial, pesticides, and organic pollutants, tobacco, chemical and nuclear weapons, uranium extraction for weapons, manufacture of firearms, land mines, artisanal mining, cluster bomb manufacturing, any business related to pornography and prostitution, churches, gambling and companies involved in Iran or Sudan. Also, this list includes sovereign bonds of countries that are sanctioned by the United Nations; Iraq, Libya, Mali, Central African Republic, Republic of Guinea, Democratic Republic of North Korea, Democratic Republic of the Congo, Somalia, Sudan, South Sudan and Yemen.

No

SG 01.6 Additional information [Optional].

Asset Manager Banorte: We are convinced that by managing ESG factors when making investment decisions, we can generate longterm value, prevent risks and detect opportunities in our portfolios. The Responsible Investment Policy is based on the international agreements and initiatives to which Mexico and GFNorte adheres, the current national legal framework and the regulations of GFNorte. Down below we share some of our team work characteristics: Area specialized in managing third-party resources (clients) within GFNorte. Transparency in decision-making and no conflict of interest. With more than 50 professionals dedicated to managing your resources. Disciplined investment processes that optimize the risk-return ratio. Excellent rating (mex) as Investment Manager by Fitch Ratings. ISO 9001: 2008 Quality Certification in the investment process.

SG 01 CC Mandatory to Report, Voluntary to Disclose Descriptive General

SG 01.6 CC Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.

Yes

Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.

Afore XXI Banorte:

Transition risks:

Carbon footprint, measure carbon exposure for equity, corporate, sovereign & financial issuers.

Physical risks:

Currently, we have been collecting data about the geographic location of the projects in our portfolio, to classify them according to its climate change-vulnerability. We will introduce this information in the ESG analysis, allowing us to identify the vulnerabilities and risks before they emerged. Also, we consider this mapping will be useful to identify our portfolio's climate risks, improve our engagement and monitoring process.

Climate change affects the financial system through multiple risks. This phenomenon imposes the necessity to act immediately and adapt our investment process to potentially adverse impacts, as well as to reduce emissions of greenhouse gases and compounds.

Therefore, we seek to strengthen and establish the measures and actions necessary to support the ESG integration and the evaluation of climate risks in the internal investment strategy and with external managers.

Under our fiduciary duty, we seek to understand and manage the investment risks of climate change by ensuring that managers are integrating sustainability and climate change considerations into their practices. For this purpose, our Investment Committee approved a plan of 10 years (2020- 2030) that will apply to our investments into the real estate sector. This plan consists of identifying potential risks, evaluate them and carried out commitments and/or adaptation measures. Based on the Nationally Determined Contributions of Mexico, our plan would be measure in 2 stages, the first for 2025 (with at least 20% of fulfillment) and the second for 2030 (with at least 50% of fulfillment).

URL: <https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/PosturaCC.pdf>

Asset Manager Banorte:

During this reporting year our efforts have focused on measuring the carbon print in our holdings. In 2019 year we calculated our scope 3 emissions using as methodology the GHG Protocol, meaning those associated with investments, we calculate a total of 89,473.10 metric tons of CO2e, corresponding to 84.9% of investment in equity assets. These emissions correspond to public information as of fiscal year 2018 and include those issuers' scope 1 and 2 emissions.

Finally, in conjunction with the 2 Degrees Investing Initiative (2Dii), they prepared an analysis of climate scenarios following the Task Force on Climate-Related Financial Disclosure (TCFD) recommendations in order to determine the portfolio's exposure to transition risks, based on current and future estimated exposure to carbon-related activities. The analysis focused on assets in climate-sensitive sectors like fossil fuels, energy, automotive, aviation and mining.

No

SG 01.7 CC Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

Yes

Describe the associated timescales linked to these risks and opportunities.

Afore XXI Banorte:

The nature of the climatic risks, as well as the affectation of the real estate values, are being explored by the industry. In this sense, based on the Urban Land Institute and Heinman, we identify the types of climate risk and their potential impact on real estate tied with possible commitments by the administrator by type of climate risk. We identify the main types of risks that have potential to affect real estate investment and their potential impacts. The goal for 2030 is for external managers to identify potential risks and establish commitments and / or adaptation measures.

As mentioned before, we're in the process of collecting data. The physical location of the projects of our portfolio will allow us to identify the vulnerability or impact of climate risks on the investments. Additionally, we are including, as part of the information requested, matters regarding climate vulnerability, insurances or protocols for natural disasters, and adaptation measures in case of a shortage of resources, included into projects.

No

SG 01.8 CC Indicate whether the organisation publicly supports the TCFD?

Yes

No

Explain the rationale

Afore XXI Banorte:

We are in favour of the TCFD recommendations; however, we still do not have the specific structure for the implementation of each of them. We are currently working on recommendations, specifically, for real estate securities.

We are currently evaluating TCFD's requirements to add us at the end of the year.

SG 01.9 CC Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

Yes

Describe

Afore XXI Banorte:

So far, the following interest themes are supervised by the ESG Team at each of our portfolio projects: Vulnerability to Climate Change, Environmental impact by financing, identification and management of risks and sustainable corporate.

After evaluating the climate change vulnerability of the portfolio and the proper research of potential risks at short, medium and long term, we will generate a strategy conducted to acknowledge internally and externally (issuers) the potential risks that the portfolio may face and therefore asses if the issuer's protocols, policies or procedures are proper to manage the risks.

We scheduled periodically meetings with our external managers and issuers in order to communicate the potential ESG risks and commitment. Also, the ESG team makes an analysis of the sustainability indicators of the portfolio, collected throughout the year and the annual results are presented to our Investment Committee, this analysis includes ESG advances and indicators of vulnerability to climate change and the carbon footprint of the portfolio.

Likewise, we are developing a Climate Strategy at a national level, to have an overview of the percentage of the portfolio with presence in areas that are highly vulnerable to climate change. We consider ESG issues as part of our monitoring and follow-up gave to each of our assets, by type of sector, through their respective managers.

No

SG 1.10 CC Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

specify

Afore XXI Banorte: We currently have a document that describes our position to the climate change. URL: <https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/PosturaCC.pdf>

We currently do not publish TCFD disclosures

SG 02 **Mandatory** **Core Assessed** **PRI 6**

SG 02.1 Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.

Policy setting out your overall approach

URL/Attachment

URL

https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/ESG_Integ.pdf

Attachment (will be made public)

Formalised guidelines on environmental factors

URL/Attachment
<input checked="" type="checkbox"/> URL https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/Lineam_ASG.pdf
<input type="checkbox"/> Attachment (will be made public)

Formalised guidelines on social factors

URL/Attachment
<input checked="" type="checkbox"/> URL https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/Lineam_ASG.pdf
<input type="checkbox"/> Attachment (will be made public)

Formalised guidelines on corporate governance factors

URL/Attachment
<input checked="" type="checkbox"/> URL https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/Lineam_ASG.pdf
<input type="checkbox"/> Attachment (will be made public)

Fiduciary (or equivalent) duties

URL/Attachment
<input checked="" type="checkbox"/> URL https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/Responsabilidad.pdf
<input type="checkbox"/> Attachment (will be made public)

Asset class-specific RI guidelines

URL/Attachment
<input checked="" type="checkbox"/> URL https://www.xxi-banorte.com/aforeXB/afore/index.aspx#!/asg
<input type="checkbox"/> Attachment (will be made public)

Sector specific RI guidelines

Screening / exclusions policy

URL/Attachment
<input checked="" type="checkbox"/> URL https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/ESG_Integ.pdf
<input type="checkbox"/> Attachment (will be made public)

Engagement policy

URL/Attachment
<input checked="" type="checkbox"/> URL https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/Lineam_RentaVarPropActiva.pdf
<input type="checkbox"/> Attachment (will be made public)

(Proxy) voting policy

URL/Attachment
<input checked="" type="checkbox"/> URL https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/Politica_ejercicio.pdf
<input type="checkbox"/> Attachment (will be made public)

We do not publicly disclose our investment policy documents

SG 02.2 Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment
<input checked="" type="checkbox"/> URL https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/ESG_Integ.pdf
<input type="checkbox"/> Attachment

- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment

URL/Attachment
<input checked="" type="checkbox"/> URL https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/ESG_Integ.pdf
<input type="checkbox"/> Attachment

- Governance structure of organisational ESG responsibilities

URL/Attachment
<input checked="" type="checkbox"/> URL http://www.banorte.com
<input type="checkbox"/> Attachment

- ESG incorporation approaches

URL/Attachment
<input checked="" type="checkbox"/> URL https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/ESG_Integ.pdf
<input type="checkbox"/> Attachment

- Active ownership approaches

URL/Attachment
<input checked="" type="checkbox"/> URL https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/Lineam_RentaVarPropActiva.pdf
<input type="checkbox"/> Attachment

- Reporting
- Climate change

URL/Attachment
<input checked="" type="checkbox"/> URL https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/PosturaCC.pdf
<input type="checkbox"/> Attachment

- We do not publicly disclose any investment policy components

SG 02.3	Additional information [Optional].
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Afore XXI Banorte:

During the reported year, we have improved and formalized different processes like, proxy voting, active ownership (engagement with issuers), implementing ESG factors in Fixed Income analysis, among others. We believe in continuous improvement, but to keep and resumed some activities, it is necessary to define a process and agents involved, so we included in the policies the proper information to formalized our responsible investment practices.

Our responsible investment practices are found in the policies publicly available on the website, as they are described below:

ESG Integration for Investments Management through Mandates: This policy describes our process and engagement activities with listed equity external managers, and the criteria for appointment, monitoring, and assessment of the managers. This policy was developed during the reported year, but several of the processes were already implemented. One of the new implementations was the Investment Restrictions List to mandates. In this list are mentioned activities, sectors, and countries where we consider goes against our investment ethics and well-being of the society.

Guidelines for Responsible Investment + Climate Change: The guidelines described in the policy are the general filters that an investment proposal goes through to be approved at ESG basis, where we explain the person involved, the processes and its outcomes. This document includes the first mention of the Afore's stance on Climate Change and the efforts to control and prevent its risks.

Guidelines for Responsible Investment for Structured Assets: The policy describes the processes, engagement activities and guidelines followed by Infrastructure, Property and Private equity managers. As well, it includes the 2030 strategy goals that we established to the infrastructure managers, that reach the improvement of engagement activities, information disclosure and spread awareness in climate change. One of the new implementations was the Investment Restrictions List to managers' investments. In this list are mentioned activities, sectors, and countries where we consider goes against our investment ethics and well-being of the society.

Responsible Investment in Active Ownership ESG: This policy talks about the specific engagement strategies applied with listed equity issuers, the sources of information and the criteria used to evaluate listed equity assets. One of the new implementations was the Investment Restrictions List. In this list are mentioned activities, sectors, and countries where we consider goes against our investment ethics and well-being of the society.

Responsible Investment for Fixed Income ESG: In the reporting year, we established our scope and approach with fixed income assets analysis and the strategy to integrate ESG factors in the investment process of fixed income proposals; due to the nature of fixed income assets, we divided the approach of the analysis by corporate, sovereign and thematic bunds. This allows us to define the sources of information and strategy.

Proxy Voting Policy: During the reporting year and based on the PRI recommendations, we enhance and formalized the proxy voting process and the logbook of the intentions of the vote. The policy covers issues as a conflict of interests, corporate governance and composition of the board characteristics we are looking for, description of proxy voting as an engagement activity, list of situations or themes to be treated where an internal or external representative will attend an assembly among others.

Asset Manager Banorte:

We have a responsible investment policy setting out our overall approach that includes the following components:

Definition of ESG and responsible investment and its approach in relation to investment.
 ESG incorporation approaches.
 Reporting.

We also develop an exclusion list that defines the activities and countries in which Asset Manager Banorte is prohibited from investing.

For more information about our responsible investment policy and the exclusion list, please visit our sustainability webpage:
<https://investors.banorte.com/en/sustainability/resources/policies-and-procedures>

SG 03	Mandatory	Core Assessed	General
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SG 03.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
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Yes

SG 03.2	Describe your policy on managing potential conflicts of interest in the investment process.
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To improve our transparency practices, formalized processes and implementing policies that improve the pension fund's accountability, we have our own Ethics Code, where explicitly mentions that we must identify and address conflicts of interest. This policy applies to the members of the Investment Committee, the CIO, strategists and the traders in Afore XXI Banorte. The subject of conflicts of interest is also included in the Proxy Voting Policy and must take into consideration the decision of the sense of the vote in Shareholders Assemblies.

In 2019, we were the first Pension Fund in Mexico to adopt the CFA Institute Asset Manager Code. The Asset Manager Code clearly outlines the ethical and professional responsibilities of firms that manage assets on behalf of affiliated clients. For investors, the code provides a benchmark of ethical conduct that they should expect from asset managers and offers a higher level of confidence in firms that adopt the code

For further details, please visit: <http://cmcm.banxico.org.mx/docs/declaracion-de-compromiso/%7B317BE323-9EBE-28A9-F0B2-B7AB84C8194C%7D.pdf>

No

SG 03.3	Additional information. [Optional]
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Afore XXI Banorte

Our Board of Directors must prepare and approve a code of best practices whose main objective is to eliminate potential conflict of interest in the activities and decision-making regarding investments and risk management. Directors must refrain from exercising their right to vote in cases where they have started to face a conflict of interest. The Investment Committee's purpose is to determine the investment policy and strategy.

We seek that other issuers in our portfolio be aligned on the same line to improve and follow the best practices in transparency, for this reason, the mitigation and policies for the management of conflicts of interest is part of our governance section of the questionnaire we send as a request of information.

Our Code of Best Practices, includes, between others:

- We must communicate current and potential conflicts of interest that may exist between Afore XXI Banorte and the persons with whom they have a patrimonial nexus, either directly through Afore XXI Banorte operations or indirectly through mandates or similar as well as the investment in authorized vehicles that have been issued or structured by persons with whom they have a net worth,

- The Management Board must be composed of at least five members, including an independent director, the CEO of Afore XXI Banorte and the other members or officials designated by the governing body of Afore XXI Banorte.

- Among the members appointed by the governing body, a non-independent director and the manager of the Investment Area of Afore XXI Banorte must be considered.

- Each member will have the right to vote. The members of the Investment Committee shall establish the internal procedure for the adoption of the resolutions in case of a tie in the voting.

- The Board must meet at least once a month, and their sessions will be valid only if they have a quorum of 80% of its members who participate with a vote, within which the assistance of the CEO of Afore XXI Banorte and an Independent Director will be required.

- A detailed memorandum must be drawn up, which will be available for the CONSAR.

- The Regulatory Comptroller and the head of the Risk Management must attend the sessions of the Investment Committees of Afore XXI Banorte participating with voice but without a vote.

- The members of the Investment Committee with voice and vote cannot be members of the Financial Risk Committee except the CEO.

- Independent Directors who are members of an Investment Committee preferably must demonstrate the minimum experience of five years.

- The Independent Directors and those attending the meetings of the Investment Committee must state the potential conflicts of interest that arise in their case regarding the management issues of the investment portfolios that are the object of their evaluation. Independent Directors must abstain from exercising their right to vote in cases where they have stated that they are facing a conflict of interest

Asset Manager Banorte:

Transparency in decision-making and no conflict of interest.

SG 04	Voluntary	Descriptive	General
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SG 04.1	Indicate if your organisation has a process for identifying and managing incidents that occur within investee entities.
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Yes

No

SG 04.2	Describe your process on managing incidents
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Afore XXI Banorte:

With available public information and different external sources, our analysts are updated with main events in the capital market. In addition, we have different resources and data providers that allow us to monitor the main controversies that have occurred daily. Our engagement with issuers is highly important, so we have the proper communication channel to discuss or ask about these relevant events and form an objective criterion for decision-making. In the case of our investment managers, we held regular meetings and discussed about the relevant issues, market controversies and their strategies with these relevant events. These matters and their analysis are presented to the Investment Committee, on a regular basis, for their knowledge. We implemented

a Controversy analysis to issuer's (considering controversies or incidents during operations) in order to analyze the impact, of the controversy or incident, that they may cause to the project's operations and therefor the investment.

Portfolio Risk Management:

Based on the studies carried out and presented by the UAIR in the Investment Committee, it determines a global portfolio risk level aligned with the profitability objectives that were determined.

For this, the implications derived from the risk model must be incorporated, for which the Risk Committee will define the processes to identify, measure, monitor and control the different types of risks. Additionally, it is intended to limit the Business Risk and the Operational Risk during Due Diligence processes. Likewise, through the review of corporate information, with the support of the Legal and Comptroller's Office, mitigation of legal risk will be sought. At the strategy for property assets we have policies that we must observe for Risk Assessment:

- Operational Risk: the administrator will be required in the investment memorandum to record the main operational risks of the transaction.
- Legal Risk: Any investment proposal in a promoted company must have a Due Diligence or Legal Review with respect to the Company's Bylaws, Corporate Governance and Legal proceedings against the Company. There should be a legal review of land charges, as well as the status of permits and licenses if applicable. There must be a legal opinion on the structure of the operation and the Trust.
- Technical Risk: They must contain a technical study (e.g. study of vehicular capacity, independent engineer, wind farm, among others) that help to predict future income, as well as project expenses
- Political & Social Risk: For any infrastructure project under development, an independent study on the social and political risks of carrying out the infrastructure project will be required.
- Operative Risk of External Managers: By law, the external manager approved by the Investment Committee must have an financial risk management department for the activities inherent to the investment process contracted by Afore XXI Banorte, including processes to identify & monitor, control and, where appropriate, mitigate operational risks, for which it must contain, among other elements, contingency plans and processes that guarantee the continuity of management in the agreed terms.

Also, the external manager should have a robust system that allows the processing of operations, valuation and risk control. Likewise, the data processing computer systems has shall have adequate backup and control, including data recovery. The external manager must have clear procedures to verify systemically that during the monitoring of operations, these are duly recorded, accounted for and included in the reports.

Asset Manager Banorte:

Based on an algorithm that relates the ESG factors to the public exposure of issuers, we will estimate the reputational risk according to three levels (low, medium and high). The research is done through digital and printed media, paying special attention to complaints from the community, NGOs and authorities at the national and international level. The information resulting from this monitoring, particularly the controversial ESG issues, will be considered to get involved with issuers and support them in the improvement of their risk management and disclosure processes. During the year, the 30 most representative issuers in our portfolio (94.7% of the AUM in our equity portfolio) were assessed by both methodologies observing a low level alert.

SG 05	Mandatory	Gateway/Core Assessed	General
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SG 05.1	Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.
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- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc basis
- It is not set/reviewed

SG 05.2	Additional information. [Optional]
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Afore XXI Banorte:
 The investment strategies for each asset class are reviewed annually, considering the underlying asset class, the investment horizon according to our Glidepath, expected returns, as well as the deviation vs. its benchmark and, are presented to our Investment Committee and Risk Committee for their approval.

Asset Manager Banorte:
 The sustainability area is in charge of reviewing the investment strategy annually responsible. Later, it is reviewed with our Asset Manager's general management for its approval and adoption in its processes. Further, the area of sustainability is who executes the action plan.

SG 06	Voluntary	Descriptive	General
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SG 06.1	List the main responsible investment objectives that your organisation set for the reporting year.
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Responsible investment processes

Provide training on ESG incorporation

Key performance indicator

Afore XXI Banorte: Number of trainings to the investment department. Asset Manager Banorte: Number of FTE trained and number of training hours.

Progress achieved

Afore XXI Banorte:
 During the reporting year we had 3 trainings/courses, where the attendance of the Investment area, was of 75%.

Asset Manager Banorte:
 Two FTE were trained with the course "The Alpha and Beta of ESG Investing" imparted by Amundi. This training lasted two hours.

Provide training on ESG engagement

Key performance indicator

Afore XXI Banorte: Number of companies which with we established an agreement or pending.

Progress achieved

Afore XXI Banorte:

The engagement training was imparted only to the ESG team, where was established the goals to achieved in meetings or follow-up calls. In 2019, we had engagement activities related to ESG requests with 33 companies.

- Improved communication of ESG activities within the organisation

Key performance indicator

Number of policies where was necessary to have the approval of other team in the company and of FTE that received information related to ESG.

