PUBLIC TRANSPARENCY REPORT

2023

Afore XXI Banorte

Generated 15-12-2023

About this report

PRI reporting is the largest global reporting project on responsible investment. It was developed with investors, for investors.

PRI signatories are required to report publicly on their responsible investment activities each year. In turn, they receive a number of outputs, including a public and private Transparency Report.

The public Transparency Reports, which are produced using signatories' reported information, provide accountability and support signatories to have internal discussions about their practices and to discuss these with their clients, beneficiaries, and other stakeholders.

This public Transparency Report is an export of the signatory's responses to the PRI Reporting Framework during the 2023 reporting period. It includes the signatory's responses to core indicators, as well as responses to plus indicators that the signatory has agreed to make public.

In response to signatory feedback, the PRI has not summarised signatories' responses – the information in this document is presented exactly as it was reported.

For each of the indicators in this document, all options selected by the signatory are presented, including links and qualitative responses. In some indicators, all applicable options are included for additional context.

Disclaimers

Responsible investment definitions

Within the PRI Reporting Framework Glossary, we provide definitions for key terms to guide reporting on responsible investment practices in the Reporting Framework. These definitions may differ from those used or proposed by other authorities and regulatory bodies due to evolving industry perspectives and changing legislative landscapes. Users of this report should be aware of these variations, as they may impact interpretations of the information provided.

Data accuracy

This document presents information reported directly by signatories in the 2023 reporting cycle. This information has not been audited by the PRI or any other party acting on its behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented.

The PRI has taken reasonable action to ensure that data submitted by signatories in the reporting tool is reflected in their official PRI reports accurately. However, it is possible that small data inaccuracies and/or gaps remain, and the PRI shall not be responsible or liable for such inaccuracies and gaps.

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SENIOR LEADERSHIP STATEMENT (SLS)

SENIOR LEADERSHIP STATEMENT

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Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1	CORE	N/A	N/A	PUBLIC	Senior Leadership Statement	GENERAL

Section 1. Our commitment

■ Why does your organisation engage in responsible investment?
■ What is your organisation's overall approach to responsible investment, and what major responsible investment commitment(s) have you made?

Afore XXI Banorte, as the largest pension fund in Mexico and a leader in responsible investment in Latin America, is deeply committed to environmental, social, and corporate governance (ESG) factors. While we recognize ESG challenges, we have a commitment and fiduciary duty to maximize returns on workers' resources under a responsible investment strategy by building sustainable, equitable, healthy, and diverse communities that result in recognition and loyalty from our clients.

Our investment strategy has a long-term sustainable development approach, through which it seeks to build climate change resilient portfolios, finance projects, companies and funds that implement the best ESG practices, recognizing that the financial system can contribute to a healthy economic development that goes hand in hand with an adequate social balance and care for the planet.

We believe that collaboration between investors, companies, regulators, and other stakeholders is essential to improve the management of sustainability issues. We are members of the Task Force on Climate-related Financial Disclosures (TCFD), active signatories to the UN Principles for Responsible Investment, members of Club 30% México, Subcomité de Inversiones Responsables at AMAFORE and we joined Climate Action 100+.

Afore XXI Banorte recognizes that the effects of climate change constitute an investment risk and that the climate transition represents an opportunity. Therefore, investment should seek to protect assets from such risk while taking advantage of the opportunities presented by a low-carbon economy.
Our responsible investment strategy includes 4 focal points:

1. Mitigation of climate change and natural resource depletion
2. Diversity and inclusion
3. Ethics and Corporate Conduct
4. ESG incentives aligned with financial value creation

Section 2. Annual overview

■ Discuss your organisation’s progress during the reporting year on the responsible investment issue you consider most relevant or material to your organisation or its assets.
■ Reflect on your performance with respect to your organisation’s responsible investment objectives and targets during the reporting year. Details might include, for example, outlining your single most important achievement or describing your general progress on topics such as the following (where applicable):
• refinement of ESG analysis and incorporation
• stewardship activities with investees and/or with policymakers
• collaborative engagements
• attainment of responsible investment certifications and/or awards

■ refinement of ESG analysis and incorporation

During 2022 we developed a robust methodology to comprehensively assess the degree of sustainability of eligible projects or categories of thematic bonds, ESG performance, as well as the sustainability practices of the issuer or investee company to avoid the possible green washing in portfolio investments.