Progress achieved

Afore XXI Banorte:

In the development of policies, the ESG team oversaw the policies draft, attending the characteristics and requirements of every type of assets and the existent operational guidelines about them. We require the approval of different teams for 5 out of 6 policies. This process improved the diffusion of ESG strategy among the Risk and Investment Departments.

Asset Manager Banorte:

We communicate our commitment to responsible investment in sessions of the Investment Committee.

In August, an internal email was sent to communicate the Responsible Investment Manual as part of our internal regulations. Its scope was 100% of the FTE.

- Improved engagement to encourage change with regards to management of ESG issues

Key performance indicator

Afore XXI Banorte: Number engagements that were accomplished.

Progress achieved

Afore XXI Banorte:

From a total of 33 companies we had a meeting with, 12 were accomplished, due the proper follow-up and availability of the issuers.

- Improved ESG incorporation into investment decision making processes

Key performance indicator

Afore XXI Banorte: Reforms and updates in the drafting of the policies . Asset Manager Banorte: Number of issuers assessed with our internal methodology,

Progress achieved

Afore XXI Banorte:

In the reported year, we formalized the process to integrate ESG factors in fixed income assets. We defined the processes to define the method of voting according to the themes to be treated in Shareholders Assemblies to improve our transparency and have the record of the attendance and sense of votes.

Asset Manager Banorte:

We assessed 30 issuers that represent 94.7% of our listed equity portfolio.

- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- None of the above

Financial performance of investments

- Increase portfolio performance by consideration of ESG factors
- Other, specify (1)

other description (1)

Afore XXI Banorte: Measurement of financial vs. ESG performance.

Key performance indicator

Afore XXI Banorte: Long term performance analysis vs. ESG Score identifying those issuers that have low performance and a lack of ESG commitment.

Progress achieved

Afore XXI Banorte:

We analyse ESG ranking vs performance & alpha for our equity portfolio, external managers & reits.

- Other, specify (2)
- Other, specify (3)
- None of the above

ESG characteristics of investments

- Over or underweight companies based on ESG characteristics
- Improve ESG ratings of portfolio

Key performance indicator

Comparison of ESG scores through the time.

Progress achieved

Afore XXI Banorte:

Improvement of the monitoring process and engagement activities. For listed equity & mandates, the portfolio was monitor and were follow up meetings with mandates, companies and managers. For fixed income, infrastructure, property and private equity portfolios were developed a evaluation model, to generate an internal score of the class of assets.

- Setting carbon reduction targets for portfolio
- Other, specify (1)

Other description (1)

Resquest about ESG KPI's

Key performance indicator

Afore XXI Banorte: Rate of response.

Progress achieved

This request of information was aimed to infrastructure, property and private equity issuers. The rate of respond was of 65%.

- Other, specify (2)
- Other, specify (3)
- None of the above

Other activities

- Joining and/or participation in RI initiatives

Key performance indicator

Number of initiatives supported.

Progress achieved

Afore XXI Banorte:

- Consejo Consultivo de Finanzas Verdes (Advisory Council of Green Finance).
- World Pension Summit.

Asset Manager Banorte:

- Consejo Consultivo de Finanzas Verdes (Advisory Council of Green Finance).
- PRI's Latam Advisory Committee
- Sustainability Committee of the Mexican Stock Exchange
- Sustainability Committee of the Mexican Bank Association
- CDP Investors initiative

- Encouraging others to join a RI initiative

Key performance indicator

Afore XXI Banorte: Number of issuers joining RI initiatives.

Progress achieved

Afore XXI Banorte:

Be part of the financial sector's learning curve about the adoption of ESG issues into the investment process. Additionally, we have participated in formal events were the Afore explain its methodology to integrate ESG factors in the investment process and its concern about others not being align with this initiative.

Asset Manager Banorte:

We promote the PRI adoption and implementation through the Mexican Banks Association and the Mexican Stock Exchange.

- Documentation of best practice case studies
- Using case studies to demonstrate engagement and ESG incorporation to clients
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- None of the above

SG 06.2	Additional information.
<p>Afore XXI Banorte:</p> <p>We developed a methodology to analyze ESG factors management of the issuers and asses the capability, and commitment to adopt ESG issues as an important matter to stakeholders, and moreover, increase their disclosure of information. This methodology provides a qualitative review of the investment, considering information provided from different external sources and by the issuers.</p> <p>The main objective of implementing this methodology is to include the approaching with issuers which helps us to promote ESG factors and establish a commitment suggesting improving the information that is publicly available. As is previously mentioned, we actively use our fiduciary duties to engage with companies on behalf of our affiliated active workers in a constructive way to improve sustainable corporate behavior to result in a profile of our investments.</p> <p>During the reported year, Afore XXI Banorte attended and organized different forums to inform our status and understanding of Responsible Investment practices, as well as present our ESG methodology and its objective, information required to address ESG matters, etc., etc.</p>	

SG 07	Mandatory	Core Assessed	General
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SG 07.1	Indicate the internal and/or external roles used by your organisation, and indicate for each whether they have oversight and/or implementation responsibilities for responsible investment.
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Roles
<input checked="" type="checkbox"/> Board members or trustees <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Oversight/accountability for responsible investment <input type="checkbox"/> Implementation of responsible investment <input type="checkbox"/> No oversight/accountability or implementation responsibility for responsible investment
<input checked="" type="checkbox"/> Internal Roles (triggers other options)
Select from the below internal roles
<input checked="" type="checkbox"/> Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Oversight/accountability for responsible investment <input type="checkbox"/> Implementation of responsible investment <input type="checkbox"/> No oversight/accountability or implementation responsibility for responsible investment
<input checked="" type="checkbox"/> Other Chief-level staff or head of department, specify Sustainability department. <ul style="list-style-type: none"> <input type="checkbox"/> Oversight/accountability for responsible investment <input checked="" type="checkbox"/> Implementation of responsible investment <input type="checkbox"/> No oversight/accountability or implementation responsibility for responsible investment
<input checked="" type="checkbox"/> Portfolio managers <ul style="list-style-type: none"> <input type="checkbox"/> Oversight/accountability for responsible investment <input checked="" type="checkbox"/> Implementation of responsible investment <input type="checkbox"/> No oversight/accountability or implementation responsibility for responsible investment
<input type="checkbox"/> Investment analysts
<input checked="" type="checkbox"/> Dedicated responsible investment staff <ul style="list-style-type: none"> <input type="checkbox"/> Oversight/accountability for responsible investment <input checked="" type="checkbox"/> Implementation of responsible investment <input type="checkbox"/> No oversight/accountability or implementation responsibility for responsible investment
<input checked="" type="checkbox"/> Investor relations <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Oversight/accountability for responsible investment <input type="checkbox"/> Implementation of responsible investment <input type="checkbox"/> No oversight/accountability or implementation responsibility for responsible investment
<input type="checkbox"/> Other role, specify (1)
<input type="checkbox"/> Other role, specify (2)
<input checked="" type="checkbox"/> External managers or service providers <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Oversight/accountability for responsible investment <input checked="" type="checkbox"/> Implementation of responsible investment <input type="checkbox"/> No oversight/accountability or implementation responsibility for responsible investment

SG 07.2	For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.
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Afore XXI Banorte:

The CIO and the ESG team, are the project leaders on implementing the ESG factors into our investment process. Our objectives are to be able to measure the vulnerability and impact of ESG risks, to promote the public disclosure of ESG information, to be pioneers in Mexico on implementing ESG factors into the

investment processes and to enhance the responsible investment practices of the Investment strategy (internal & externally).

As part of the pursuing of these objectives, we have established commitments and engagement activities, to permeate our best practices of responsible investment criteria with internal and external managers of our portfolio (including issuers & government) to the issuers. The ESG team is in charge of analyzing the investment vehicles in the portfolio, develop proposal policies to present to our Investment Committee, of the continuous monitoring and follow-up of the issuer's progress, agreements, and controversies, between other activities.

The Investment Committee members of Afore XXI Banorte perform, mainly, the following functions:

Approve the proposal of the Investment Manual for the SIEFORES. This Manual contains the policies and processes of the investment area, which also includes de Responsible Investment policies and the integration of ESG factors into the investment process and methodology.

To support our commitment to Responsible Investment, we established as part of the functions of our Investment Committee:

Incorporate in the analysis of the characteristics and risks of the issuers, the ESG Factors of each of the investments or investment proposals.

To validate the ESG ranking; this committee must follow up on an annual basis and issue their opinions regarding the investment analysis whose rating represents a risk to the portfolio.

The Responsible Investment area oversight, implement and operate the ESG factors within the Investment area. They help portfolio managers and analysts to integrate these factors in the final analysis of an issuer.

Our board members supervise quarterly the implementation and integration of the policies throughout the life cycle of investments and take into consideration the report of the main ESG activities included in the Investment Committee's presentation.

Down below the policies by asset type:

ESG Integration for Investments Management trough Mandates: https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/Lineam_Gesti%C3%B3nMandatos.pdf

Guidelines for Responsible Investment for Structured Assets: <https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/InvResponsable.pdf>

Responsible Investment in Active Ownership ESG Policy: https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/Lineam_RentaVarPropActiva.pdf

Responsible Investment for Fixed Income ESG Policy: https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/Lineam_RentaVarPropActiva.pdf

Asset Manager Banorte:

Sustainability and Responsible Investment Department:

1. Propose a responsible investment implementation strategy
2. Execute ESG analysis
3. Present results to the Asset Manager General Direction
4. Promote PRI in the stock market
5. Generate information in the Integrated Annual Report and at the PRI initiative

Asset Manager General Direction:

1. Approval of the responsible investment strategy
2. Share the portfolio with the Sustainability and Responsible Investment Department
3. Review ESG analysis results and define its approach

SG 07.3	Indicate the number of dedicated responsible investment staff your organisation has.
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SG 07.4	Additional information. [Optional]
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Afore XXI Banorte:

We have assigned different resources for the integration of the ESG factors in the investment and decision-making process:

- 3 full-time ESG analysts focus on responsible investment practices
- An external ESG services provider of international prestige.
- 4 portfolio managers plus 6 fundamental analysts

Thanks to the collaboration of the areas in the Investment department, we have accomplished:

Ranked 135 issuers from the portfolio,

Formalized ESG process and operational investment process like proxy voting, appointment of mandates under ESG factors, among others.

Down below the policies by asset type:

ESG Integration for Investments Management trough Mandates: https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/Lineam_Gesti%C3%B3nMandatos.pdf

Guidelines for Responsible Investment for Structured Assets: <https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/InvResponsable.pdf>

Responsible Investment in Active Ownership ESG Policy: https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/Lineam_RentaVarPropActiva.pdf

Responsible Investment for Fixed Income ESG Policy: https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/Politica_RentaFija.pdf

Asset Manager Banorte:

- Sustainability and Responsible Investment Director
- Asset Manager Director
- Two ESG dedicated team composed by a manager and a specialist

SG 07 CC	Mandatory to Report, Voluntary to Disclose	Descriptive	General
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SG 07.5 CC	Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.
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Board members or trustees

Oversight/accountability for climate-related issues

- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other Chief-level staff or heads of departments

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Portfolio managers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Dedicated responsible investment staff

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Investor relations

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

External managers or service providers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

SG 07.6 CC

For board-level roles that have climate-related issue oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.

Afore XXI Banorte:

So far, Vulnerability to Climate Change, Environmental impact by financing, identification, and management of risks, sustainable corporate and climate-related topics are considered into the conversations with the different issuers of our portfolio. The ESG team is in charge of analyzing the issuer's capability to adapt to climate-related risks, calculating the carbon footprint of the portfolio and evaluating the climate-vulnerability of projects in the portfolio. The outcomes of these processes, are formalized into the Investment Committee.

Process

Monthly, our committee members are informed about the ESG processes, progress and outcomes. The ESG team and the CIO approved altogether the ESG opinion, analyzing the likelihood of climate risks that could affect the performance of the portfolio. This information is represented with indicators like ESG rating, Alpha vs ESG score, Performance vs ESG Score, climate vulnerability level, SWOT matrix, between others.

When a member needs clarification, specific data, or a controversy (climate risk-related, reputational, legal action), the ESG team will send the proper information request.

Decision making

When an investment proposal is presented on the investment committee, its members not only take into consideration the financial point of view, but the ESG Score and the climate risks identified too. This allows the Committee members in the decision-making process; due their criteria are based on robust information.

Monitoring and oversee: The ESG team oversee the monitoring of projects and companies in the portfolio, on ESG criteria. Therefore, any relevant changes in the score and controversies identified are presented in the Investment Committee. After each session the committee members share their comments and concerns to the CIO and if necessary, a monitoring plan.

In the following sessions the CIO will present the outcomes of the monitoring plan or the resolution of the controversy, detailing the issuer's comments about the subject and the controversy matrix requested by us.

Apart from the above, a timeline with the annual ESG objectives is approved by the Committee members at the beginning of every year, and monthly is presented the progress. The investment committee is highly interested in the migration to low carbon investments to prevent global average temperatures from rising more than 2° Celsius. Due the prior, the investment department defined goals for the real estate sector, which in our consideration is one of the most vulnerable confronting climate change risks. This plan was approved by the investment committee to be achieved in 2030, to at least 50% of the real estate portfolio issuers meet with the following:

- An ESG policy, program, initiative or implemented projects.
- Buildings with environmental certifications.
- The incorporation of clean technology and/or renewable energy to reduce the carbon footprint.

SG 07.7 CC	For management-level roles that assess and manage climate-related issues, provide further information on the structure and processes involved.
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Afore XXI Banorte:

The CEO and the CIO are the project leaders in implementing the ESG factors within our investment process. Their objective is to be one of the pioneers in having policies and processes ESG within the analysis of investment projects and help in the promotion and dissemination of information related to sustainable issues publicly. They also have established commitments and follow-up through the Investment Committees regarding the level of compliance of the analysis in the investment portfolio. In addition, we participate in the CCFV's chairmanship; the CEO promotes the development of ESG publicly available information to align ESG factors to the fiduciary duty and maintain the added value of our long-term portfolios.

Our Board of Directors performs mainly the following functions:

Approve the proposal of the Investment Manual for the SIEFORES. This Manual contains the policies and processes of the investment area, which also includes de Responsible Investment policies and the integration of ESG factors into the investment process and methodology.

Approve the proposal and prior opinion of the Financial Risk Committee, the Manual Policies, and Procedures for the overall Financial Risks Management.

Establish the mechanisms of instances necessary for the proper performance of investments.

The Board of Directors will be composed of a minimum of five directors, who will be appointed by the shareholders of Afore XXI Banorte, of which at least two will be independent directors.

The Investment Committee defines, approves and follows up on the Investment Strategy within limits proposed by the Committee of Financial Risks that have been approved by the Board of Directors only on investment objective assets in which there if investment of exposure.

To support our commitment to Responsible Investment, we established as part of the functions of the Investment Committee of Afore XXI Banorte:

Incorporate in the analysis of the characteristics and risks of the issuers, the ESG Factors of each of the investments or investment proposals.

To validate the ESG ranking; this committee must follow up on an annual basis and issue their opinions regarding the investment analysis whose rating represents a risk to the portfolio.

The Responsible Investment area oversight, implement and operate the ESG factors within the Investment area. They help portfolio managers and analysts to integrate these factors in the final analysis of an issuer.

We have different resources for integrating ESG factors in the investment analysis and decision-making process:

- 3 analysts dedicated to the analysis of ESG key issues (qualitative, quantitative analysis, corporate governance, carbon footprint, etc.).
- The service of external providers of recognized prestige.
- 135 issuers analysed as part of the ESG ranking.
- 4 portfolio managers plus 6 fundamental analysts.

The ESG analysis includes the climate change risks identified and are exposed in the Investment Committee by the CEO. The Investment Committee reports on issues related to climate and general risks by type of asset for approval.

SG 07.8 CC	Indicate how your organisation engages external investment managers and/or service providers on the TCFD recommendations and their implementation.
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- Request that external managers and/or service providers incorporate TCFD into mainstream financial filings (annual financial reports, other regulatory reporting or similar)
- Request incorporation of TCFD into regular client reporting
- Request that external managers complete PRI climate indicator reporting
- Request responses to TCFD Fund Manager questions in the PRI Asset Owner Guide
- Other

Specify

We develop climate strategy and required a compromise to the external manager. URL: <https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/PosturaCC.pdf>

- We do not engage with external managers and/or service providers on the TCFD recommendations and their implementation

SG 08	Voluntary	Additional Assessed	General
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SG 08.1	Indicate if your organisation's performance management, reward and/or personal development processes have a responsible investment element.
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Board members/Board of trustees

SG 08.1b	RI in personal development and/or training plan
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- Responsible investment included in personal development and/or training plan
- None of the above

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee
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SG 08.1a	RI in objectives, appraisal and/or reward
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- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance

None of the above

SG 08.1b RI in personal development and/or training plan

- Responsible investment included in personal development and/or training plan
 None of the above

Other C-level staff or head of department

SG 08.1a RI in objectives, appraisal and/or reward

- Responsible investment KPIs and/or goals included in objectives
 Responsible investment included in appraisal process
 Variable pay linked to responsible investment performance
 None of the above

SG 08.1b RI in personal development and/or training plan

- Responsible investment included in personal development and/or training plan
 None of the above

Portfolio managers

SG 08.1a RI in objectives, appraisal and/or reward

- Responsible investment KPIs and/or goals included in objectives
 Responsible investment included in appraisal process
 Variable pay linked to responsible investment performance
 None of the above

SG 08.1b RI in personal development and/or training plan

- Responsible investment included in personal development and/or training plan
 None of the above

Dedicated responsible investment staff

SG 08.1a RI in objectives, appraisal and/or reward

- Responsible investment KPIs and/or goals included in objectives
 Responsible investment included in appraisal process
 Variable pay linked to responsible investment performance
 None of the above

SG 08.1b RI in personal development and/or training plan

- Responsible investment included in personal development and/or training plan
 None of the above

Investor relations

SG 08.1a RI in objectives, appraisal and/or reward

- Responsible investment KPIs and/or goals included in objectives
 Responsible investment included in appraisal process
 Variable pay linked to responsible investment performance
 None of the above

SG 08.1b RI in personal development and/or training plan

- Responsible investment included in personal development and/or training plan
 None of the above

SG 08.3 Provide any additional information on your organisation's performance management, reward and/or personal development processes in relation to responsible investment.

Afore XXI Banorte:

Currently, the investment area participates in a variable compensation program called "Performance Bonus". This bonus is calculated per year individually for every employee, with a semesterly revision. It takes into consideration the salary average and months within the company and the level of job or charge. Also, consider if the employee has acted according to the values of the company (URL: <https://www.xxibanorte.com/aforeXB/afore/index.aspx#/conocenosMision>).

To obtain the result must multiply the OPI1 and the IDI2 indicators. Until now, the investment area does not have a reward or personal development process related to responsible investment, except for the training programs in ESG themes and methodology.

1OPI (Organizational Performance Index): Represents the level of targeted utilities after taxes; when the OPI exceeds 20% breach, the OPI equals 0. An if the targeted utilities overcome 25%, the OPI maintains in 1.25

2IPI (Individual Performance Index): Represents the level of accomplishment of the compromised goals and objectives in the Performance Agreement, where the evaluation has a scale of 80% to 120% of accomplishment; when the index exceeds 40% breach, the IPI equals 0. And if the accomplishment of the compromised goals and objectives overcome 20%, the IPI maintains in 1.20.

Asset Manager Banorte:

The variable remuneration of our ESG dedicated team is based on the implementation of the responsible investment strategy.

SG 08.4	Describe the level of experience board members/trustees/chief-level staff have with incorporating ESG factors into investment decision-making processes.
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Afore XXI Banorte: The board members are aware of the importance of incorporating ESG factors into the investment decision-making processes, also the recommendations of implementing more robust processes to address active ownership activities and monitoring them, were given by the Board. Asset Manager Banorte: Taking advantage of Banorte's experience in managing the GRI methodology to report ESG performance and its participation in sustainability indices such as Sustainable IPC, FTSE4Good and MILA Pacific, among others, we developed an ESG analysis method based on transparency disclosure of ESG information to know the risk level of our portfolio and the related opportunities. We also consider the experience of Banorte's environmental and social risk management system regarding the monitoring of the reputational risk of the projects it finances, in order to identify controversial issues in the ESG performance of our issuers.

SG 09	Mandatory	Core Assessed	PRI 4,5
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SG 09.1	Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.
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Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)
Moderate

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
GFNorte: We report our progress since 2018 considering Afore XXI Banorte and Asset Manager Banorte in the scope.

- Asian Corporate Governance Association
- Australian Council of Superannuation Investors
- AVCA: Sustainability Committee
- France Invest – La Commission ESG
- BVCA – Responsible Investment Advisory Board
- CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)
Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
GFNorte: Since 2011, we report to the CDP Climate Change questionnaire the following climate-related issues: corporate governance, risks and opportunities, GHG emissions metrics and targets, among others. For more information, please visit our latest CDP Climate Change Response in the following link: https://investors.banorte.com/~media/Files/B/Banorte-IR/sustainability/GFNorte_CDPCC2019.pdf

- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity

Your organisation's role in the initiative during the reporting period (see definitions)
Moderate

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
Afore XXI Banorte: We're certifying our Traders by CFA's exams and also received training on different programs & topics like ethics, good practices, investment tendencies, etc.CFA institue, provides us training on-site.

- Climate Action 100+
- Code for Responsible Investment in SA (CRISA)
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- ESG Research Australia
- Invest Europe Responsible Investment Roundtable
- Global Investors Governance Network (GIGN)
- Global Impact Investing Network (GIIN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Green Bond Principles

Your organisation's role in the initiative during the reporting period (see definitions)
Moderate
Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
<p>GFNorte is committed to sustainable investment and to supporting the transition toward a low-carbon economy. With this approach in mind it has been an active investor in the relatively young market for local green bonds and/or social bonds.</p> <p>Afore XXI Banorte and Asset Manager Banorte have a total of Ps. 2.39 million in assets under management in the green and/or social bond market, more than double the amount invested the year before in this type of asset (+111.21%).</p>

- HKVCA: ESG Committee
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- International Integrated Reporting Council (IIRC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Principles for Financial Action in the 21st Century
- Principles for Sustainable Insurance
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- Responsible Finance Principles in Inclusive Finance
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)

Your organisation's role in the initiative during the reporting period (see definitions)
Advanced
Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
<p>GFNorte:</p> <p>We are part of the 28 founding banks of the Principles of Responsible Banking that seek to define the role of banks in society and the economy of the 21st century according to the Sustainable Development Goals and the Paris Agreement on climate change.</p>

- United Nations Global Compact

Your organisation's role in the initiative during the reporting period (see definitions)
Advanced
Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
<p>GFNorte:</p> <p>Since 2009 we form part as this initiative that encourages implementation of 10 universally accepted principles to promote corporate social responsibility</p>

- Other collaborative organisation/initiative, specify

Equators Principle (EP)

Your organisation's role in the initiative during the reporting year (see definitions)
Advanced
Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
<p>GFNorte:</p> <p>Standards within the financial sector to determine, assess and manage the environmental and social risks of financing. We form part of EP since 2012. For more information, please visit our latest EP Report in the following link: https://investors.banorte.com/~/_/media/Files/B/Banorte-IR/financial-information/annual-reports/en/2018/Equator%20Principles%20Annual%20Report%202018.pdf</p>

- Other collaborative organisation/initiative, specify

Consejo Consultivo de Finanza Verdes

Your organisation's role in the initiative during the reporting year (see definitions)
Advanced
Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
<p>Afore XXI Banorte presides this Council, where the aimed is to promote the disclosure of ESG related information of all the members who signed the initiative.</p>

- Other collaborative organisation/initiative, specify

AMAFORE

Your organisation's role in the initiative during the reporting year (see definitions)
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Moderate

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Afore XXI Banorte:

The Mexican Association of Afores (AMAFORE for its acronym in Spanish), aimed is to disseminate the pension fund system among mexicans, to promote knowledge and understanding. In collaboration with the Afores in Mexico, we promote financial education initiatives, organize discussion forums to identify best practices in management of retirement savings systems, promote research, build alliances strategies, establish dialogue to improve the pension system and promote regulatory and economic policies in search of a better retirement for mexican workers.

Other collaborative organisation/initiative, specify

Bankers Association of Mexico

Your organisation's role in the initiative during the reporting year (see definitions)

Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

GFNorte:

Since 2015 we form a part of the Social Responsibility, Financial Education and Sustainability committees, and are signatories to the Sustainability Protocol of the ABM.

SG 09.2	Mandatory to Report, Voluntary to Disclose	Descriptive	PRI 1
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Indicate approximately what percentage (+/- 5%) of your externally managed assets under management are managed by PRI signatories.

23%

SG 10	Mandatory	Core Assessed	PRI 4
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SG 10.1 Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

Yes

SG 10.2 Indicate the actions your organisation has taken to promote responsible investment independently of collaborative initiatives. Provide a description of your role in contributing to the objectives of the selected action and the typical frequency of your participation/contribution.

Provided or supported education or training programmes (this includes peer to peer RI support) Your education or training may be for clients, investment managers, actuaries, broker/dealers, investment consultants, legal advisers etc.)

Description

Afore XXI Banorte: Association with CFA Institute. We are beneficiaries of curses or conferences imparted by CFA in ESG matters.

Frequency of contribution

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

Provided financial support for academic or industry research on responsible investment

Provided input and/or collaborated with academia on RI related work

Encouraged better transparency and disclosure of responsible investment practices across the investment industry

Description

Afore XXI Banorte: After our first request of information about ESG matters for decision-making, we have observed the interest and concern to disclose more information about the ESG factors and their sustainable strategies. In the case of local managers, we have shared our practices in responsible investment to encourage them to improve their processes and transparency.

Frequency of contribution

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

Spoke publicly at events and conferences to promote responsible investment

Description

Afore XXI Banorte: We have participated in several conferences and talks about social responsibility and responsible investment. We have given ourselves the task of associating strategically with our managers to promote ESG factors in the sector, showing that these practices are being taken globally. Our CIO presented to the Issuer's Council the strategy and ESG Model methodology of the Afore and spread the

internal concern about others not being adopting these practices. Also we had participation in the Mexican Association of FIBRAS1 to spread the latest dispositions of CONSAR and our strategy to integrate ESG criteria into the investment process.

Frequency of contribution
<input type="radio"/> Quarterly or more frequently
<input type="radio"/> Biannually
<input checked="" type="radio"/> Annually
<input type="radio"/> Less frequently than annually
<input type="radio"/> Ad hoc
<input type="radio"/> Other

- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI

Description
Within our questionnaires, companies are asked if they are affiliated with PRI. From our approach with PRI we have given ourselves to the task of promoting and consider their adhesion to this organization.

Frequency of contribution
<input checked="" type="radio"/> Quarterly or more frequently
<input type="radio"/> Biannually
<input type="radio"/> Annually
<input type="radio"/> Less frequently than annually
<input type="radio"/> Ad hoc
<input type="radio"/> Other

- Responded to RI related consultations by non-governmental organisations (OECD, FSB etc.)
- Wrote and published articles on responsible investment in the media
- A member of PRI advisory committees/ working groups, specify
- On the Board of, or officially advising, other RI organisations (e.g. local SIFs)

Description
Our CIO has spread the recommendation to integrate ESG factors in the investment process to the managers and companies in the portfolio. Through Shareholders Assemblies we have perceived the improvement of companies and the strengthen on its management activities about ESG matters.

Frequency of contribution
<input type="radio"/> Quarterly or more frequently
<input checked="" type="radio"/> Biannually
<input type="radio"/> Annually
<input type="radio"/> Less frequently than annually
<input type="radio"/> Ad hoc
<input type="radio"/> Other

- Other, specify

specify description
Consejo Consultivo de Finanzas

Description
We participate in the Green Finance Advisory Board that seeks the development of a solid Mexican green bond market and specific actions related to Responsible Investment.

Frequency of contribution
<input checked="" type="radio"/> Quarterly or more frequently
<input type="radio"/> Biannually
<input type="radio"/> Annually
<input type="radio"/> Less frequently than annually
<input type="radio"/> Ad hoc
<input type="radio"/> Other

No

SG 10.3 Describe any additional actions and initiatives that your organisation has taken part in during the reporting year to promote responsible investment [Optional]

GFNorte:

At the end of the year, we joined the PRI Advisory Committee for Latin America, whose goal is to support events and workshops in the region to educate and provide tools for strengthening responsible investment practices, representing PRI in local events, and learning about the strategy and work program.

Afore XXI Banorte:

During 2019, Afore XXI Banorte adopted the Code of Conduct of the CFA, we were the first-ever pension fund in Mexico to adopt the code and joins more than 1,000 institutions worldwide that claim compliance with the code. The Asset Manager Code clearly outlines the ethical and professional responsibilities of firms that manage assets on behalf of affiliated active workers. For our affiliate's workers, the code provides a benchmark of ethical conduct they should expect from asset managers and offers a higher level of confidence in firms that adopt the code.

We have participated in several discussion forums about ESG factors in investments, we promoted acceptance, implementation and collaborative work of all the principles. Also, our CIO is an active member of the Consejo Consultivo de Finanzas Verdes that collaborates with MexicO2 which is a platform subsidiary of Grupo Bolsa Mexicana de Valores.

Due the recent CONSAR dispositions, the AFORES must include ESG factors into their investment decision-making process, and they required that every public company must obtain an ESG score determined by a Rating Agency (this change will be applied by 2022), we have been promoting this matter to the issuers and recommending and encouraging them to take the corresponding measures to be ranked by a Ratings Agency.

In the case of local managers, we have shared our practices in responsible investment to encourage them to improve their processes and transparency, regarding the prior, we have met with 21 managers to promote responsible investment practices.

In the following URL you can find our participation in different initiatives and organizations:

<http://cmcm.banxico.org.mx/registro-publico.html>

https://www.bmv.com.mx/docs-pub/SALA_PRENSA/CTEN_NOTI/Declaraci%C3%B3n%20de%20inversionistas%20ASG%20en%20M%C3%A9xico.pdf

<http://www.mexico2.com.mx/nosotros.php>

Asset Manager Banorte:

During the reporting year we been vocal in our support of ESG issues through various forums, events and workshops, including the following:

- ESG in Credit Risk and Ratings, ally: UN-PRI
- Educational Workshop Focused on ESG/responsible investment in private markets investing, ally: Partners Group
- ESG Day Blackrock, ally: Blackrock
- Regional PRI event for LatAm 2019, ally: UN-PRI
- Workshop ESG, ally: RobecoSam
- Climate change: Portfolio decarbonization for top management and investors, ally: CDP
- MX Sustainable Finance, ally: CCFV

SG 11	Voluntary	Additional Assessed	PRI 4,5,6
SG 11.1	Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or regulators in support of responsible investment in the reporting year.		
<input checked="" type="checkbox"/> Yes			
		If yes	
		<input type="checkbox"/> Yes, individually <input checked="" type="checkbox"/> Yes, in collaboration with others	
SG 11.2	Select the methods you have used.		
<input type="checkbox"/> Endorsed written submissions to governments, regulators or public policy-makers developed by others <input type="checkbox"/> Drafted your own written submissions to governments, regulators or public-policy markers <input checked="" type="checkbox"/> Participated in face-to-face meetings with government members or officials to discuss policy <input type="checkbox"/> Other, specify			
SG 11.3	Where you have made written submissions (individually or collaboratively) to governments and regulatory authorities, indicate if these are publicly available.		
<input type="radio"/> Yes, publicly available <input checked="" type="radio"/> No			
<input type="radio"/> No			
SG 11.4	Provide a brief description of the main topics your organisation has engaged with public policy-makers or regulators on.		
<p>Afore XXI Banorte:</p> <p>Through AMAFORE (Mexican Association of Afores for its acronym in Spanish) we participate actively in national conventions where regulatory bodies of mexican pension funds managers also participate. In the recent years, AMAFORE has touched upon topics like "Sustainable Pension Systems for the Future", "Carbon Footprint of Investment Portfolios "," Investing with Social Responsibility "," Schemes of Inclusion of Gender in Pension Funds" and the best international practices.</p> <p>As we have described, we have participated in several discussion forums about ESG factors in investments, we promoted acceptance, implementation and collaborative work of all the principles. Also, our CIO is an active member of the Consejo Consultivo de Finanzas Verdes that collaborates with MexicO2 which is a platform subsidiary of Grupo Bolsa Mexicana de Valores.</p>			

SG 12	Mandatory	Core Assessed	PRI 4
SG 12.1	Indicate whether your organisation uses investment consultants.		
<input checked="" type="checkbox"/> Yes, we use investment consultants			
SG 12.2	Indicate how your organisation uses investment consultants in the selection, appointment and/or monitoring of external managers.		

- We use investment consultants in our selection and appointment of external managers

Asset class
<input checked="" type="checkbox"/> Listed Equity (LE)
<input type="checkbox"/> Private equity (PE)
<input type="checkbox"/> Infrastructure (INF)
<input type="checkbox"/> Property (PR)
<input type="checkbox"/> Other asset classes

- We use investment consultants in our monitoring of external managers
- We do not use investment consultants for selection, appointment and monitoring of external managers.

SG 12.3 Indicate if your organisation considers responsible investment in the selection, appointment and/or review processes for investment consultants.

- Responsible investment is considered when evaluating investment consultants' investment beliefs, strategies and policies in the selection process.
- Responsible investment is considered when evaluating investment consultants' public commitment to, and promotion of, responsible investment in the selection process.
- Responsible investment is considered when reviewing investment consultants' approach to investment manager ratings, research and recommendations in the monitoring process.
- Consultants' responsibilities in terms of responsible investment in manager selection, appointment and monitoring processes are included in our contractual agreements with the investment consultants.
- We do not consider responsible investment in the selection, appointment and/or review processes for investment consultants.

SG 12.4 Indicate whether you use investment consultants for any the following services. Describe the responsible investment components of these services.

- Custodial services

Describe how responsible investment is incorporated
Afore XXI Banorte: During the reporting year, we evaluated our voting process and its outcomes. We initiated the classification of themes generally included into the shareholder assembly agendas, to define the policies and the cases where a proxy voting would be necessary, to the assemblies. Moreover, the logbook matrix of the voting decisions in 2019 will be public in the website. For further details, please visit: https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/Politica_ejercicio.pdf

- Investment policy development
- Strategic asset allocation
- Investment research
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- None of the above

- No, we do not use investment consultants.

SG 12.5 Indicate whether your organisation considers any of the following responsible investment factors in the monitoring of fiduciary managers

- Including responsible investment as a standard agenda item at performance review meetings
- Discussing whether the fiduciary manager has acted in accordance with your organisation's overall investment beliefs/ strategy/ policy on responsible investment and ESG factors
- Reviewing the fiduciary manager's PRI Transparency or Assessment reports
- Reviewing the fiduciary manager's responsible investment reporting (excluding PRI generated reports)
- Reviewing ESG characteristics/factors used by the fiduciary manager in portfolio construction
- Reviewing the fiduciary manager's incorporation approaches of ESG through-out asset classes
- Reviewing the impact of ESG factors on financial performance
- Encouraging your fiduciary managers to consider joining responsible investment initiatives/organisations or participate in educational or collaborative projects with other investors
- Including responsible investment criteria as a formal component of overall manager performance evaluation
- Reviewing the fiduciary manager's ESG incorporation in external managers' selection, appointment, monitoring
- Reviewing how ESG materiality is defined by the fiduciary manager
- Other general aspects of your monitoring; specify
- We do not consider responsible investment in the monitoring processes for fiduciary managers.

SG 12.6 Describe the approach you take to monitoring your fiduciary managers and the reason(s) for this approach [Optional].

Afore XXI Banorte:
 All assets managed "externally" are being evaluated using the ESG factors, because, first of all, our external managers are actually signatories of PRI.
 We use the following elements to formally integrate responsible investment practices in the selection and monitoring process:
 ESG Incorporation

Use of a detailed questionnaire to capture responsible investment practices specifically applied to our portfolios.

We have managed to know the policies and initiatives of our mandates regarding the application of ESG factors within their investment process. This information will be presented biannually to the Investment Committee to see the evolution of its processes and progress in the incorporation of the ESG factors within its investment. The outcomes achieved have been to expand our know-how through the knowledge of international standards and to provoke an engagement with the administrators to follow up on their ESG projects and innovations.

Engagement

Discussion of ESG risks and opportunities at a portfolio level as part of a formal and periodically meetings.

Discussion of the ESG performance, as part of the monitoring and evaluation process and presenting the performance results in our Investment Committee.

To carry out this analysis, we have direct contact with the administrator, with whom several meetings are established to discuss the implementation of the ESG factors and their current status of the portfolio and the administrator.

Monitoring

Semiannual reports with tracking information.

Annual monitoring. Reveal their ESG activities and advances for each fund in which they have invested and based on a set of common monitoring indicators for the management company and the underlying investments of the fund.

Monitoring of ESG incidents based on our dispute format, in case of any controversy, the proposal for a remediation plan. The following scheme summarizes the dispute monitoring and management process (incorporating ESG guidelines), which is followed by external managers: For infrastructure assets we monitor their sustainability indicators as well as the way in which ESG principles are permeating managers and tenants.

On a quarterly basis we monitor ESG scoring evolution on each individual factor. Our approach to ESG monitoring within our managers is to foster improvement within our scoring criteria on a long-term basis. If we see a downgrade within this guideline, we engage in a deep dive analysis with our managers to understand the further actions in this regard if it's necessary. ESG analysis is embedded in a holistic evaluation of the whole mandate within other traditional metrics.

SG 13	Mandatory	Descriptive	PRI 1
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SG 13.1	Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).
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- Yes, in order to assess future ESG factors
- Yes, in order to assess future climate-related risks and opportunities
- No, our organisation does not currently carry out scenario analysis and/or modelling

SG 13.3	Additional information. [OPTIONAL]
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Afore XXI Banorte:

We identify risks and opportunities for each type of industry and asset through a qualitative model that analyses the commitment of companies to sustainable principles and their low incidence in controversies, that mainly affect corporate governance and their organization's reputation. The model uses a rating scale of AAA to CCC, being the CCC with the lowest score.

These commitments are based on the three fundamental pillars a company needs to manage to be sustainable in the long term: environmental, social and corporate governance. Within the analysis of these three factors, we promote our fiduciary responsibility to incorporate the ESG factors into long-term investments and encourage greater disclosure of ESG information.

We use actively our shareholders' rights to engage with the companies in which we invest constructively, the results are sustainable corporate behaviour among the companies. Our approach with companies follows the following guidelines:

- Have a consistent sustainability strategy
- Effectively manage the environmental impact
- Promote social development effectively
- Managing corporate risk effectively

SG 14	Mandatory to Report, Voluntary to Disclose	Additional Assessed	PRI 1
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SG 14.1	Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.
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- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)

other description (1)	Cyberattacks and Data fraud or theft.
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- Other, specify(2)

other description (2)	Human-made environmental disasters.
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- None of the above

SG 14.2	Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity
---------	--

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments
- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings

- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify
- None of the above

SG 14.3 Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify
- None of the above

SG 14.5 Additional information [Optional]

GFNorte:

We have determined that climate change is a priority within our processes. We consider essential to get involved in initiatives that identify opportunities and provide consistent and efficient solutions to the risks of climate change. Promoting interest in the transition to a low-carbon economy, market resilience, mitigation of the impact of natural disasters among other issues, is paramount to us.

We calculated our carbon footprint (scope 1 and 2) since 2009 through a focus on financial control that uses methodologies such as the Corporate Standard of Accounting and Reporting (ECCR), the Greenhouse Gas (GHG) Protocol and the IPCC's Fifth Assessment Report (AR5) national guidelines on the use of the potential global warming products. This GHG emissions inventory includes the operations of all the subsidiaries of GFNorte. Also, we measure our intensity emissions per collaborator and per million MXN of net profit to have better indicators for our emissions performance.

Our data is backed up by the verification of a third party accredited by the Mexican Accreditation Entity (EMA) and is reported together with our energy consumption to Mexico's Department of Environment and Natural Resources (SEMARNAT) through the Annual Seal of Operation (COA), under the guidance of the General Law of Climate Change (LGCC) and regulations of the National Registry of Emissions (RENE). Also, we disclose our GHG emissions inventory to the CDP Climate Change questionnaire and Programa GEI México initiative.