As part of our active involvement and to strengthen the process and generate a measurable impact, we developed a methodology that:
1) identify the relevance of ESG issues and incorporates the materiality by sector
2) determines the proportionality by issue versus portfolio
3) defines the type of engagement (active strategies bottom -up/ passive strategies/ top down)
On the other hand, in order to identify the environmental and potential impacts of investments, each transaction is analyzed and classified according to the level of ESG risk. This process identifies the level of risk for GHG emissions, exposure to climate change, business resilience, initiatives to reduce or mitigate the impact of climate change, alignment with the Paris Agreement and that none of the activities to be financed are on the exclusion list (prohibited activities).

At the portfolio level, the emissions financed are calculated by type of asset (scope 3 by investments) and portfolio temperature. Through this exercise, we identify the most relevant polluting sectors and companies by emissions financed, WACI and intensity per million dollars of revenue. As a result, we obtained a short list of 23 issuers in the entire portfolio to be monitored based on their level of climate change risk (with greater relevance for 9 issuers that concentrate 75% of the emissions financed).

■ stewardship activities with investees and/or policymakers
As a result of our active stewarship, by the end of December 2022 we were able to formalize 112 commitments related to ESG risks with 20 issuers of the portfolio. Of the total number of commitments (112), the corporate governance pillar accumulated a total of 76 topics (68% Alternatives/REITS, Private debt), followed by the environmental pillar with 26 topics (23% Equities/REITS/Alternatives/Private Debt), and finally the social pillar with 10 topics (9% Alternatives/Private Debt/REITS).

■ collaborative engagements
We have made commitments along with other international investors, with relevant companies through our adherence to the Climate Action 100+ initiative since 2020. We currently participate actively and collaboratively with 3 companies in our portfolio.

As a case of success through our collaborative engagement actions through CA+100, we highlight a company in the cement sector, which has achieved in 2022, to have decarbonization targets validated by the Science Based Targets (SBTi) initiative to align with a 1.5°C scenario. This validation includes Scope 1, 2 and 3 targets.
Additionally, this company has developed a roadmap for CO_2 reduction. This involves the deployment of technological and operational innovations and decisions that will support its decarbonization goals, and it expects to invest approximately USD 150 million annually to support its transition program and meet its 2030 target.

Through this initiative we have achieved that one of the companies in which we invest, focused on the hydrocarbon sector, publishes its Business Plan incorporating a sustainable approach, disclosing for the first time its GHG emissions, as well as water and energy indicators, establishing concrete goals for 2027, among which stand out the reduction of greenhouse gas emissions, as well as its contribution with adaptation measures. They also created a Sustainability Committee, rejoined the Global Compact program (UNGC) and have designed a Methane Mitigation Plan in collaboration with the EPA

- attainment of responsible investment certifications and/or awards

- Our Responsible Investment team is highly trained and holds internationally recognized ESG certifications such as "Certificate in ESG Investing" by CFA Institute, and "Certified Environmental, Social and Governance Analyst" by the European Federation of Financial Analysts Societies EFFAS.
- We have been recognized by World Finance Pension as the Best Pension Fund in Mexico for the eighth year.
- ALAS 20 . Agenda Líderes Sustentables, a GOVERNART initiative, positioned us for the second consecutive year as the AFORE with the most outstanding and best evaluated progress in terms of responsible investment in Latin America.
- For the second consecutive year, we remained the only Afore committed to promoting gender equality in portfolio companies, recognized by BIVA.

Section 3. Next steps

■ What specific steps has your organisation outlined to advance your commitment to responsible investment in the next two years?

- We will continue to promote investments that contribute to the construction of climate change resilient portfolios that implement ESG best practices in order to contribute to a healthy economic development that is in tune with an adequate social balance and care for the planet.

- We will engage in thematic impact investments that make a tangible, science-based, measurable contribution to the SDGs that meet sound sustainability criteria.

- We will actively engage with our portfolio assets to support initiatives to encourage investees to publish sustainability reports and financial reports, in order to have relevant information that can be taken into account in the internal evaluation of investees.

- We will promote diversity and inclusion in our portfolio companies by supporting and encouraging initiatives such as the 30 Plus Club, the Women's Empowerment Principles (WEPs) of the Global Compact and UN Women.

- We will seek to accelerate a just climate transition through active engagement in order to promote the calculation of the carbon footprint of companies located in polluting sectors, the establishment of GHG reduction targets, adherence to SBT, provide better climate-related disclosure and the process of third-party verification of absolute emissions.

- We will map a large percentage of assets to identify climate vulnerability under climate change scenarios.

- We will publish our first climate change management report based on TCFD recommendations.