Nevertheless, the financial sector's largest impact comes from its investment and lending activities. Therefore, we have calculated the emissions derived from the equity portfolio of Afore XXI Banorte considering a scope of 88% of the companies. The report was generated on February 27, 2017, by the consultancy groups the South Pole and YourSRI and measures the carbon footprint of the portfolio taking scope 1-2 emissions into account from the sectors Materials, Industrials, Consumer Staples and other sectors, obtaining a result of 1'013'870 tCO2e for this year.

On a normalized basis, we obtain the relative carbon footprint as the total carbon emissions of the portfolio per million MXN invested (28.5 tCO2e/Million MXN invested) and the carbon intensity footprint as the total carbon emissions per million MXN of revenue (35.8 tCO2e/Million MXN of revenue). The carbon intensity allows investors to measure how much carbon emissions per million MXN of revenue generated.

Taking into consideration the dynamism of the portfolio, this study by a third-party organization will be renewed every 3 years. Percentage of emissions calculated using data obtained from suppliers or value chain partners.

Additionally, for scope 3 we calculate the emissions derived from purchased goods and services, capital goods, fuel and energy-related activities (electricity transmission and distribution, WTT of fuels, corporate air travels, electricity consumption, and electricity T&D), upstream and downstream transportation and distribution, waste generated in operations, business travel and employee commuting.

We are committed to reducing our emissions. In line with the goals to which Mexico committed in the Paris agreement, we have a target of a 30% reduction in the intensity of emissions per collaborator for 2020, taking 2009 as the baseline.

On the other hand, since 2016 we have joined the Science Based Targets (SBT) initiative for the establishment of medium and long-term reduction goals, based on international scientific standards. According to the C-Fact methodology published by Autodesk, we have set goals for scopes 1 and 2, whose progress is reported annually to the CDP. However, because scope 3 is the most important for financial institutions (lending and investment activities), and there is not yet a developed methodology for these, the goals have been un-officially validated at the moment.

Afore XXI Banorte:

During the reporting year, we calculated the carbon footprint of the 15% of the assets in the portfolio, mainly listed equity, private equity, property and infrastructure assets. We could collect this information from different sources as: questionnaires, financial platform, and internal calculus based on the User Guide to National Emissions Registration (RENE). Our current portfolio's carbon footprint is 2,980,665.93 Ton CO2eq

SG 14 CC Voluntary General

SG 14.6 CC Provide further details on the key metric(s) used to assess climate-related risks and opportunities.

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Climate-related targets	Majority of assets	1TonCo2eq	Sustainability Indicators Questionnaire (internal)	
Carbon footprint (scope 1 and 2)	Minority of assets	1TonCo2eq	Sustainability Indicators Questionnaire (internal)	
Portfolio carbon footprint	Minority of assets	1TonCo2eq	Sustainability Indicators Questionnaire (internal)	

Total carbon emissions	Majority of assets	1TonCo2eq	Sustainability Indicators Questionnaire (internal)	
Carbon intensity				

SG 14.7 CC Describe in further detail the key targets.

Target type	Baseline year	Target year	Description	Attachments
Absolute target	2018	2019	Currently, our portfolio generates approximately 2,980,665.93 7,686,025.61Ton Co2 eq, our goal is to reduce this number to 20%	

SG 14.8 CC Indicate whether climate-related risks are integrated into overall risk management and explain the risk management processes used for identifying, assessing and managing climate-related risks.

Processes for climate-related risks are integrated into overall risk management

Please describe
<p>Afore XXI Banorte:</p> <p>As indirect investors, the key to our approach is the understanding of the environmental and social risks posed by real estate assets. We focus on encouraging direct investors to seek to mitigate these risks and promote continuous improvement by evaluating the environmental and social impacts throughout the life cycle of their real estate assets, for what we have defined objectives.</p>

Processes for climate-related risks are not integrated into overall risk management

SG 14.9 CC Indicate whether your organisation, and/or external investment manager or service providers acting on your behalf, undertake active ownership activities to encourage TCFD adoption.

Yes

Please describe
<p>Afore XXI Banorte</p> <p>Aligned with the Nationally Determined Contributions of Mexico (NDC), our goal would be measured in 2 stages, the first by 2025 (with at least 20%) and the second by 2030 (with at least 50%) of the portfolio of structured instruments of the real estate sector, have:</p> <ul style="list-style-type: none"> • An ESG policy, program, initiative or implemented projects. • Buildings with certifications in environmental matters. • The incorporation of clean technology and / or renewable energy to reduce the carbon footprint. • Strategies and processes to mitigate risks to events arising from Climate Change. • Coverage against damage from climate change or green investments that help mitigate climate change. • Reports, documentation of the risks and / or opportunities related to ESG by the final decision-making body. • In the risk analysis, climate change and resulting events must be taken into account, or the identification of areas vulnerable to climate change

No, we do not undertake active ownership activities.

No, we do not undertake active ownership activities to encourage TCFD adoption.

SG 15 Mandatory to Report, Voluntary to Disclose Descriptive **PRI 1**

SG 15.1 Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

Yes

SG 15.2	Indicate the percentage of your total AUM invested in environmental and social themed areas.
	2.7%

SG 15.3 Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.

Area			
<input type="checkbox"/> Energy efficiency / Clean technology <input checked="" type="checkbox"/> Renewable energy			
<table border="1"> <thead> <tr> <th>Asset class invested</th> </tr> </thead> <tbody> <tr> <td> <input type="checkbox"/> Listed equity <input type="checkbox"/> Fixed income - SSA <input type="checkbox"/> Fixed income - Corporate (financial) <input type="checkbox"/> Fixed income - Corporate (non-financial) <input type="checkbox"/> Fixed income - Securitised <input type="checkbox"/> Private equity <input type="checkbox"/> Property <input checked="" type="checkbox"/> Infrastructure </td> </tr> <tr> <td>2.09Percentage of AUM (+/-5%) per asset class invested in the area</td> </tr> </tbody> </table>	Asset class invested	<input type="checkbox"/> Listed equity <input type="checkbox"/> Fixed income - SSA <input type="checkbox"/> Fixed income - Corporate (financial) <input type="checkbox"/> Fixed income - Corporate (non-financial) <input type="checkbox"/> Fixed income - Securitised <input type="checkbox"/> Private equity <input type="checkbox"/> Property <input checked="" type="checkbox"/> Infrastructure	2.09Percentage of AUM (+/-5%) per asset class invested in the area
Asset class invested			
<input type="checkbox"/> Listed equity <input type="checkbox"/> Fixed income - SSA <input type="checkbox"/> Fixed income - Corporate (financial) <input type="checkbox"/> Fixed income - Corporate (non-financial) <input type="checkbox"/> Fixed income - Securitised <input type="checkbox"/> Private equity <input type="checkbox"/> Property <input checked="" type="checkbox"/> Infrastructure			
2.09Percentage of AUM (+/-5%) per asset class invested in the area			

Commodities

Brief description and measures of investment

Afore XXI Banorte: We have investments in wind and solar energy across all the Mexican territory.

Green buildings

Sustainable forestry

Asset class invested

Listed equity

.04Percentage of AUM (+/-5%) per asset class invested in the area

Fixed income - SSA

Fixed income - Corporate (financial)

Fixed income - Corporate (non-financial)

Fixed income - Securitised

Private equity

Property

Infrastructure

Commodities

Brief description and measures of investment

Afore XXI Banorte: We make sure about the company having the proper certifications in sustainable forestry.

Sustainable agriculture

Asset class invested

Listed equity

Fixed income - SSA

Fixed income - Corporate (financial)

Fixed income - Corporate (non-financial)

Fixed income - Securitised

Private equity

Property

Infrastructure

.16Percentage of AUM (+/-5%) per asset class invested in the area

Commodities

Brief description and measures of investment

Afore XXI Banorte: We make sure about the company having the proper certifications in sustainable agriculture.

Microfinance

Asset class invested

Listed equity

Fixed income - SSA

Fixed income - Corporate (financial)

Fixed income - Corporate (non-financial)

Fixed income - Securitised

Private equity

Property

Infrastructure

.03Percentage of AUM (+/-5%) per asset class invested in the area

Commodities

Brief description and measures of investment

Afore XXI Banorte: We invest in companies that provide microcredits to vulnerable sectors like M&S business and indigenous women

SME financing

Social enterprise / community investing

Affordable housing

Asset class invested

Listed equity

.05Percentage of AUM (+/-5%) per asset class invested in the area

Fixed income - SSA

- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure
- Commodities

Brief description and measures of investment

Afore XXI Banorte: We invest in companies that build affordable housing developments

Education

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- .03Percentage of AUM (+/-5%) per asset class invested in the area
- Property
- Infrastructure
- Commodities

Brief description and measures of investment

Afore XXI Banorte: Development of universities and schools.

Global health

Water

Asset class invested

- Listed equity
- Fixed income - SSA
- .07Percentage of AUM (+/-5%) per asset class invested in the area
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure
- Commodities

Brief description and measures of investment

Afore XXI Banorte: Hydroelectric projects.

Other area, specify

No

SG 18	Voluntary	Descriptive	General
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SG 18.1 Indicate whether any specific features of your approach to responsible investment are particularly innovative.

Yes

SG 18.2 Describe any specific features of your approach to responsible investment that you believe are particularly innovative.

Afore XXI Banorte:

We are the first Afore in México who integrate an internal methodology for the integration of the ESG factors into the investment process. Also, we are the first Afore that requires to issuers and external managers to reveal their ESG objectives, initiatives, governance practices, and others to generate an internal ESG ranking. We identify risks and opportunities for each type of industry and asset subject to investment, through our model using a rating scale from AAA to CCC.

As an investor, we are highly involved in the migration to low carbon investments, to prevent global average temperatures from rising more than 2° Celsius. We are aware that without the private sector, the possibilities to accomplish it are low. Therefore, we are developing an investment strategy to invest in low carbon investments. Additionally, we defined objectives to the infrastructure sector which, in our consideration, is one of the most vulnerable confronting climate change risks. Our objectives are set for 2030, to at least 50% of the Infrastructure issuers in the portfolio must meet with the following:

- Have an ESG policy, program, initiative or implemented projects.
- Have buildings certified under LEED or similar certification,
- To incorporate clean technology and/or renewable energy to reduce its carbon footprint,
- Have strategies and processes to mitigate risks related to climate change,
- Have insurance coverage of climate change damages or green investments that help mitigate climate change,
- Develop reports or documentation of the risks and/or opportunities related to ESG,
- In risk analysis, consider climate change and its related events, and
- Involvement with shareholders.

With this, we promote our fiduciary responsibility to incorporate the ESG factors into long-term investments and we also encourage greater disclosure of ESG information through the rapprochements with issuers of the portfolio and of the investment proposals.

Asset Manager Banorte:

The ESG analysis our Asset Manager portfolio is based on a methodology developed to evaluate the transparency of the issuers, as a means to gradually boost the responsible investment in the portfolio. The methodology considers the Banorte's experience with the GRI standards, as international tool to standardize reporting and communicate a company's actions of sustainability according to economic, environmental and social issues. Additionally, the methodology is complemented with the reputational monitoring of the issuers, considering controversial ESG issues.

No

SG 19

Mandatory

Core Assessed

PRI 2, 6

SG 19.1

Indicate whether your organisation typically discloses asset class specific information proactively. Select the frequency of the disclosure to clients/beneficiaries and the public, and provide a URL to the public information.

Selection, Appointment and Monitoring

Do you disclose?

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- We disclose to the public

The information disclosed to clients/beneficiaries is the same

- Yes
- No

Disclosure to public and URL

Disclosure to public and URL

- How responsible investment considerations are included in manager selection, appointment and monitoring processes
- Details of the responsible investment activities carried out by managers on your behalf
- E, S and/or G impacts and outcomes that have resulted from your managers' investments and/or active ownership
- Other

Annually

https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/Lineam_Gesti%C3%B3nMandatos.pdf

Listed equity - Incorporation

Do you disclose?

- We do not proactively disclose it to the public and/or clients/beneficiaries
- We disclose to clients/beneficiaries only.
- We disclose it publicly

The information disclosed to clients/beneficiaries is the same

- Yes
- No

Disclosure to public and URL

Disclosure to public and URL

- Broad approach to ESG incorporation
- Detailed explanation of ESG incorporation strategy used

Annually

Disclosure to clients/beneficiaries

Disclosure to clients/beneficiaries

- Broad approach to ESG incorporation
- Detailed explanation of ESG incorporation strategy used

Annually

https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/Lineam_RentaVarPropActiva.pdf

Listed equity - Engagement

Do you disclose?

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- We disclose to the public

The information disclosed to clients/beneficiaries is the same

- Yes
- No

Disclosure to public and URL	Disclosure to clients/beneficiaries
<p>Disclosure to public and URL</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Details on the overall engagement strategy <input type="checkbox"/> Details on the selection of engagement cases and definition of objectives of the selections, priorities and specific goals <input type="checkbox"/> Number of engagements undertaken <input type="checkbox"/> Breakdown of engagements by type/topic <input type="checkbox"/> Breakdown of engagements by region <input type="checkbox"/> An assessment of the current status of the progress achieved and outcomes against defined objectives <input type="checkbox"/> Examples of engagement cases <input type="checkbox"/> Details on eventual escalation strategy taken after the initial dialogue has been unsuccessful (i.e. filing resolutions, issuing a statement, voting against management, divestment etc.) <input type="checkbox"/> Details on whether the provided information has been externally assured <input type="checkbox"/> Outcomes that have been achieved from the engagement <input type="checkbox"/> Other information 	<p>Disclosure to clients/beneficiaries</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Details on the overall engagement strategy <input type="checkbox"/> Details on the selection of engagement cases and definition of objectives of the selections, priorities and specific goals <input type="checkbox"/> Number of engagements undertaken <input type="checkbox"/> Breakdown of engagements by type/topic <input type="checkbox"/> Breakdown of engagements by region <input type="checkbox"/> An assessment of the current status of the progress achieved and outcomes against defined objectives <input type="checkbox"/> Examples of engagement cases <input type="checkbox"/> Details on eventual escalation strategy taken after the initial dialogue has been unsuccessful (i.e. filing resolutions, issuing a statement, voting against management, divestment etc.) <input type="checkbox"/> Details on whether the provided information has been externally assured <input type="checkbox"/> Outcomes that have been achieved from the engagement <input type="checkbox"/> Other information
Annually	Annually
https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/Lineam_RentaVarPropActiva.pdf	

Listed equity – (Proxy) Voting

Do you disclose?

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- We disclose to the public

The information disclosed to clients/beneficiaries is the same

- Yes
- No

Disclosure to public and URL	Disclosure to clients/beneficiaries

<p>Disclosure to public and URL</p> <p><input checked="" type="checkbox"/> Disclose all voting decisions</p> <p><input type="checkbox"/> Disclose some voting decisions</p> <p><input type="checkbox"/> Only disclose abstentions and votes against management</p>	<p>Disclosure to clients/beneficiaries</p> <p><input checked="" type="checkbox"/> Disclose all voting decisions</p> <p><input type="checkbox"/> Disclose some voting decisions</p> <p><input type="checkbox"/> Only disclose abstentions and votes against management</p>
Annually	Annually
https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/Politica_ejercicio.pdf	

Fixed income

Do you disclose?

We do not disclose to either clients/beneficiaries or the public.

We disclose to clients/beneficiaries only.

We disclose to the public

The information disclosed to clients/beneficiaries is the same

Yes

No

Disclosure to public and URL

Disclosure to public and URL

Broad approach to RI incorporation

Detailed explanation of RI incorporation strategy used

Annually

https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/Politica_RentaFija.pdf

SG 19.2 Additional information [Optional]

Nothing to add.

SG Checks

Checks

If there are any messages below, please review them before continuing. If there are no messages below, please save this page and continue.

SAM 01.1 Indicate which of the following ESG incorporation strategies you require your external manager(s) to implement on your behalf for all your listed equity and/or fixed income assets:

Active investment strategies	
Active investment strategies	Listed Equity
Screening	<input checked="" type="checkbox"/>
Thematic	<input type="checkbox"/>
Integration	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>

SAM 01.2 Additional information. [Optional]

Afore XXI Banorte:

Exclusionary Screening

Our analysis is qualitative and quantitative. Through the ESG integration we do not seek to restrict investment to certain sectors, countries or companies, however, we have an exclusion matrix by type of asset, in which we restrict sectors or projects with reputational, ethical and socio-environmental dangers (for example: nuclear energy, radioactive materials, child exploitation, alcoholic beverages, trawling, among others).

Our overarching exclusions are:

Tobacco industry, alcoholic beverages, black turns, transit hotels, nuclear energy, life-threatening pharmaceuticals, uranium extraction for weapons, artisanal mining, land mines, manufacture of cluster bombs, weapons and ammunition, animal testing, transgenics, trawling, coal mining and processing, pesticides or herbicides, narcotics, woods and forest products, chemical and nuclear weapons, exploitation of child labour, substances that deplete the ozone layer, compounds of polychlorinated biphenyls, non-adherent asbestos fibers, wildlife trade, considerable degradation of a national park or other similar protected area, companies involved with Iran or Sudan.

Thematic

For infrastructure assets (CKDs & CERPIS), we invest on projects that offers assets specialized in sustainability (for example, clean energy, green technology, hospitals, and sustainable agriculture).

Integration

Our application of ESG factors with external managers began with a questionnaire for them to reveal and explain their policies and processes (how they implement and apply responsible investment from due diligence, selection, to the investment process). In this questionnaire you can see topics such as policies, screenings, engagement, proxy voting and a detailed description of the scores of the portfolios to be able to make a joint analysis by Manager.

In the "ESG integration process", there are certain filters aligned with international policies and standards, which make the investment selection process more solid. In general terms, we seek to influence a responsible investment practice through the incorporation of ESG factors.

Therefore our ESG integration process covers screening, sustainability, themed investment and integration. We are in the process of improving this report through specific objectives and requirements by topic.

Asset Manager Banorte:

We include a questionnaire within our sub advisory's selection process on whether or not the asset manager considers ESG factors through their investment process. It is important to mention that all of our current partners are signatories of the PRI.

SAM 02.1 Indicate what RI-related information your organisation typically covers in the majority of selection documentation for your external managers

	LE	Private equity	Property	Infrastructure
Your organisation's investment strategy and how ESG objectives relate to it	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG incorporation requirements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG reporting requirements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
No RI information covered in the selection documentation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SAM 02.2 Explain how your organisation evaluates the investment manager's ability to align between your investment strategy and their investment approach

Strategy				
	LE	Private equity	Property	Infrastructure
Assess the time horizon of the investment manager's offering vs. your/beneficiaries' requirements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Assess the quality of investment policy and its reference to ESG	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Assess the investment approach and how ESG objectives are implemented in the investment process	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review the manager's firm-level vs. product-level approach to RI	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Assess the ESG definitions to be used	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

ESG people/oversight

	LE	Private equity	Property	Infrastructure
Assess ESG expertise of investment teams	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review the oversight and responsibilities of ESG implementation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review how is ESG implementation enforced /ensured	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Review the manager's RI-promotion efforts and engagement with the industry	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Process/portfolio construction/investment valuation

	LE	Private equity	Property	Infrastructure
Review the process for ensuring the quality of the ESG data used	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree the use of ESG data in the investment decision making process	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree the impact of ESG analysis on investment decisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Review and agree ESG objectives (e.g. risk reduction, return seeking, real-world impact)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree manager's ESG risk framework	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Review and agree ESG risk limits at the portfolio level (portfolio construction) and other ESG objectives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Review how ESG materiality is evaluated by the manager	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review process for defining and communicating on ESG incidents	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review and agree ESG reporting frequency and detail	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other, specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SAM 02.3 Indicate the selection process and its ESG/RI components

- Review ESG/RI responses to RfP, RfI, DDQ etc.
- Review responses to PRI's Limited Partners' Responsible Investment Due Diligence Questionnaire (LP DDQ)
- Review publicly available information on ESG/RI
- Review assurance process on ESG/RI data and processes
- Review PRI Transparency Reports
- Request and discuss PRI Assessment Reports
- Meetings with the potential shortlisted managers covering ESG/RI themes
- Site visits to potential managers offices
- Other, specify

SAM 02.4 When selecting external managers does your organisation set any of the following:

	LE	Private equity	Property	Infrastructure
ESG performance development targets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ESG score	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG weight	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Real world economy targets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Other RI considerations	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

You selected an 'Other' option in table SAM 02.4 above, please specify

Afore XXI Banorte:

We use the following elements to formally integrate responsible investment practices in the selection and monitoring process:

- Use of a detailed questionnaire to capture responsible investment practices specifically applied to Afore XXI Portfolios.
- Discussion of ESG risks and opportunities at a portfolio level as part of a formal and periodically meetings.
- Discussion of the ESG performance, as part of monitoring and evaluate process and presenting the performance results in our Investment Committee.
- Semiannual reports with tracking information.
- Annual monitoring. Reveal their ESG activities and advances for each fund in which they have invested, and based on a set of common monitoring indicators for the management company and the underlying investments of the fund.
- Monitoring of ESG incidents based on the Afore XXI Banorte dispute format, in case of any controversy, the proposal for a remediation plan. The following scheme summarizes the dispute monitoring and management process (incorporating ESG guidelines), which is followed by external managers:

Definition of investment strategies -->Investment Policy Review --> Managers Evaluation--> Manager Selection -->Investment -->

Monitoring and Tracking --> Stage Final

SAM 03

Mandatory

Additional Assessed

PRI 2

SAM 03.1

Indicate how your organisation typically evaluates the manager's active ownership practices in the majority of the manager selection process.

Engagement

	LE
Review the manager's engagement policy	<input checked="" type="checkbox"/>
Review the manager's engagement process (with examples and outcomes)	<input checked="" type="checkbox"/>
Ensure whether engagement outcomes feed back into the investment decision-making process	<input checked="" type="checkbox"/>
Other engagement issues in your selection process specify	<input checked="" type="checkbox"/>

If you select 'Other' option, specify

Afore XXI Banorte: ESG compliance questionnaire.

(Proxy) voting

	LE
Review the manager's voting policy	<input checked="" type="checkbox"/> Review the manager's voting policy - LE
Review the manager's ability to align voting activities with clients' specific voting policies	<input checked="" type="checkbox"/> Review the manager's ability to align voting activities with clients' specific voting policies - LE
Review the manager's process for informing clients about voting decisions	<input checked="" type="checkbox"/> Review the manager's process for informing clients about voting decisions - LE
Ensure whether voting outcomes feed back into the investment decision-making process	<input checked="" type="checkbox"/> Ensure that voting outcomes feed back into the investment decision-making process - LE
Review the number of votes cast as a percentage of ballots/AGMs or holdings and available rationale	<input checked="" type="checkbox"/> Review the number of votes cast as a percentage of ballots/AGMs or holdings and available rationale - LE

Other active ownership voting issues in your selection process; specify	<input type="checkbox"/> Other active ownership voting issues in your selection process; specify - LE
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SAM 03.2	Describe how you assess if the manager's engagement approach is effective.
<input checked="" type="checkbox"/> Impact on investment decisions <input type="checkbox"/> Financial impact on target company or asset class <input type="checkbox"/> Impact on ESG profile of company or the portfolio <input checked="" type="checkbox"/> Evidence of changes in corporate practices(i.e. ESG policies and implementation activities) <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above	

SAM 03.3	Describe how you assess if the manager's voting approach is effective/appropriate
<input checked="" type="checkbox"/> Impact on investment decisions <input type="checkbox"/> Impact on ESG profile of company or the portfolio <input checked="" type="checkbox"/> Evidence of changes in corporate practices(i.e. ESG policies and implementation activities) <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above	

SAM 03.4	Additional information [OPTIONAL]
<p>Afore XXI Banorte: As mentioned above, our application of ESG factors with external managers began with a questionnaire where we asked them to reveal and explain their policies and processes that concern how they implement and apply responsible investment within their investment process. In this questionnaire you can see topics such as policies, screenings, engagement, proxy voting and a detailed description of the scores of your portfolio to be able to make a joint analysis by manager. This questionnaire therefore covers screening, sustainability and integration. Our engagement activities also applied to mandates. In the last year, we initiated a first approach to managers through a questionnaire asking about manager's processes and policies for proxy voting, engagement, ESG criteria, screening, sustainability, themed investment and integration. Additionally, on a semi-annual basis, we update these matters and also we asked about the follow up of possible controversies that may happened in the last period and we carry out a punctual monitoring of the manager's voting process. During this process, we have carried out an analysis of our portfolio to identify mandates with assets that have exposure to some of the restricted sectors on our exclusion list. As an example, we identify tobacco exposure in his our mandates, but its tobacco-related operations or activities represented less than 10% of the company's total annual income, we conclude that it aligns with our list of excluded sectors.</p>	

SAM 04	Mandatory	Core Assessed	PRI 1
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SAM 04.1	Indicate if in the majority of cases and where the structure of the product allows, your organisation does any of the following as part of the manager appointment and/or commitment process
<input checked="" type="checkbox"/> Sets standard benchmarks or ESG benchmarks <input checked="" type="checkbox"/> Defines ESG objectives and/ or ESG related exclusions/restrictions <input checked="" type="checkbox"/> Sets incentives and controls linked to the ESG objectives <input checked="" type="checkbox"/> Requires reporting on ESG objectives <input checked="" type="checkbox"/> Requires the investment manager to adhere to ESG guidelines, regulations, principles or standards <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify (2) <input type="checkbox"/> None of the above	

SAM 04.2	Provide an example per asset class of your benchmarks, objectives, incentives/controls and reporting requirements that would typically be included in your managers' appointment.
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	Asset class
<input checked="" type="checkbox"/> Listed equity (LE)	
	Benchmark
<input checked="" type="checkbox"/> Standard benchmark <input type="checkbox"/> ESG benchmark, specify	
	ESG Objectives
<input checked="" type="checkbox"/> ESG related strategy, specify <p>Afore XXI Banorte: We require that they reveal to us if they have an ESG strategy or specific policies.</p> <input checked="" type="checkbox"/> ESG related investment restrictions, specify <p>Afore XXI Banorte: We require them to disclose if they have a list of investment restrictions, as a well as to consider our exclusion list for sectors and projects.</p> <input checked="" type="checkbox"/> ESG integration, specify <p>Afore XXI Banorte: We request them to display their ESG strategy and how they will incorporate it into the investment process.</p> <input checked="" type="checkbox"/> Engagement, specify <p>Afore XXI Banorte: Once a year we have meetings with managers to follow up on ESG commitments, and periodically we have follow-up calls with managers.</p> <input checked="" type="checkbox"/> Voting, specify	

Afore XXI Banorte: We seek to improve corporate governance practices and increase transparency in its operations through voting policies.

- Promoting responsible investment

Afore XXI Banorte: We promote the adoption of Responsible Investment Principles into their strategies and operations.

- ESG specific improvements
- Other, specify
- ESG guidelines/regulation, principles/standards, specify

Incentives and controls

- Fee based incentive
- Communication and remedy of breaches
- Termination
- No fee/ breach of contract

Reporting requirements

- Monthly
- Quarterly
- Bi-annually
- Annually
- Ad-hoc/when requested

- Private equity

Benchmark

- Standard benchmark, specify

Afore XXI Banorte: We have different approved indexes according to the Glidepath of our Siefores.

- ESG benchmark, specify

ESG Objectives

- ESG related strategy, specify

Afore XXI Banorte: We required that they reveal to us if they have an ESG strategy or specific policies.

- ESG related investment restrictions, specify

Afore XXI Banorte: We require them to disclose if they have a list of investment restrictions, as a well as to consider our exclusion list for sectors and projects.

- ESG integration, specify

Afore XXI Banorte: We request them to display their ESG strategy and how they will incorporate it into the investment process.

- Engagement, specify

Afore XXI Banorte: Once a year we have meetings with managers to follow up on ESG commitments, and periodically we have follow-up calls with managers.

- Voting, specify

Afore XXI Banorte: We seek to improve corporate governance practices and increase transparency in its operations through voting policies.

- Promoting responsible investment

Afore XXI Banorte: We promote the issuers lo adopt Responsible Investment Principles into their strategies and operations.

- ESG specific improvements
- Other, specify
- ESG guidelines/regulation, principles/standards, specify

Incentives and controls

- Fee based incentive
- Communication and remedy of breaches
- Termination
- No fee/ breach of contract

Reporting requirements

- Ad-hoc/when requested
- Annually
- Bi-annually
- Quarterly
- Monthly

- Property

Infrastructure

Benchmark

Standard benchmark, specify

Afore XXI Banorte: We have different approved indexes according to the Glidepath of our Siefores.

ESG benchmark, specify

ESG Objectives

ESG related strategy, specify

Afore XXI Banorte: We require that they reveal to us if they have an ESG strategy or specific policies.

ESG related investment restrictions, specify

Afore XXI Banorte: We require them to disclose if they have a list of investment restrictions, as a well as to consider our exclusion list for sectors and projects.

ESG integration, specify

Afore XXI Banorte: TWe request them to display their ESG strategy and how they will incorporate it into the investment process.

Engagement, specify

Afore XXI Banorte: Once a year we have meetings with managers to follow up on ESG commitments, and periodically we have follow-up calls with managers.

Voting, specify

Afore XXI Banorte: We seek to improve corporate governance practices and increase transparency in its operations through voting policies.

Promoting responsible investment

Afore XXI Banorte: We promote the issuers lo adopt Responsible Investment Principles into their strategies and operations.

ESG specific improvements

Afore XXI Banorte: Goal of 10 years (2020- 2030) that will apply to our investments into real estate sector and consists into identify potential risks, evaluate them and carried out commitments and / or adaptation measures.

Other, specify

ESG guidelines/regulation, principles/standards, specify

Incentives and controls

Fee based incentive

Communication and remedy of breaches

Termination

No fee/ breach of contract

Reporting requirements

Ad-hoc/when requested

Annually

Bi-annually

Quarterly

Monthly

SAM 04.3

Indicate which of these actions your organisation might take if any of the requirements are not met

Discuss requirements not met and set project plan to rectify

Place investment manager on a "watch list"

Track and investigate reason for non-compliance

Re-negotiate fees

Failing all actions, terminate contract with the manager

Other, specify

No actions are taken if any of the ESG requirements are not met

SAM 04.4

Provide additional information relevant to your organisation's appointment processes of external managers. [OPTIONAL]

Afore XXI Banorte: Due to the nature of investments in CKDs, we implemented an alternative process called the "Ventanilla Única" Process. This process aims to establish guidelines for the interaction of Managers, Co-investors and brokers interested in presenting a CKD or CERPI. The "Ventanilla Única" works as a first documentary filter. Two questionnaires are integrated (one general and one specific ESG) as part of the minimum documentation necessary to enter an application. This is a platform that performs a preliminary analysis of the minimum requirements that managers must meet, in order to be candidates evaluated by the "Review Group". Responsible Investment Policy: <https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/InvResponsable.pdf> External managers for mandates will be eligible as long as they consider a comprehensive vision that contemplates the impact on the global financial system, plus the evaluation and impact of ESG factors within their investment analysis, taking into consideration the elements approved by the Committee of Investment of Afore XXI Banorte. The process of selecting mandates consists of 7 stages: 1) Definition of investment strategies; 2) Investment Policy Review (including ESG); 3) Managers Evaluation; 4) Manager Selection; 5) Investment; 6) Monitoring and Tracking and 7) Stage Final URL: https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/Lineam_Gesti%C3%B3nMandatos.pdf

SAM 05.1 When monitoring managers, indicate which of the following types of responsible investment information your organisation typically reviews and evaluates

	LE	Private equity	Property	Infrastructure
ESG objectives linked to investment strategy (with examples)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Evidence on how the ESG incorporation strategy(ies) affected the investment decisions and financial / ESG performance of the portfolio/fund	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Compliance with investment restrictions and any controversial investment decisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ESG portfolio characteristics	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
How ESG materiality has been evaluated by the manager in the monitored period	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Information on any ESG incidents	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Metrics on the real economy influence of the investments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PRI Transparency Reports	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
PRI Assessment Reports	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
RI-promotion and engagement with the industry to enhance RI implementation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Changes to the oversight and responsibilities of ESG implementation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other general RI considerations in investment management agreements; specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SAM 05.2 When monitoring external managers, does your organisation set any of the following to measure compliance/progress

	LE	Private equity	Property	Infrastructure
ESG score	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESG weight	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ESG performance minimum threshold	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Real world economy targets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other RI considerations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If you select any 'Other' option(s), specify

Afore XXI Banorte:

The ESG team is in charge of monitoring the projects and companies in the portfolio, on ESG criteria. Therefore, any relevant changes on the score and controversies identified are presented in the Investment Committee. After each session the committee members share its comments and concerns to the CIO and if necessary, a monitoring plan.

SAM 05.3 Provide additional information relevant to your organisation's monitoring processes of external managers. [OPTIONAL]

Afore XXI Banorte: We use the following elements to formally integrate responsible investment practices in the selection and monitoring process: • Use of a detailed questionnaire to capture responsible investment practices specifically applied to our portfolios. • Discussion of ESG risks and opportunities at a portfolio level as part of a formal and periodically meetings. • Discussion of the ESG performance, as part of monitoring and evaluation process and presenting the performance results in our Investment Committee. • Semi-annual reports with tracking information. • Annual monitoring. Reveal their ESG activities and advances for each fund in which they have invested, and based on a set of common monitoring indicators for the management company and the underlying investments of the fund. • Monitoring of ESG incidents based on our dispute format, in case of any controversy, the proposal for a remediation plan. For infrastructure assets (CKDs) we monitor their sustainability indicators as well as the way in which ESG principles are permeating managers and tenants and for this purpose, our Investment Committee approved a goal of 10 years (2020- 2030) that will apply to our investments into real estate sector and consists into identify potential risks, evaluate them and carried out commitments and / or adaptation measures. Responsible Investment Guidelines for Managing Mandates URL: https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/Lineam_Gesti3nMandatos.pdf Responsible Investment for the Management of Structured Instruments URL: <https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/InvResponsable.pdf>

SAM 06.1 When monitoring managers, indicate which of the following active ownership information your organisation typically reviews and evaluates from the investment manager in meetings/calls

(Proxy) voting	LE

Report on voting undertaken (with outcomes and examples)	<input checked="" type="checkbox"/> Report on voting undertaken (with outcomes and examples) - LE
Report on voting decisions taken	<input type="checkbox"/> Report on voting decisions taken - LE
Adherence with the agreed upon voting policy	<input checked="" type="checkbox"/> Adherence with the agreed upon voting policy - LE
Other RI considerations relating to (proxy) voting in investment management agreements; specify	<input type="checkbox"/> Other RI considerations relating to (proxy) voting in investment management agreements; specify - LE
None of the above	<input type="checkbox"/> None of the above - LE

SAM 07	Mandatory	Core Assessed	PRI 2
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SAM 07.1 For the listed equities for which you have given your external managers a (proxy) voting mandate, indicate the approximate percentage (+/- 5%) of votes that were cast during the reporting year.

Votes cast (to the nearest 5%)
13.7%

Specify the basis on which this percentage is calculated.

- Of the total number of ballot items on which they could have issued instructions
 - Of the total number of company meetings at which they could have voted
 - Of the total value of your listed equity holdings on which they could have voted
- We do not collect this information.

SAM 08	Mandatory to Report, Voluntary to Disclose	Descriptive	PRI 1
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SAM 08.1 Describe how you ensure that best RI practice is applied to managing your assets

Encourage improved RI practices with existing investment managers

Measures

Afore XXI Banorte: We follow a process through which managers provides information about their ESG ratings and trends over time. Through this methodology, we can map trends and changes of the companies within the portfolio. We align ratings to be homogeneous and therefore comparable to each other, this way we can benchmark managers, compare their financial performance and their adherence to the ESG factors within portfolio.

Move assets over to investment managers with better RI practices

Other, specify

Afore XXI Banorte: Additionally the area responsible for the analysis of the ASG factors also has the responsibility of informing the Investment Directorate of the ESG Model and the methodology being use to analyze through different meetings or follow-up emails with the collaborators of the area.

Measures

Afore XXI Banorte: The information that will be taken to the Consultation Forum and / or the Investment Committee: • ESG questionnaire requested from the Administrator, Co-investor or Placement Broker. • Updated ESG Ratings.

None of the above

SAM 08.2 Additional information. [Optional]

Afore XXI Banorte

Our application of ESG factors with external managers began with a questionnaire where they must reveal and explain their policies and processes concerning the implementation and application of responsible investment within their investment process. In this questionnaire you can find topics such as policies, screenings, engagement, proxy voting and a detailed description of the scores of your portfolio to be able to make a joint analysis by manager.

This questionnaire therefore covers screening, sustainability, themed investment and integration. We are in the process of improving this report through specific objectives and requirements by topic.

We have begun to request information about these points, as we can start to cause changes in the investments currently made by our managers. However, we still haven't put in place a specific policy on objectives and measurements in terms of ESG factors.

In addition, there are screening criteria with restriction of sectors and activities for all assets.

We believe that with this we encourage the improvement of responsible investment practices.

Integration of Environmental, Social and Corporate Governance factors in the Investment Process. URL: https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/ESG_Integ.pdf

SAM 09	Mandatory	Additional Assessed	PRI 1,6
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SAM 09.1 Provide examples of how ESG issues have been addressed in the manager selection, appointment and/or monitoring process for your organisation during the reporting year.

Add Example 1

Topic or issue	ESG ratings, scores, weights and process.
Conducted by	Internal staff

Asset class	Listed Equity
Scope and process	Questionnaire are sent to each of the managers, for them to present a disclosure of their ESG policy, their process of integration of the ESG factors within their investment policy, controversies and visualized opportunities for the portfolio.
Outcomes	ESG score, ratings, weights, controversies and opportunities.

Add Example 2

Topic or issue	ESG ratings, scores, weights and process.
Conducted by	Internal staff
Asset class	Infrastructure
Scope and process	<p>The monitoring of investments in infrastructure is carried out only by internal personnel of XXI Banorte, under the following framework:</p> <ul style="list-style-type: none"> • Exposure of the company to a high-risk materiality issue. • Involvement of the company in some sector or activity excluded by XXI Banorte. • Opportunity area for engagement with the company. • Update of the sustainability indicators questionnaire. <p>Tracing</p> <p>The follow-up of investments in infrastructure is carried out annually and in the following circumstances:</p> <ul style="list-style-type: none"> • Internal methodology update. • Controversy or catastrophe that affects the ESG pillars, as a result of the company's operations. • Relevant event that affects the management of the company's Board of Directors. • Holder Assemblies - Right to Vote.
Outcomes	Currently, we have covered 22% of meetings with CKDs and have an ESG score of 57% of the total. We have received 96% of ESG compliance questionnaires.

Add Example 3

Topic or issue	ESG ratings, scores, weights and process.
Conducted by	Internal staff
Asset class	Property
Scope and process	<p>The monitoring of investments in infrastructure is carried out only by internal personnel of XXI Banorte, under the following framework:</p> <ul style="list-style-type: none"> • Exposure of the company to a high-risk materiality issue. • Involvement of the company in some sector or activity excluded by XXI Banorte. • Opportunity area for engagement with the company. • Update of the sustainability indicators questionnaire. <p>Tracing</p> <p>The follow-up of investments in infrastructure is carried out annually and in the following circumstances:</p> <ul style="list-style-type: none"> • Internal methodology update. • Controversy or catastrophe that affects the ESG pillars, as a result of the company's operations. • Relevant event that affects the management of the company's Board of Directors. • Holder Assemblies - Right to Vote.
Outcomes	Currently, we have covered 22% of meetings with CKDs and have an ESG score of 57% of the total. We have received 96% of ESG compliance questionnaires.

Add Example 4

Add Example 5

Add Example 6

Add Example 7

We are not able to provide examples

SAM Checks

Checks

If there are any messages below, please review them before continuing. If there are no messages below, please save this page and continue.