- We will provide timely, quarterly follow-up on the commitments agreed individually with the companies/managers of our investment portfolio.

- We will strengthen the quantification and incorporation of ESG risks in the design and construction of the portfolio.

- We will implement a more robust engagement program through more robust phasing measures with a maximum duration of 3 years.

- We will engage in collaborative engagement at the regional level to promote greater disclosure and climate action by Latin American emissions inmaterial sectors in terms of absolute emissions, through a series of collaborative strategies among investors in the region.

Section 4. Endorsement
'The Senior Leadership Statement has been prepared and/or reviewed by the undersigned and reflects our organisation-wide commitment and approach to responsible investment'.

Name

Leonardo Franco Villa Reynolds

Position

Chief Investment Officer

Organisation’s Name

Afore XXI Banorte

◉ **A**
'This endorsement applies only to the Senior Leadership Statement and should not be considered an endorsement of the information reported by the above-mentioned organisation in the various modules of the Reporting Framework. The Senior Leadership Statement serves as a general overview of the above-mentioned organisation's responsible investment approach. The Senior Leadership Statement does not constitute advice and should not be relied upon as such. Further, it is not a substitute for the skill, judgement and experience of any third parties, their management, employees, advisors and/or clients when making investment and other business decisions'.
○ B

ORGANISATIONAL OVERVIEW (OO)

ORGANISATIONAL INFORMATION

REPORTING YEAR

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 1	CORE	N/A	N/A	PUBLIC	Reporting year	GENERAL

What is the year-end date of the 12-month period you have chosen to report for PRI reporting purposes?

	Date	Month	Year
Year-end date of the 12-month period for PRI reporting purposes:	31	12	2022

SUBSIDIARY INFORMATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 2	CORE	N/A	OO 2.1	PUBLIC	Subsidiary information	GENERAL

Does your organisation have subsidiaries?

○ (A) Yes
◉ **(B) No**

ASSETS UNDER MANAGEMENT

ALL ASSET CLASSES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 4	CORE	OO 3	N/A	PUBLIC	All asset classes	GENERAL

What are your total assets under management (AUM) at the end of the reporting year, as indicated in [OO 1]?

	USD
(A) AUM of your organisation, including subsidiaries, and excluding the AUM subject to execution, advisory, custody, or research advisory only	US$ 53,987,696,617.00
(B) AUM of subsidiaries that are PRI signatories in their own right and excluded from this submission, as indicated in [OO 2.2]	US$ 0.00
(C) AUM subject to execution, advisory, custody, or research advisory only	US$ 0.00

ASSET BREAKDOWN

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5	CORE	OO 3	Multiple indicators	PUBLIC	Asset breakdown	GENERAL

Provide a percentage breakdown of your total AUM at the end of the reporting year as indicated in [OO 1].

	(1) Percentage of Internally managed AUM	(2) Percentage of Externally managed AUM
(A) Listed equity	>0-10%	>10-50%
(B) Fixed income	>50-75%	>0-10%
(C) Private equity	0%	>0-10%
(D) Real estate	0%	>0-10%
(E) Infrastructure	0%	>0-10%
(F) Hedge funds	0%	0%
(G) Forestry	0%	0%
(H) Farmland	0%	0%
(I) Other	>0-10%	0%
(J) Off-balance sheet	0%	0%

(I) Other - (1) Percentage of Internally managed AUM - Specify:

Derivatives and cash, whose weight in the portfolio is less than 5%.

ASSET BREAKDOWN: EXTERNALLY MANAGED ASSETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.1	CORE	OO 5	Multiple	PUBLIC	Asset breakdown: Externally managed assets	GENERAL

Provide a further breakdown of your organisation’s externally managed listed equity and/or fixed income AUM.

	(1) Listed equity	(2) Fixed income - SSA	(3) Fixed income - corporate	(4) Fixed income - securitised	(5) Fixed income - private debt
(A) Active	>10-50%	0%	0%	0%	>75%
(B) Passive	>50-75%	0%	0%		

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.2	CORE	OO 5, OO 5.1	SAM 3, SAM 8	PUBLIC	Asset breakdown: Externally managed assets	GENERAL

Provide a breakdown of your organisation’s externally managed AUM between segregated mandates and pooled funds or investments.