LEI 01	Mandatory	Gateway	PRI 1		
LEI 01.1	Indicate which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities; and the breakdown of your actively managed listed equities by strategy or combination of strategies.				
	<input type="checkbox"/> Screening alone (i.e., not combined with any other strategies) <input type="checkbox"/> Thematic alone (i.e., not combined with any other strategies) <input type="checkbox"/> Integration alone (i.e., not combined with any other strategies) <input checked="" type="checkbox"/> Screening and integration strategies				
	<table border="1"> <tr> <td>Percentage of active listed equity to which the strategy is applied – you may estimate +/- 5%</td> <td>100%</td> </tr> </table>		Percentage of active listed equity to which the strategy is applied – you may estimate +/- 5%	100%	
Percentage of active listed equity to which the strategy is applied – you may estimate +/- 5%	100%				
	<input type="checkbox"/> Thematic and integration strategies <input type="checkbox"/> Screening and thematic strategies <input type="checkbox"/> All three strategies combined <input type="checkbox"/> We do not apply incorporation strategies				
LEI 01.3	If assets are managed using a combination of ESG incorporation strategies, briefly describe how these combinations are used. [Optional]				
	<p>Afore XXI Banorte</p> <p>In our in-house methodology, the score is rated on a scale from CCC to AAA, with AAA being the highest score. Additionally, we include a Disclosure of Information Index, provided by our Finance Platform Agency. The issuers that get rated below BBB, we consider are those whose policies and disclosure of information level, were deficient or lack of scope for their industry. However, we do not exclude an issuer because its ESG score, reminding that ESG analysis is complementary to financial analysis, but we do exclude a company if it is found involved in any activity listed in our Investment Restrictions1 for each asset, which contains activities as child labor, nuclear energy, gambling sites, among others.</p>				

LEI 02	Voluntary	Additional Assessed	PRI 1
LEI 02.1	Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.		
	<input checked="" type="checkbox"/> Raw ESG company data <ul style="list-style-type: none"> <input checked="" type="checkbox"/> ESG research provider <input type="checkbox"/> Sell-side <input checked="" type="checkbox"/> In-house – specialised ESG analyst or team <input type="checkbox"/> In-house – analyst or portfolio manager 		
	<input checked="" type="checkbox"/> Company-related analysis or ratings <ul style="list-style-type: none"> <input checked="" type="checkbox"/> ESG research provider <input checked="" type="checkbox"/> Sell-side <input checked="" type="checkbox"/> In-house – specialised ESG analyst or team <input checked="" type="checkbox"/> In-house – analyst or portfolio manager 		
	<input checked="" type="checkbox"/> Sector-related analysis or ratings <ul style="list-style-type: none"> <input checked="" type="checkbox"/> ESG research provider <input checked="" type="checkbox"/> Sell-side <input type="checkbox"/> In-house – specialised ESG analyst or team <input type="checkbox"/> In-house – analyst or portfolio manager 		
	<input checked="" type="checkbox"/> Country-related analysis or ratings <ul style="list-style-type: none"> <input checked="" type="checkbox"/> ESG research provider <input checked="" type="checkbox"/> Sell-side <input type="checkbox"/> In-house – specialised ESG analyst or team <input type="checkbox"/> In-house – analyst or portfolio manager 		
	<input type="checkbox"/> Screened stock list		
	<input checked="" type="checkbox"/> ESG issue-specific analysis or ratings <ul style="list-style-type: none"> <input checked="" type="checkbox"/> ESG research provider <input type="checkbox"/> Sell-side <input type="checkbox"/> In-house – specialised ESG analyst or team <input type="checkbox"/> In-house – analyst or portfolio manager 		
	<input type="checkbox"/> Other, specify		
LEI 02.2	Indicate whether you incentivise brokers to provide ESG research.		
	<input type="radio"/> Yes <input checked="" type="radio"/> No		

LEI 02.4	Additional information. [Optional]
<p>In order to develop and feed properly the intern ESG analysis, we consider public information published mainly by the company (Annual Report, Sustainability Report, etc.), reports by our Rating Agency provider, as well as Industry reports. To acknowledge the main industry risks that would mean a direct risk to the investment, we also look at the SASB Standards, governmental reports and public databases. For further details, visit our Listed Equity Policy: https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/Lineam_RentaVarPropActiva.pdf</p> <p>Asset Manager Banorte:</p> <p>Our inhouse methodology is based on a transparency analysis that qualifies the level of disclosure of ESG data, as well as its quality. In addition, these results are compared and supplemented by the ESG transparency ratings provided by Bloomberg.</p>	

LEI 03	Voluntary	Additional Assessed	PRI 1
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LEI 03.1	Indicate whether your organisation has a process through which information derived from ESG engagement and/or (proxy) voting activities is made available for use in investment decision-making.
<p><input checked="" type="checkbox"/> Engagement</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> We have a systematic process to ensure the information is made available. <input type="checkbox"/> We occasionally make this information available. <input type="checkbox"/> We do not make this information available. <p><input checked="" type="checkbox"/> (Proxy) voting</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> We have a systematic process to ensure the information is made available. <input type="checkbox"/> We occasionally make this information available. <input type="checkbox"/> We do not make this information available. 	

LEI 03.2	Additional information. [Optional]
<p>Afore XXI Banorte:</p> <p>As part of our improvement initiatives, we started to logbook the engagements with issuers and share with the portfolio managers and with the Investment Committee for their knowledge. This activity enhances the ESG process and its outcomes as part of our fiduciary duties of monitoring processes.</p> <p>We initiated the voting log during the reported year to strengthen the proxy voting process but also we had the opportunity to identify deficiencies and future scenarios that could cause, a misunderstanding or conflict of interests.</p> <p>For further details, visit our Proxy Voting Policy: https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/Politica_ejercicio.pdf</p>	

LEI 04	Mandatory	Descriptive	PRI 1
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LEI 04.1	Indicate and describe the type of screening you apply to your internally managed active listed equities.								
<p><input checked="" type="checkbox"/> Negative/exclusionary screening</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Product <input checked="" type="checkbox"/> Activity <input checked="" type="checkbox"/> Sector <input checked="" type="checkbox"/> Country/geographic region <input checked="" type="checkbox"/> Environmental and social practices and performance <input type="checkbox"/> Corporate governance <table border="1" style="width: 100%;"> <thead> <tr> <th style="width: 150px;"></th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>Afore XXI Banorte:</td> <td>The Investment Restrictions List elaborated by Afore XXI Banorte has 27 restrictions, all applied to each class of assets managed. Every restriction of a product, activity, sector, country or ESG practices is suited according to the segmentation of the asset (sectors, industries, geography) as it applies.</td> </tr> </tbody> </table> <p><input type="checkbox"/> Positive/best-in-class screening</p> <p><input checked="" type="checkbox"/> Norms-based screening</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> UN Global Compact Principles <input type="checkbox"/> The UN Guiding Principles on Business and Human Rights <input type="checkbox"/> International Labour Organization Conventions <input type="checkbox"/> United Nations Convention Against Corruption <input type="checkbox"/> OECD Guidelines for Multinational Enterprises <input checked="" type="checkbox"/> Other, specify <p style="margin-left: 40px;">International Finance Corporation (IFC), World Bank, International Capital Market Association(ICMA), Inter-American Development Bank (IDB).</p> <table border="1" style="width: 100%;"> <thead> <tr> <th style="width: 150px;"></th> <th>Description</th> </tr> </thead> <tbody> <tr> <td></td> <td>The Afore XXI Banorte List of Restricted Investment Activities describes the activities, sectors and countries in which reputational risk is considered high, which could affect the society or the environment and those prohibited or penalized activities by an international organization. Some of the restrictions were adopted from international guidelines or relevant financial organisms that enhance the Responsible and proactive engagement as International Finance Corporation (IFC) (who provides us training programs), World Bank, Inter-American Development Bank (IDB), among others.</td> </tr> </tbody> </table>			Description	Afore XXI Banorte:	The Investment Restrictions List elaborated by Afore XXI Banorte has 27 restrictions, all applied to each class of assets managed. Every restriction of a product, activity, sector, country or ESG practices is suited according to the segmentation of the asset (sectors, industries, geography) as it applies.		Description		The Afore XXI Banorte List of Restricted Investment Activities describes the activities, sectors and countries in which reputational risk is considered high, which could affect the society or the environment and those prohibited or penalized activities by an international organization. Some of the restrictions were adopted from international guidelines or relevant financial organisms that enhance the Responsible and proactive engagement as International Finance Corporation (IFC) (who provides us training programs), World Bank, Inter-American Development Bank (IDB), among others.
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LEI 04.2	Describe how you notify clients and/or beneficiaries when changes are made to your screening criteria.
<p>Afore XXI Banorte has a different class of assets that involves engagement activities with external asset managers. According to the class of asset, we share the Investment Restrictions List by:</p> <p>a) If it is a mandate (external asset manager): we sign a contractual agreement of the Investment Restrictions List.</p> <p>b) If it is a portfolio manager from Afore XXI Banorte, first, we analyze (in an integral way) the change of the screening criteria and information to our Investment Committee before making public the change.</p> <p>c) If it is an investment proposal from our portfolio manager: The Investment Restrictions List is included in the eligibility criteria and in our internal systems.</p>	

LEI 05	Mandatory	Core Assessed	PRI 1
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LEI 05.1	Indicate which processes your organisation uses to ensure ESG screening is based on robust analysis.
<p><input checked="" type="checkbox"/> Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.</p> <p><input checked="" type="checkbox"/> Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies.</p> <p><input checked="" type="checkbox"/> External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar.</p> <p><input checked="" type="checkbox"/> Third-party ESG ratings are updated regularly to ensure that portfolio holdings comply with fund policies.</p> <p><input checked="" type="checkbox"/> Trading platforms blocking / restricting flagged securities on the black list.</p> <p><input type="checkbox"/> A committee, body or similar with representatives independent of the individuals who conduct company research reviews some or all screening decisions.</p> <p><input type="checkbox"/> A periodic review of internal research is carried out.</p> <p><input checked="" type="checkbox"/> Review and evaluation of external research providers.</p> <p><input type="checkbox"/> Other; specify</p> <p><input type="checkbox"/> None of the above</p>	

LEI 05.2	Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part your ESG screening strategy.
<p><input type="radio"/> <10%</p> <p><input type="radio"/> 10-50%</p> <p><input type="radio"/> 51-90%</p> <p><input checked="" type="radio"/> >90%</p>	

LEI 05.3	Indicate how frequently third party ESG ratings are updated for screening purposes.
<p><input type="radio"/> Quarterly or more frequently</p> <p><input type="radio"/> Bi-Annually</p> <p><input checked="" type="radio"/> Annually</p> <p><input type="radio"/> Less frequently than annually</p>	

LEI 05.5	Additional information. [Optional]
<p>Afore XXI Banorte</p> <p>In the construction of the Investment Restrictions List, were considered sources like International Finance Corporation (IFC), World Bank, International Capital Market Association (ICMA), Inter-American Development Bank (IDB) and UN PRI guidelines about Screening. We also considered the current status of the investments under management to define our strategy and which investments could be a breach of our restrictions list and whether to establish a disinvest plan or an exception to the investment vehicle. This does not mean that we invest in controversial sectors or activities, instead we managed our portfolio identifying and classifying the activities that may cause a risk during the investment period.</p>	

LEI 06	Voluntary	Additional Assessed	PRI 1
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LEI 06.1	Indicate which processes your organisation uses to ensure fund criteria are not breached.
<p><input type="checkbox"/> Systematic checks are performed to ensure that stocks meet the fund's screening criteria</p> <p><input checked="" type="checkbox"/> Automated IT systems prevent investment managers from investing in excluded stocks or those that do not meet positive screening criteria</p> <p><input type="checkbox"/> Audits of fund holdings are undertaken regularly by internal audit function</p> <p><input type="checkbox"/> Periodic auditing/checking of the organisations RI funds by external party</p> <p><input type="checkbox"/> Other; specify</p> <p><input type="checkbox"/> None of the above</p>	

LEI 06.2	If breaches of fund screening criteria are identified, describe the process followed to correct those breaches.
<p>Afore XXI Banorte</p> <p>Our trade platform doesn't allow us to register an investment that breaches our screening criteria. According to our process, when a portfolio manager simulates an investment trade, the system stops the operation and notified to our risk department if the trade breaches some hard of soft limit, and the risk department is the only one that has the privileges to accept or not the register of the operation. Even though, every operation it's informed monthly to our Investments and Risks Committees.</p>	

LEI 08	Mandatory	Core Assessed	PRI 1
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LEI 08.1	Indicate the proportion of actively managed listed equity portfolios where E, S and G factors are systematically researched as part of your investment analysis.
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ESG issues	Proportion impacted by analysis	
Environmental	Environmental	
	<input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input checked="" type="radio"/> >90%	
Social	Social	
	<input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input checked="" type="radio"/> >90%	
Corporate Governance	Corporate Governance	
	<input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input checked="" type="radio"/> >90%	

LEI 08.2 Additional information. [Optional]

Figures reported only consider AUM's of Afore XXI Banorte.
 Afore XXI Banorte:
 To comply our commitment as a PRI signatory, we adopted the principle #1, by incorporating ESG issues into the investment analysis. Currently, ESG analysis is complementary to the financial analysis, but it is considerate as a requirement to keep receiving our funding sources. This criterion applies to Listed Equity portfolio.

LEI 09 **Mandatory** **Core Assessed** **PRI 1**

LEI 09.1 Indicate which processes your organisation uses to ensure ESG integration is based on robust analysis.

- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- Third-party ESG ratings are updated regularly
- A periodic review of the internal research is carried out
- Structured, regular ESG specific meetings between responsible investment staff and the fund manager or within the investments team
- ESG risk profile of a portfolio against benchmark
- Analysis of the impact of ESG factors on investment risk and return performance
- Other; specify
- None of the above

LEI 09.2 Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part your integration strategy.

- <10%
- 10-50%
- 51-90%
- >90%

LEI 09.3 Indicate how frequently third party ESG ratings that inform your ESG integration strategy are updated.

- Quarterly or more frequently
- Bi-Annually
- Annually
- Less frequently than annually

LEI 09.4 Indicate how frequently you review internal research that builds your ESG integration strategy.

- Quarterly or more frequently
- Bi-Annually
- Annually
- Less frequently than annually

LEI 09.5 Describe how ESG information is held and used by your portfolio managers.

- ESG information is held within centralised databases or tools, and it is accessible by all relevant staff
- ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff
- Systematic records are kept that capture how ESG information and research were incorporated into investment decisions
- Other; specify
- None of the above

LEI 09.6 Additional information. [Optional]

Afore XXI Banorte:

We have a specialized team of 3 full-time analysts, which is responsible for the ESG analysis of the portfolio. In the first stage of integration, we started with the listed equity portfolio, and later, with the property and infrastructure assets. We attend to update the analysis as new information becomes available like internal research, news, meetings, company's reports, and our ESG ratings agency. If during or after the analysis issues of concern are identified, the ESG team researches the issue, and dialogue with the company to seek for an explanation or statement and of future or ongoing plan action. Once an ESG analysis is complete, the ESG team sends a brief description to the Investment department of the company's operations, risks, and strengths identified to support the ESG score.

LEI 10 Mandatory to Report, Voluntary to Disclose Core Assessed PRI 1

LEI 10.1 Indicate which aspects of investment analysis you integrate material ESG information into.

- Economic analysis

Proportion of actively managed listed equity exposed to investment analysis

- <10%
- 10-50%
- 51-90%
- >90%

- Industry analysis

Proportion of actively managed listed equity exposed to investment analysis

- <10%
- 10-50%
- 51-90%
- >90%

- Quality of management

Proportion of actively managed listed equity exposed to investment analysis

- <10%
- 10-50%
- 51-90%
- >90%

- Analysis of company strategy

Proportion of actively managed listed equity exposed to investment analysis

- <10%
- 10-50%
- 51-90%
- >90%

- Portfolio weighting
- Security sensitivity and/or scenario analysis
- Fair value/fundamental analysis
- Other; specify

LEI 10.6 Additional information. [OPTIONAL]

Figures reported only consider AUM's of Afore XXI Banorte.

Now, we do not exclude any investment proposal because its ESG score, but we reserve the right to invest in any project, if the company does not comply with our related ESG requirements such as initial questionnaire, calls, meetings, etc. Also, if an ESG issue is identified as high risk to the investment or has different controversies, is a red flag to consider not to invest. Broadly speaking, the in-house methodology takes into consideration: risks about the company's management on ESG issues and controversies, risks of the industry, international industry trends, the issuer's strengths, and weaknesses.

LEI Checks Checks

- If there are any messages below, please review them before continuing. If there are no messages below, please save this page and continue.

LEA 01.1 Indicate whether your organisation has an active ownership policy (includes engagement and/or voting).

Yes

LEA 01.2 Attach or provide a URL to your active ownership policy.

Attachment provided:

URL provided:

https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/Lineam_RentaVarPropActiva.pdf

LEA 01.3 Indicate what your active engagement policy covers:

General approach to Active Ownership

- Conflicts of interest
- Alignment with national stewardship code requirements
- Assets/funds covered by active ownership policy
- Expectations and objectives
- Engagement approach

Engagement

- ESG issues
- Prioritisation of engagement
- Methods of engagement
- Transparency of engagement activities
- Due diligence and monitoring process
- Insider information
- Escalation strategies
- Service Provider specific criteria
- Other, (specify)

(Proxy) voting approach

Voting

- ESG issues
- Prioritisation and scope of voting activities
- Methods of voting
- Transparency of voting activities
- Regional voting practice approaches
- Filing or co-filing resolutions
- Company dialogue pre/post-vote
- Decision-making processes
- Securities lending processes
- Other, (specify)

Other

None of the above

No

LEA 01.4 Do you outsource any of your active ownership activities to service providers?

Yes

LEA 01.5 Where active ownership activities are conducted by service providers, indicate whether your active ownership policy covers any of the following:

- Outline of service provider's role in implementing your organisation's active ownership policy
- Description of considerations included in service provider selection and agreements
- Identification of key ESG frameworks which service providers must follow
- Outline of information sharing requirements of service providers
- Description of service provider monitoring processes
- Other, (specify)
- None of the above

No

LEA 01.6	Additional information [optional]
<p>Afore XXI Banorte:</p> <p>The Active Ownership Policy defines engagement activities as those which allow us to exert our shareholder rights over the companies were, we're invested, to promote the proper management of ESG issues and improve information disclosure. This allows us to have an understanding of a company's intern strategies, policies, continuous improvement process and asses the improvement based on recommendations given by the ESG team.</p> <p>During the reported year, we strengthened the active ownership process through periodical meetings, collaborative engagements with stakeholder groups and the commitment to take into consideration the outcomes of ESG analysis in the decision-making process.</p> <p>URL https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/Lineam_RentaVarPropActiva.pdf</p> <p>Asset Manager Banorte:</p> <p>We developed an Engagement Manual that establishes the procedure to approach the issuers as well as recommendations to improve the level of transparency in ESG factors.</p>	

LEA 02	Mandatory	Core Assessed	PRI 1,2,3
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LEA 02.1	Indicate the method of engagement, giving reasons for the interaction.
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Type of engagement	Reason for interaction
Individual / Internal staff engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence it) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input type="checkbox"/> We do not engage via internal staff
Collaborative engagements	<input type="checkbox"/> To influence corporate practice (or identify the need to influence it) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input type="checkbox"/> We do not engage via collaborative engagements
Service provider engagements	<input type="checkbox"/> To influence corporate practice (or identify the need to influence it) on ESG issues <input type="checkbox"/> To encourage improved/increased ESG disclosure <input type="checkbox"/> To gain an understanding of ESG strategy and/or management <input checked="" type="checkbox"/> We do not engage via service providers

LEA 02.4	Additional information. [Optional]
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Afore XXI Banorte:

Due the Mexican equity market is recently introducing ESG and sustainability topics of conversation, our role as investors following our fiduciary duty is not to punish those that have not developed the proper processes or policies in these matters, but understand how ESG issues can be applied to develop prevention, mitigation or control strategies, seek to improve reporting and monitoring practices and availability to discuss these issues with investors. In the same way, there are leading Mexican companies and internationally competitive in sustainability issues, so we encourage the conversation and information exchange to benefit ourselves for the improvement of our processes or requirements to other future issuers.

However, our Investment Committee approved the following methods of engagement with issuers:

- Periodically meetings,
- Engagement's matrix where we identify and follow up the different agreements that we establish with the issuers,
- Monthly progress follow-up of the ESG score by issue, etc.

Asset Manager Banorte:

As part of our Collaborative Engagement, at the end of 2019 we signed the investor declaration on ESG disclosure in Mexico in conjunction with 24 other institutional investors, with which we seek to increase the transparency of ESG data from issuers. Furthermore, we recognize that ESG factors represent risks and opportunities that may affect the quality of assets and we consider it to be a source of information that complements investment analysis and decision-making processes.

To learn more about the statement, visit the following link:
<http://www.mexico2.com.mx/uploads/mexico/file/Declaraci%C3%B3n%20de%20inversionistas%20en%20M%C3%A9xico-%20Final%20versi%C3%B3n%20carta.pdf>

LEA 03	Mandatory	Core Assessed	PRI 2
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LEA 03.1	Indicate whether your organisation has a formal process for identifying and prioritising engagements.
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✓ Yes

LEA 03.2	Indicate the criteria used to identify and prioritise engagements for each type of engagement.
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Type of engagement	Criteria used to identify/prioritise engagements

Individual / Internal staff engagements	<table border="1"> <thead> <tr> <th colspan="2" data-bbox="448 114 1398 152">Individual / Internal staff engagements</th> </tr> </thead> <tbody> <tr> <td data-bbox="448 152 480 181"><input type="checkbox"/></td> <td data-bbox="480 152 1398 181">Geography/market of the companies</td> </tr> <tr> <td data-bbox="448 181 480 210"><input checked="" type="checkbox"/></td> <td data-bbox="480 181 1398 210">Materiality of the ESG factors</td> </tr> <tr> <td data-bbox="448 210 480 239"><input checked="" type="checkbox"/></td> <td data-bbox="480 210 1398 239">Exposure (size of holdings)</td> </tr> <tr> <td data-bbox="448 239 480 268"><input checked="" type="checkbox"/></td> <td data-bbox="480 239 1398 268">Responses to ESG impacts that have already occurred</td> </tr> <tr> <td data-bbox="448 268 480 297"><input type="checkbox"/></td> <td data-bbox="480 268 1398 297">Responses to divestment pressure</td> </tr> <tr> <td data-bbox="448 297 480 327"><input type="checkbox"/></td> <td data-bbox="480 297 1398 327">Consultation with clients/beneficiaries</td> </tr> <tr> <td data-bbox="448 327 480 356"><input type="checkbox"/></td> <td data-bbox="480 327 1398 356">Consultation with other stakeholders (e.g. NGOs, trade unions, etc.)</td> </tr> <tr> <td data-bbox="448 356 480 385"><input type="checkbox"/></td> <td data-bbox="480 356 1398 385">Follow-up from a voting decision</td> </tr> <tr> <td data-bbox="448 385 480 414"><input type="checkbox"/></td> <td data-bbox="480 385 1398 414">Client request</td> </tr> <tr> <td data-bbox="448 414 480 443"><input checked="" type="checkbox"/></td> <td data-bbox="480 414 1398 443">Breaches of international norms</td> </tr> <tr> <td data-bbox="448 443 480 472"><input type="checkbox"/></td> <td data-bbox="480 443 1398 472">Other; (specify)</td> </tr> <tr> <td data-bbox="448 472 480 501"><input type="checkbox"/></td> <td data-bbox="480 472 1398 501">We do not outline engagement criteria for our individual engagements</td> </tr> </tbody> </table>	Individual / Internal staff engagements		<input type="checkbox"/>	Geography/market of the companies	<input checked="" type="checkbox"/>	Materiality of the ESG factors	<input checked="" type="checkbox"/>	Exposure (size of holdings)	<input checked="" type="checkbox"/>	Responses to ESG impacts that have already occurred	<input type="checkbox"/>	Responses to divestment pressure	<input type="checkbox"/>	Consultation with clients/beneficiaries	<input type="checkbox"/>	Consultation with other stakeholders (e.g. NGOs, trade unions, etc.)	<input type="checkbox"/>	Follow-up from a voting decision	<input type="checkbox"/>	Client request	<input checked="" type="checkbox"/>	Breaches of international norms	<input type="checkbox"/>	Other; (specify)	<input type="checkbox"/>	We do not outline engagement criteria for our individual engagements				
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No

LEA 03.3 Additional information. [Optional]

Afore XXI Banorte:

According to our investment policy, we do not restrict investment on companies based at ESG scores, however relevant risks and the ESG score are relevant for the decision-making process. We inform the companies about their ESG score and risks identified, as well as recommendations to improve their practices. When a company becomes part of the portfolio, we establish a follow-up plan to assess the improvements and updates of the company related to ESG management.

We promote responsible investment practices and engage with the following companies:

- Companies listed in the Mexican Stock Exchange, IPO's and issuers in the secondary market (principally with companies that are already part of the portfolio, secondary the companies in an investment proposal)
- Companies with opportunity areas that are easier to attack.
- Issuers listed in Mexican Stock Exchange and private issuers in the portfolio involved in related ESG issues controversies.

Asset Manager Banorte:

Through the Green Finance Advisory Council (CCFV) together with 25 institutional investors we signed an investor's statement on the disclosure of ESG information in Mexico, representing a total of \$ 4.52 billion pesos in AUMs managed.

LEA 04 Mandatory Core Assessed PRI 2

LEA 04.1 Indicate whether you define specific objectives for your organisation's engagement activities.

Individual / Internal staff engagements	<input type="radio"/> All engagement activities <input type="radio"/> Majority of engagement activities <input checked="" type="radio"/> Minority of engagement activities <input type="radio"/> We do not define specific objectives for engagement activities carried out by internal staff
Collaborative engagements	<input type="radio"/> All engagement activities <input type="radio"/> Majority of engagement activities <input checked="" type="radio"/> Minority of engagement activities <input type="radio"/> We do not define specific objectives for engagement activities carried out through collaboration

LEA 04.2 Additional information. [Optional]

Afore XXI Banorte:

Due to the stage of implementation of ESG and Responsible investment practices in the investment process, we look for companies that are committed to aligning their strategies with our ESG requirements as to disclosure of information, policies and strategies formalized, specifically established objectives, between others. Afore XXI Banorte also considers the adaptation strategies of the companies to international trends related to the ESG issues, so can we evaluate their maturity and level of accomplishment through follow-up and updates meetings with companies.

LEA 05	Mandatory	Core Assessed	PRI 2
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LEA 05.1	Indicate whether you monitor and/or review engagement outcomes.
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Individual / Internal staff engagements	<input type="radio"/> Yes, in all cases <input checked="" type="radio"/> Yes, in a majority of cases <input type="radio"/> Yes, in a minority of cases <input type="radio"/> We do not monitor, or review engagement outcomes when the engagement is carried out by our internal staff.
Collaborative engagements	<input type="radio"/> Yes, in all cases <input type="radio"/> Yes, in a majority of cases <input checked="" type="radio"/> Yes, in a minority of cases <input type="radio"/> We do not monitor, or review engagement outcomes when the engagement is carried out through collaboration.

LEA 05.2	Indicate whether you do any of the following to monitor and/or review the progress of engagement activities.
-----------------	---

Individual / Internal staff engagements	<input checked="" type="checkbox"/> Define timelines/milestones for your objectives <input type="checkbox"/> Track and/or monitor progress against defined objectives and/or KPIs <input type="checkbox"/> Track and/or monitor the progress of action taken when original objectives are not met <input type="checkbox"/> Revisit and, if necessary, revise objectives on a continuous basis <input type="checkbox"/> Other; specify
Collaborative engagements	<input checked="" type="checkbox"/> Define timelines/milestones for your objectives <input checked="" type="checkbox"/> Track and/or monitor progress against defined objectives and/or KPIs <input type="checkbox"/> Track and/or monitor the progress of action taken when original objectives are not met <input type="checkbox"/> Revisit and, if necessary, revise objectives on a continuous basis <input checked="" type="checkbox"/> Other; specify <p style="margin-left: 40px;">through follow-up meetings.</p>

LEA 05.3	Additional information. [Optional]
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Afore XXI Banorte

The follow-up of investments in equity assets is carried out annually and in the following circumstances:

- Update of internal methodology any change at their ESG Score
- A controversy or catastrophe that affects the ESG pillars, as a result of the company's operations,
- Relevant event that affects the management of the company's Board of Directors,
- Shareholder Assemblies - Right to Vote

Asset Manager Banorte:

Our analysis is based on the transparency of ESG factors. During the reporting year we analyzed the 30 most representative issuers of our equity holdings. Prior to this analysis, we looked for the annual sustainability reports, which allows us to identify which issuer has public information and which did not, and thus monitor the effectiveness of the investor statement for ESG disclosure in Mexico.

LEA 06	Mandatory	Additional Assessed	PRI 2,4
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LEA 06.1	Indicate whether your organisation has an escalation strategy when engagements are unsuccessful.
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Yes

LEA 06.2	Indicate the escalation strategies used at your organisation following unsuccessful engagements.
-----------------	---

- Collaborating with other investors
- Issuing a public statement
- Filing/submitting a shareholder resolution
- Voting against the re-election of the relevant directors
- Voting against the board of directors or the annual financial report
- Submitting nominations for election to the board
- Seeking legal remedy / litigation

- Reducing exposure (size of holdings)
 - Divestment
 - Other; specify
- No

LEA 06.3 Additional information. [Optional]

Afore XXI Banorte

As responsible investors, we look for a 100% accomplishment of the engagement objectives. Every objective that we set with the issuer considers its capacity to accomplish it, looking that the engagement process is constructive and represents an opportunity for improvement for the issuer. Due to the status of the Mexican public market, we have noticed that some issuers don't address ESG issue's in their strategic, also considering the lack of specialized personnel to manage this matters, that's why we try to involve these issuers in our role and strategy as a responsible investor, and we guide them during the process so they can be able to solve the requests of information.

LEA 07 Voluntary Additional Assessed PRI 1,2

LEA 07.1 Indicate whether insights gained from your organisation's engagements are shared with investment decision-makers.

Type of engagement	Insights shared
Individual / Internal staff engagements	<input checked="" type="checkbox"/> Yes, systematically <input type="checkbox"/> Yes, occasionally <input type="checkbox"/> No
Collaborative engagements	<input checked="" type="checkbox"/> Yes, systematically <input type="checkbox"/> Yes, occasionally <input type="checkbox"/> No

LEA 07.2 Indicate the practices used to ensure that information and insights gained through engagements are shared with investment decision-makers.

- Involving investment decision-makers when developing an engagement programme
 - Holding investment team meetings and/or presentations
 - Using IT platforms/systems that enable data sharing
 - Internal process that requires portfolio managers to re-balance holdings based on interaction and outcome levels
 - Other; specify
- The accomplishments and progress about the engagement activities are also presented in our Investment Committee, where are the Counsellors from the Board.
- None

LEA 07.3 Indicate whether insights gained from your organisation's engagements are shared with your clients/beneficiaries.

Type of engagement	Insights shared
Individual/Internal staff engagements	<input type="checkbox"/> Yes, systematically <input checked="" type="checkbox"/> Yes, occasionally <input type="checkbox"/> No
Collaborative engagements	<input type="checkbox"/> Yes, systematically <input checked="" type="checkbox"/> Yes, occasionally <input type="checkbox"/> No

LEA 08 Mandatory Gateway PRI 2

LEA 08.1 Indicate whether you track the number of your engagement activities.

Type of engagement	Tracking engagements
Individual/Internal staff engagements	<input checked="" type="checkbox"/> Yes, we track the number of our engagements in full <input type="checkbox"/> Yes, we partially track the number of our engagements <input type="checkbox"/> We do not track
Collaborative engagements	<input type="checkbox"/> Yes, we track the number of collaborative engagements in full <input checked="" type="checkbox"/> Yes, we partially track the number of our collaborative engagements <input type="checkbox"/> We do not track

LEA 08.2 Additional information. [Optional]

Afore XXI Banorte

The engagements matrix registers a description of the topics covered in monitoring/ follow-up meetings that we have had with the issuer and registers the

outcomes of the engagement activities. This engagement matrix is shared with the portfolio managers and added to the material that we present into the Investment Committee.

LEA 09	Mandatory to Report, Voluntary to Disclose	Core Assessed	PRI 2
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LEA 09.1	Indicate the proportion of companies in your listed equities portfolio with which your organisation engaged during the reporting year.
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	We did not complete any engagements in the reporting year.	Number of companies engaged <small>(avoid double counting, see explanatory notes)</small>	Proportion of companies engaged with, out of total listed equities portfolio
Individual / Internal staff engagements	<input type="checkbox"/> We did not complete any engagements in the reporting year.	12	27
Collaborative engagements	<input checked="" type="checkbox"/> We did not complete any engagements in the reporting year.		

LEA 09.2	Indicate the breakdown of engagements conducted within the reporting year by the number of interactions (including interactions made on your behalf).
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No. of interactions with a company	% of engagements
One interaction	<input type="radio"/> >76% <input type="radio"/> 51-75% <input checked="" type="radio"/> 11-50% <input type="radio"/> 1-10% <input type="radio"/> None
2 to 3 interactions	<input type="radio"/> >76% <input type="radio"/> 51-75% <input checked="" type="radio"/> 11-50% <input type="radio"/> 1-10% <input type="radio"/> None
More than 3 interactions	<input type="radio"/> >76% <input type="radio"/> 51-75% <input checked="" type="radio"/> 11-50% <input type="radio"/> 1-10% <input type="radio"/> None
Total	100%

LEA 09.5	Additional information. [Optional]
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Figures reported only consider AUM's of Afore XXI Banorte.

Afore XXI Banorte:

In the reported year, we mainly dedicated to establishing engagements with property issuers, where we developed a series of steps to enrich the ESG analysis. We meet with the issuer to have a better understanding of the strategies and ESG implementation in their operations and to improve our communication with the issuer for future ESG requirements that improve the level of engagement compliance. We make sure of explaining the company its ESG score and the themes considered in the methodology, our concerns and insights about their strategies and risks identified. We are also spreading the new CONSAR's reform (National Commission of the Retirement Savings System), where stated that every issuer must be ranked by an International Expert Rating Agency to a pension manager can invest in. This disposition will enter into force in 2022. Due to our concerns in this matter, we seek to engage our Rating Agency with the issuers to strengthen their communication channel and quantity/quality of published information

LEA 10	Voluntary	Additional Assessed	PRI 2
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LEA 10.1	Indicate which of the following your engagement involved.
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- Letters and emails to companies
 - In a minority of cases
 - In a majority of cases
 - In all cases
- Meetings and/or calls with board/senior management
 - In a minority of cases
 - In a majority of cases
 - In all cases
- Meetings and/or calls with the CSR, IR or other management

In a minority of cases

In a majority of cases

In all cases

Visits to operations

Visits to supplier(s) in supplier(s) from the company's supply chain

Participation in roadshows

Other

LEA 10.2 Additional information. [Optional]

Afore XXI Banorte:

Looking for to enhance our follow-up and monitoring practices, During 2020, we are going to schedule in our processes of engagement, monitoring visits (calendar) in order to validate the operations process and projects of the issuers in our portfolio.

LEA 11 Voluntary Descriptive PRI 2

LEA 11.1 Provide examples of the engagements that your organisation or your service provider carried out during the reporting year.

Add Example 1

ESG Topic	<input checked="" type="checkbox"/> Labour practices and supply chain management
Conducted by	Individual / Internal
Objectives	Afore XXI Banorte: Company commitment to enforce internal training programs about Responsible Investment, Sustainability others.
Scope and Process	Afore XXI Banorte: About published information: We encourage our issuers to improve the quality and quantity of published information. About ESG investment processes: We encourage our issuers to define and implement a process that involves an analysis of ESG matters. About Corporate practices: We encourage our issuers to define and implement good practices into their decision-making process, which includes an ethic code, an organized and well define corporate governance, disclosure of executives' payments, between others.
Outcomes	Company committed to change

Add Example 2

ESG Topic	<input checked="" type="checkbox"/> Other
Conducted by	Individual / Internal
Objectives	Afore XXI Banorte We encourage the company communicating to our ESG Score provider, in order to have more knowledge of the company about its score and as an introduction to our ESG requirements.
Scope and Process	Afore XXI Banorte We talked with our ESG score provider to improve the company's communication with them so the company could know the methodology used for the analysis.
Outcomes	Increased understanding / information

Add Example 3

ESG Topic	<input checked="" type="checkbox"/> Water risks
Conducted by	Individual / Internal
Objectives	Afore XXI Banorte After some controversies about the company's discharge of wastewater, we asked for a report about the risks and their remediation actions.
Scope and Process	Afore XXI Banorte We receive a downgrade alert from our ESG score provider. To the best of our knowledge we requested a phone call with the company.

Outcomes	Disclosure / report published
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- Add Example 4
- Add Example 5
- Add Example 6
- Add Example 7
- Add Example 8
- Add Example 9
- Add Example 10

LEA 11.2	Additional information. [Optional]
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Afore XXI Banorte

The engagement matrix's register a description of the topics covered in monitoring/ follow-up meetings that we have had with the issuers. The main objective of this form is to have the proper accountability of the number of engagement progress and outcomes. This matrix is shared with the portfolio managers and added to the material that we presented into the Investment Committee, on a monthly basis.

LEA 12	Mandatory	Descriptive	PRI 2
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LEA 12.1	Indicate how you typically make your (proxy) voting decisions.
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Approach

- We use our own research or voting team and make voting decisions without the use of service providers.

Based on

- Our own voting policy
- Our clients' requests or policies
- Other (explain)
- We hire service providers who make voting recommendations and/or provide research that we use to guide our voting decisions.
- We hire service providers who make voting decisions on our behalf, except in some pre-defined scenarios where we review and make voting decisions.
- We hire service providers who make voting decisions on our behalf.

LEA 12.2	Provide an overview of how you ensure that your agreed-upon voting policy is adhered to, giving details of your approach when exceptions to the policy are made.
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Afore XXI Banorte:

First of all, the investment, legal and risk department of Afore XXI Banorte analyses the resolutions of the assembly' s to determine the best sense of vote for each resolution according to our fiduciary duty. This analysis starts by classifying the resolutions in an operational or structural resolution and their impact at the company. Next, we determine the sense of vote and share it with the internal representative or our proxy service provider.

According to our voting policy, every vote will be reported to the CIO of the Afore and the Investment Committee.

The Proxy Voting Policy was elaborated in conformity with the approval of the Portfolio Managers, including specific criteria applied for each type of asset. Therefore, the investment teams are aware of the specifications in the policy and how they applied in the analysis to determine the intention of the vote.

LEA 12.3	Additional information.[Optional]
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In 2020, Afore XXI Banorte has established specific policies to exercise our right to vote in the Shareholders Assemblies, where we identified the type of resolutions into the agenda that require our attendance.

LEA 14	Voluntary	Additional Assessed	PRI 2
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LEA 14.1	Does your organisation have a securities lending programme?
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- Yes
- No

LEA 14.2	Describe why your organisation does not lend securities.
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Afore XXI Banorte:

Because according to the current economic scenarios, is not an asset that compose part of our portfolio. Anyhow, this type of asset could be included in the investment strategy with the corresponding analysis.