	(1) Segregated mandate(s)	(2) Pooled fund(s) or pooled investment(s)
(A) Listed equity - active	>50-75%	>10-50%
(B) Listed equity - passive	0%	>75%
(C) Fixed income - active	>75%	0%
(E) Private equity	>75%	0%
(F) Real estate	>75%	0%
(G) Infrastructure	>75%	0%

ASSET BREAKDOWN: INTERNALLY MANAGED LISTED EQUITY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.3 LE	CORE	OO 5	Multiple	PUBLIC	Asset breakdown: Internally managed listed equity	GENERAL

Provide a further breakdown of your internally managed listed equity AUM.

(A) Passive equity	>10-50%
(B) Active – quantitative	0%
(C) Active – fundamental	>10-50%
(D) Other strategies	>10-50%

(D) Other strategies - Specify:

Real Estate Investment Trusts (REITS)

ASSET BREAKDOWN: INTERNALLY MANAGED FIXED INCOME

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.3 FI	CORE	OO 5	Multiple	PUBLIC	Asset breakdown: Internally managed fixed income	GENERAL

Provide a further breakdown of your internally managed fixed income AUM.

(A) Passive – SSA	0%
(B) Passive – corporate	0%
(C) Active – SSA	>75%
(D) Active – corporate	>10-50%

(E) Securitised	>0-10%
(F) Private debt	0%

MANAGEMENT BY PRI SIGNATORIES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 6	CORE	OO 5	N/A	PUBLIC	Management by PRI signatories	GENERAL

What percentage of your organisation's externally managed assets are managed by PRI signatories?

>50-75%

GEOGRAPHICAL BREAKDOWN

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 7	CORE	Multiple, see guidance	N/A	PUBLIC	Geographical breakdown	GENERAL

How much of your AUM in each asset class is invested in emerging markets and developing economies?

	AUM in Emerging Markets and Developing Economies
(A) Listed equity	(6) >40 to 50%
(B) Fixed income – SSA	(12) 100%
(C) Fixed income – corporate	(12) 100%
(D) Fixed income – securitised	(12) 100%
(E) Fixed income – private debt	(12) 100%
(F) Private equity	(8) >60 to 70%

(G) Real estate	(12) 100%
(H) Infrastructure	(10) >80 to 90%

STEWARDSHIP

STEWARDSHIP

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 8	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Stewardship	GENERAL

Does your organisation conduct stewardship activities, excluding (proxy) voting, for any of your assets?

	(1) Listed equity - active	(2) Listed equity - passive	(3) Fixed income - active	(5) Private equity
(A) Yes, through internal staff	☑	☑	☑	☑
(B) Yes, through service providers	☐	☐	☐	☐
(C) Yes, through external managers	☑	☐	☑	☑
(D) We do not conduct stewardship	○	○	○	○

	(6) Real estate	(7) Infrastructure	(11) Other
(A) Yes, through internal staff	☑	☑	☑
(B) Yes, through service providers	☐	☐	☐
(C) Yes, through external managers	☑	☑	☑
(D) We do not conduct stewardship	○	○	○

STEWARDSHIP: (PROXY) VOTING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Stewardship: (Proxy) voting	GENERAL

Does your organisation conduct (proxy) voting activities for any of your listed equity holdings?

	(1) Listed equity - active	(2) Listed equity - passive
(A) Yes, through internal staff	☑	☐
(B) Yes, through service providers	☑	☐
(C) Yes, through external managers	☐	☑
(D) We do not conduct (proxy) voting	○	○

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9.1	CORE	OO 9	PGS 10.1, PGS 31	PUBLIC	Stewardship: (Proxy) voting	GENERAL

For each asset class, on what percentage of your listed equity holdings do you have the discretion to vote?

	Percentage of your listed equity holdings over which you have the discretion to vote
(A) Listed equity – active	(6) >40 to 50%
(B) Listed equity - passive	(1) 0%

ESG INCORPORATION

INTERNALLY MANAGED ASSETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 11	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Internally managed assets	1

For each internally managed asset class, does your organisation incorporate ESG factors into your investment decisions?

	(1) Yes, we incorporate ESG factors into our investment decisions	(2) No, we do not incorporate ESG factors into our investment decisions
(A) Listed equity - passive	◉	○
(C) Listed equity - active - fundamental	◉	○
(D) Listed equity - other strategies	◉	○
(E) Fixed income - SSA	◉	○

(F) Fixed income - corporate	◉	○
(G) Fixed income - securitised	◉	○
(V) Other: Derivatives and cash, whose weight in the portfolio is less than 5%.	○	◉

EXTERNAL MANAGER SELECTION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 12	CORE	OO 5, OO 5.1	Multiple indicators	PUBLIC	External manager selection	1

For each externally managed asset class, does your organisation incorporate ESG factors when selecting external investment managers?