LEA 15	Mandatory	Descriptive	PRI 2
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LEA 15.1	Indicate the proportion of votes participated in within the reporting year in which where you or the service providers acting on your behalf raised concerns with companies ahead of voting.
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- 100%
- 99-75%
- 74-50%
- 49-25%

- 24-1%
- Neither we nor our service provider(s) raise concerns with companies ahead of voting

LEA 15.2	Indicate the reasons for raising your concerns with these companies ahead of voting.
<input type="checkbox"/> Vote(s) concerned selected markets <input type="checkbox"/> Vote(s) concerned selected sectors <input checked="" type="checkbox"/> Vote(s) concerned certain ESG issues <input checked="" type="checkbox"/> Vote(s) concerned companies exposed to controversy on specific ESG issues <input checked="" type="checkbox"/> Vote(s) concerned significant shareholdings <input type="checkbox"/> Client request <input type="checkbox"/> Other	

LEA 15.3	Additional information. [Optional]
<p>Afore XXI Banorte</p> <p>Before attending to a shareholders assembly, the analyst that determined the intention of the vote and the Portfolio Manager, communicate to the CEO or CFO of the company our concerns and requires included them into the assembly's agenda. To enhance voting practices, we are going to increase the attendance to assemblies and recommending the issuers to include as a subject ESG performances and progress.</p>	

LEA 16	Mandatory	Core Assessed	PRI 2
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LEA 16.1	Indicate the proportion of votes where you, and/or the service provider(s) acting on your behalf, communicated the rationale to companies for abstaining or voting against management recommendations. Indicate this as a percentage out of all eligible votes.
<input type="radio"/> 100% <input type="radio"/> 99-75% <input type="radio"/> 74-50% <input type="radio"/> 49-25% <input type="radio"/> 24-1% <input type="radio"/> We do not communicate the rationale to companies <input checked="" type="checkbox"/> Not applicable because we and/or our service providers did not abstain or vote against management recommendations	

LEA 16.4	Additional information. [Optional]
<p>Afore XXI Banorte</p> <p>Some of the issues that could generate to vote against a resolution are the following:</p> <p>Acquisition/fusion with other company that does not reflect appropriate management or Due Diligence in their process, A transaction that does not make any profits, A governance issue (compensation, anti-corruption, bribe payments, board composition, among others), Conflicts of interest, Adjustments in the statutes.</p> <p>In the reported year, we reported to our Investment Committee and abstained to vote in a fixed income issuer's assembly because of conflict of interest.</p>	

LEA 17	Mandatory	Core Assessed	PRI 2
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LEA 17.1	For listed equities in which you or your service provider have the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.
<input checked="" type="checkbox"/> We do track or collect this information	
	Votes cast (to the nearest 1%)
13.7%	
	Specify the basis on which this percentage is calculated
<input checked="" type="checkbox"/> Of the total number of ballot items on which you could have issued instructions <input type="radio"/> Of the total number of company meetings at which you could have voted <input type="radio"/> Of the total value of your listed equity holdings on which you could have voted <input type="radio"/> We do not track or collect this information	

LEA 17.2	Explain your reason(s) for not voting on certain holdings
<input type="checkbox"/> Shares were blocked <input type="checkbox"/> Notice, ballots or materials not received on time <input type="checkbox"/> Missed deadline <input type="checkbox"/> Geographical restrictions (non-home market) <input type="checkbox"/> Cost <input checked="" type="checkbox"/> Conflicts of interest <input checked="" type="checkbox"/> Holdings deemed too small <input type="checkbox"/> Administrative impediments (e.g., power of attorney requirements, ineligibility due to participation in share placement)	

- Client request
- Other (explain)

LEA 17.3 Additional information. [Optional]

Figures reported only consider AUM's of Afore XXI Banorte.

During the reported year, the policymaking and the establishment of the processes related to proxy voting were under revision and continuous improvement. As an initial stage, we attend the shareholder assemblies of the companies where our holding represents at least 10% of the company's stocks. We are strengthening the proxy voting process by increasing our coverage of companies (including proxy voting processes) because our objective in the long term is to be represented in all the shareholder assemblies of the companies in the portfolio.

LEA 18 Voluntary Additional Assessed PRI 2

LEA 18.1 Indicate whether you track the voting instructions that you or your service provider on your behalf have issued.

Yes, we track this information

LEA 18.2 Of the voting instructions that you and/or third parties on your behalf have issued, indicate the proportion of ballot items that were:

Voting instructions Breakdown as percentage of votes cast

For (supporting) management recommendations	100%
Against (opposing) management recommendations	0%
Abstentions	0%

No, we do not track this information

LEA 18.4 Additional information. [Optional]

Figures reported only consider AUM's of Afore XXI Banorte.

During 2019, policymaking and the establishment of the processes related to proxy voting were under revision and in continuous improvement. As our first effort to strengthen our proxy voting practices, during the reporting year we started to track the voting instructions. In the reported year, all the votes cast supported the companies' management recommendation. Every casted vote had its analysis to determine its intention of the vote.

LEA 19 Mandatory Core Assessed PRI 2

LEA 19.1 Indicate whether your organisation has a formal escalation strategy following unsuccessful voting.

Yes
 No

LEA 19.2 Indicate the escalation strategies used at your organisation following abstentions and/or votes against management.

- Contacting the company's board
- Contacting the company's senior management
- Issuing a public statement explaining the rationale
- Initiating individual/collaborative engagement
- Directing service providers to engage
- Reducing exposure (holdings) / divestment
- Other

LEA 19.3 Additional information. [Optional]

Afore XXI Banorte

In prior years, we have notified to the issuer about the abstaining or voting against a resolution, in order to modify or only communicate our insight for this resolution. Some of the themes that could generate to vote against a resolution are the following:

- Acquisition/fusion with other company that does not reflect appropriate management or Due Diligence in their process
- A transaction that does not make any profits
- A governance issue (compensation, anti-corruption, bribe payments, board composition, among others)
- Conflicts of interest
- Modifications in the statutes

In the reporting year, we do not issue a vote against management or resolution.

LEA 20 Voluntary Descriptive PRI 2

LEA 20.1 Indicate whether your organisation, directly or through a service provider, filed or co-filed any ESG shareholder resolutions during the reporting year.

Yes
 No

LEA Checks Checks

If there are any messages below, please review them before continuing. If there are no messages below, please save this page and continue.

FI 01.1 Indicate (1) Which ESG incorporation strategy and/or combination of strategies you apply to your actively managed fixed income investments; and (2) The proportion (+/- 5%) of your total actively managed fixed income investments each strategy applies to.

SSA	Screening alone	0
	Thematic alone	0
	Integration alone	0
	Screening + integration strategies	99
	Thematic + integration strategies	0
	Screening + thematic strategies	0
	All three strategies combined	1
	No incorporation strategies applied	0
Corporate (non-financial)	Screening alone	0
	Thematic alone	0
	Integration alone	0
	Screening + integration strategies	99
	Thematic + integration strategies	0
	Screening + thematic strategies	0
	All three strategies combined	1
	No incorporation strategies applied	0

FI 01.2 Describe your reasons for choosing a particular ESG incorporation strategy and how combinations of strategies are used.

Afore XXI Banorte:
 Screening
 Our analysis is qualitative and quantitative. Afore XXI Banorte through the ESG integration doesn't seek to restrict investment to certain sectors, countries or companies, however, we have an exclusion matrix by type of asset, in which we restrict sectors or projects with reputational, ethical and socio-environmental dangers (for example: nuclear energy, radioactive materials, child exploitation, alcoholic beverages, trawling, among others)
 In the "ESG integration process", there are certain filters aligned with international policies and standards, which make the investment selection process more solid. In general terms, Afore XXI Banorte seeks to influence a responsible investment practice through the incorporation of ESG factors. During this process, we focus on government and corporate fixed income issues as they are a relevant part of the investment portfolio.
 Integration of Environmental, Social and Corporate Governance factors in the Investment Process:
 URL: https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/ESG_Integ.pdf

FI 01.3 Additional information [Optional].

FI 01.2 additional information:
 Afore XXI Banorte:
 For corporate non-financial assets, we have a materiality matrix by sector, which works as a reference to identify the sectors with the most exposure and therefore with the greatest probability of having a material problem.
 Thematic
 We develop a policy that defines the types of permissible bonds, the destination of the resources, the main components and the types of categories eligible for each investment project. In the case of thematic bonds, we develop a internal model that analyzes the most relevant information of the bonds, their indicators, as well as the disclosure of information.

For SSA bonds, the ESG area will periodically be responsible for building a database that integrates quantitative indicators with themes for each pillar for investments in sovereign debt, as well as qualitative factors that could affect risk and price. Some of the main sources of information are the World Bank, MSCI, FAO, UN, INEGI and UNEP, Transparencia Mexicana. The ASG analysis for sovereign debt considers 8 "key issues" plus 34 risks distributed in the 3 pillars: Environmental, with a weight of 20%, Social (20%) and Government (60%).

Integration

We have an Annual Investment Plan approved by the Afore XXI Banorte Investment Committee that seeks to keep the portfolio diversified and reduce risk, always in compliance with the fiduciary duty. The traditional financial analysis is integrated with the ESG analysis, in the identification of risks, considering credit risk and identifying the returns of asset classes.

Fixed Income Responsible Investment Policy: https://www.xxi-banorte.com/aforeXB/afore/resources/documents/pdf/ASG/Politica_RentaFija.pdf

The information varies according to our types of assets, for SSA we only have public information at the country level.

FI 14	Mandatory to Report, Voluntary to Disclose	Core Assessed	PRI 2
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FI 14.1 Indicate the proportion of your fixed income assets on which you engage. Please exclude any engagements carried out solely in your capacity as a shareholder.

Category	Proportion of assets
Corporate (non-financial)	<input checked="" type="radio"/> >50%
	<input type="radio"/> 26-50%
	<input type="radio"/> 5-25%
	<input type="radio"/> More than 0%, less than 5%
FI 14.2	Indicate your motivations for conducting engagement (Corporate, non-financial fixed income assets)
	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To influence issuer practice (or identify the need to influence) on ESG issue

FI 14.3 Additional information.[OPTIONAL]

Figures reported only consider AUM's of Afore XXI Banorte.

Afore XXI Banorte:

We are committed to the integration of Environmental, Social and Corporate Governance factors into our investment analysis and in the decision-making process, in addition to promoting greater dissemination of information on these elements among the investing public.

According our Investment Manual, regular meetings are arranged between the investment team and ESG analysts to discuss ESG strategy, ESG portfolio performance, and / or controversial securities.

After having completed the ESG evaluation, commitments are reached out between both parts (Afore XXI Banorte and the issuer), with the aim of improving or identifying best ESG practices and / or improve the disclosure of ESG. These interactions can be carried out individually or jointly with other invest.

FI 15	Mandatory to Report, Voluntary to Disclose	Additional Assessed	PRI 1,2
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FI 15.1 Indicate how you typically engage with issuers as a fixed income investor, or as both a fixed income and listed equity investor. (Please do not include engagements where you are both a bondholder and shareholder but engage as a listed equity investor only.)

Type of engagement	Corporate (non-financial)
Individual/Internal staff engagements	<input checked="" type="checkbox"/>
Collaborative engagements	<input checked="" type="checkbox"/>
Service provider engagements	<input checked="" type="checkbox"/>

FI 15.2 Indicate how your organisation prioritises engagements with issuers.

	Corporate (non-financial)
Size of holdings	<input checked="" type="checkbox"/>
Credit quality of the issuer	<input checked="" type="checkbox"/>
Duration of holdings	<input type="checkbox"/>
Quality of transparency on ESG	<input checked="" type="checkbox"/>
Specific markets and/or sectors	<input checked="" type="checkbox"/>
Specific ESG themes	<input checked="" type="checkbox"/>
Issuers in the lowest ranks of ESG benchmarks	<input checked="" type="checkbox"/>
Issuers in the highest ranks of ESG benchmarks	<input checked="" type="checkbox"/>

Specific issues considered priorities for the investor based on input from clients and beneficiaries	<input type="checkbox"/>
Other	<input type="checkbox"/>

FI 15.3 Indicate when your organisation conducts engagements with issuers.

	Corporate (non-financial)
We engage pre-investment.	<input checked="" type="checkbox"/>
We engage post-investment.	<input checked="" type="checkbox"/>
We engage proactively in anticipation of specific ESG risks and/or opportunities.	<input checked="" type="checkbox"/>
We engage in reaction to ESG issues that have already affected the issuer.	<input checked="" type="checkbox"/>
We engage prior to ESG-related divestments.	<input checked="" type="checkbox"/>
Other, describe	<input type="checkbox"/>

FI 15.4 Indicate what your organisation conducts engagements with issuers on.

	Corporate (non-financial)
We engage on ESG risks and opportunities affecting a specific bond issuer or its issuer.	<input type="checkbox"/>
We engage on ESG risks and opportunities affecting the entire industry or region that the issuer belongs to.	<input checked="" type="checkbox"/>
We engage on specific ESG themes across issuers and industries (e.g., human rights).	<input checked="" type="checkbox"/>
Other, describe	<input type="checkbox"/>

FI 15.5 Indicate how your organisation ensures that information and insights collected through engagement can feed into the investment decision-making process.

	Corporate (non-financial)
Ensuring regular cross-team meetings and presentations.	<input checked="" type="checkbox"/>
Sharing engagement data across platforms that is accessible to ESG and investment teams.	<input checked="" type="checkbox"/>
Encouraging ESG and investment teams to join engagement meetings and roadshows.	<input checked="" type="checkbox"/>
Delegating some engagement dialogue to portfolio managers/credit analysts.	<input type="checkbox"/>
Involving portfolio managers when defining an engagement programme and developing engagement decisions.	<input checked="" type="checkbox"/>
Establishing mechanisms to rebalance portfolio holdings based on levels of interaction and outcomes of engagements.	<input type="checkbox"/>
Considering active ownership as a mechanism to assess potential future investments.	<input type="checkbox"/>
Other, describe	<input type="checkbox"/>
We do not ensure that information and insights collected through engagement can feed into the investment decision-making process.	<input checked="" type="checkbox"/>

FI 15.6 Additional information.[OPTIONAL]

Afore XXI Banorte

According our Investment Manual, regular meetings are arranged between the investment team and ESG analysts to discuss ESG strategy, ESG portfolio performance, and / or controversial securities.

In the monitoring process, Afore XXI Banorte collects information and try to influence the behaviour of the issuer. Priority is given to those emissions that have larger size and volume of participation, that present ESG risks and that the possible impacts are serious or of short-term attention. **Depending on the approach, the aim is to identify the key factors who could have as many as possible and could have a broad scope of management.**

FI 16 Mandatory to Report, Voluntary to Disclose Additional Assessed PRI 1,2

FI 16.1 Indicate if your publicly available policy documents explicitly refer to fixed income engagement separately from engagements in relation to other asset classes.

Yes

FI 16.2 Please attach or provide a URL to your fixed income engagement policy document. [Optional]

<https://www.xxi-banorte.com/aforeXB/afore/index.aspx#!/asg>

No

FI 16.3 Additional information [OPTIONAL]

Afore XXI Banorte:

For us, fixed income investment is a way to diversify the portfolio. At the portfolio level, our approach to responsible investment (IR) is to maximize financial value through risk management, discovering opportunities and building portfolios aligned with the values of our clients.

We consider Environmental, Social and Corporate Governance (ESG) risks and opportunities as externalities that are not included in the traditional financial analysis; however, they increasingly influence the performance of different asset classes. As these factors are variable that can affect the cash flow and financial stability of companies, these elements must be evaluated and integrated into the investment process.

We are committed to the integration of Environmental, Social and Corporate Governance factors in the investment analysis and in the decision-making process, in addition to promoting greater dissemination of information on these elements between the investor public.

FI 17	Mandatory to Report, Voluntary to Disclose	Additional Assessed	General
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FI 17.1	Indicate whether your organisation measures how your incorporation of ESG analysis in fixed income has affected investment outcomes and/or performance.
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	SSA	Corporate (non-financial)
We measure whether incorporating ESG impacts portfolio risk.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
We measure whether incorporating ESG impacts portfolio returns.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
We measure the ESG performance/profile of portfolios (relative to the benchmark).	<input type="checkbox"/>	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>

FI 17.2	Describe how your organisation measures how your incorporation of ESG analysis in fixed income has affected investment outcomes and/or ESG performance. [OPTIONAL]
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Afore XXI Banorte

Based on the score obtained from the ESG analysis, the following is performed:

ESG Score vs. Yield: weighted average yield is plotted with respect to the Market Value of the corporate assets portfolio by type of instrument and sector versus the obtained ESG score reported in the ESG analysis.

ESG Score vs Alpha: The difference in performance of the Issuer vs Benchmark is plotted by type of instrument and sector versus the ESG score obtained reported in the ESG analysis.

This universe will be analysed using a proprietary model to rate each issuer from worst to best in its class; the selection is based considering the best rating.

CM1 01	Mandatory	Additional Assessed	General
CM1 01.1	Indicate whether the reported information you have provided for your PRI Transparency Report this year has undergone:		
<input type="checkbox"/> Third party assurance over selected responses from this year's PRI Transparency Report <input type="checkbox"/> Third party assurance over data points from other sources that have subsequently been used in your PRI responses this year <input type="checkbox"/> Third party assurance or audit of the correct implementation of RI processes (that have been reported to the PRI this year) <input type="checkbox"/> Internal audit of the correct implementation of RI processes and/or accuracy of RI data (that have been reported to the PRI this year) <input checked="" type="checkbox"/> Internal verification of responses before submission to the PRI (e.g. by the CEO or the board) <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Whole PRI Transparency Report has been internally verified <input type="checkbox"/> Selected data has been internally verified <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above			
CM1 01.2	Additional information [OPTIONAL]		
Afore XXI Banorte: Managing Investment Directors of each asset class, the CEO and the CIO reviewed the PRI Report. The selected data has been verified internally by the Investment staff and supervised by the internal comptroller department.			
CM1 02	Mandatory	Descriptive	General
CM1 02.1	We undertook third party assurance on last year's PRI Transparency Report		
<input type="radio"/> Whole PRI Transparency Report was assured last year <input type="radio"/> Selected data was assured in last year's PRI Transparency Report <input checked="" type="radio"/> We did not assure last year's PRI Transparency report <input type="radio"/> None of the above, we were in our preparation year and did not report last year.			
CM1 02.3	Additional information [OPTIONAL]		
Afore XXI Banorte: We didn't assure last year's PRI Transparency report, because we presented our first report.			
CM1 03	Mandatory	Descriptive	General
CM1 03.1	We undertake confidence building measures that are unspecific to the data contained in our PRI Transparency Report:		
<input type="checkbox"/> We adhere to an RI certification or labelling scheme <input type="checkbox"/> We carry out independent/third party assurance over a whole public report (such as a sustainability report) extracts of which are included in this year's PRI Transparency Report <input type="checkbox"/> ESG audit of holdings <input checked="" type="checkbox"/> Other, specify <p style="margin-left: 20px;">Afore XXI Banorte: Our Investment Committee is authorized to approve and oversee compliance with investment policies.</p> <input type="checkbox"/> None of the above			
CM1 03.5	Additional information [OPTIONAL]		
3.01 additional information The reported information includes investment policies approved by the Investments Committee and applications by Investment staff. The Internal Controller issued an opinion on the data presented after the submission of the report.			
CM1 04	Mandatory	Descriptive	General
CM1 04.1	Do you plan to conduct third party assurance of this year's PRI Transparency report?		
<input type="radio"/> Whole PRI Transparency Report will be assured <input type="radio"/> Selected data will be assured <input checked="" type="radio"/> We do not plan to assure this year's PRI Transparency report			
CM1 04.3	Additional information [OPTIONAL]		
Afore XXI Banorte: Currently, our confidence-building measures have an internal control system, however the next step to take will be to coordinate the internal assurance review on the information presented to improve the credibility of our information. Through our internal auditing, it is possible to verify that our internal control mechanisms on ESG reporting and those specific to IR processes are working as intended. This will help Grupo Banorte and Afore XXI Banorte to prepare for external third-party assurance of ESG information, and should result in a more efficient assurance process.			
CM1 07	Mandatory	Descriptive	General
CM1 07.1	Indicate who has reviewed/verified internally the whole - or selected data of the - PRI Transparency Report . and if this applies to selected data please specify what data was reviewed		
<input checked="" type="checkbox"/> CEO or other Chief-Level staff <ul style="list-style-type: none"> <input type="checkbox"/> Sign-off <input checked="" type="checkbox"/> Review of responses <input checked="" type="checkbox"/> The Board			

	Sign-off or review of responses
<input type="checkbox"/>	Sign-off
<input checked="" type="checkbox"/>	Review of responses
<input checked="" type="checkbox"/>	Investment Committee
	Sign-off or review of responses
<input type="checkbox"/>	Sign-off
<input checked="" type="checkbox"/>	Review of responses
<input checked="" type="checkbox"/>	Compliance Function
<input checked="" type="checkbox"/>	RI/ESG Team
<input checked="" type="checkbox"/>	Investment Teams
<input checked="" type="checkbox"/>	Legal Department
<input type="checkbox"/>	Other (specify)

CM1 07.2	Additional information [OPTIONAL]
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Afore XXI Banorte: Our Investment Committee approved all the policies, strategies, and processes presented in this report, and they were reviewed by the legal department. ESG Investment Policies were also published on our official page of Afore XXI Banorte.