	(1) Yes, we incorporate ESG factors when selecting external investment managers	(2) No, we do not incorporate ESG factors when selecting external investment managers
(A) Listed equity - active	◉	○
(B) Listed equity - passive	◉	○
(C) Fixed income - active	◉	○
(E) Private equity	◉	○
(F) Real estate	◉	○
(G) Infrastructure	◉	○

EXTERNAL MANAGER APPOINTMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 13	CORE	OO 5, OO 5.1	Multiple indicators	PUBLIC	External manager appointment	1

For each externally managed asset class, does your organisation incorporate ESG factors when appointing external investment managers?

	(1) Yes, we incorporate ESG factors when appointing external investment managers	(2) No, we do not incorporate ESG factors when appointing external investment managers
(A) Listed equity - active	◉	○
(B) Listed equity - passive	◉	○
(C) Fixed income - active	◉	○
(E) Private equity	◉	○
(F) Real estate	◉	○
(G) Infrastructure	◉	○

EXTERNAL MANAGER MONITORING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 14	CORE	OO 5, OO 5.1	Multiple indicators	PUBLIC	External manager monitoring	1

For each externally managed asset class, does your organisation incorporate ESG factors when monitoring external investment managers?

	(1) Yes, we incorporate ESG factors when monitoring external investment managers	(2) No, we do not incorporate ESG factors when monitoring external investment managers
(A) Listed equity - active	◉	○
(B) Listed equity - passive	◉	○
(C) Fixed income - active	◉	○
(E) Private equity	◉	○
(F) Real estate	◉	○
(G) Infrastructure	◉	○

ESG NOT INCORPORATED

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 16	CORE	OO 11, OO 12–14	N/A	PUBLIC	ESG not incorporated	1

Describe why your organisation does not currently incorporate ESG factors into your investment decisions.

Internally managed
(O) Other

Because in this category we´re including Derivatives & Cash investments and representing 4.60% of AUMS

ESG STRATEGIES

LISTED EQUITY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17 LE	CORE	OO 11	OO 17.1 LE, LE 12	PUBLIC	Listed equity	1

Which ESG incorporation approach and/or combination of approaches does your organisation apply to your internally managed active listed equity?

	Percentage out of total internally managed active listed equity
(A) Screening alone	0%
(B) Thematic alone	0%
(C) Integration alone	0%
(D) Screening and integration	>75%
(E) Thematic and integration	0%
(F) Screening and thematic	0%
(G) All three approaches combined	0%
(H) None	0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17.1 LE	CORE	OO 17 LE	LE 9	PUBLIC	Listed equity	1

What type of screening does your organisation use for your internally managed active listed equity assets where a screening approach is applied?

	Percentage coverage out of your total listed equity assets where a screening approach is applied
(A) Positive/best-in-class screening only	0%
(B) Negative screening only	>75%
(C) A combination of screening approaches	0%

FIXED INCOME

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17 FI	CORE	OO 5.3 FI, OO 11	Multiple, see guidance	PUBLIC	Fixed income	1

Which ESG incorporation approach and/or combination of approaches does your organisation apply to your internally managed active fixed income?

	(1) Fixed income - SSA	(2) Fixed income - corporate	(3) Fixed income - securitised
(A) Screening alone	0%	0%	0%
(B) Thematic alone	>0-10%	>10-50%	0%
(C) Integration alone	0%	0%	0%
(D) Screening and integration	>75%	>75%	>75%
(E) Thematic and integration	0%	0%	0%
(F) Screening and thematic	0%	0%	0%
(G) All three approaches combined	0%	0%	0%
(H) None	0%	0%	0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17.1 FI	CORE	OO 17 FI	N/A	PUBLIC	Fixed income	1

What type of screening does your organisation use for your internally managed active fixed income where a screening approach is applied?

	(1) Fixed income - SSA	(2) Fixed income - corporate	(3) Fixed income - securitised
(A) Positive/best-in-class screening only	>75%	>75%	>75%
(B) Negative screening only	0%	0%	0%
(C) A combination of screening approaches	0%	0%	0%

ESG/SUSTAINABILITY FUNDS AND PRODUCTS

LABELLING AND MARKETING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 18	CORE	OO 11–14	OO 18.1	PUBLIC	Labelling and marketing	1

Do you explicitly market any of your products and/or funds as ESG and/or sustainable?

○ (A) Yes, we market products and/or funds as ESG and/or sustainable
○ (B) No, we do not offer products or funds explicitly marketed as ESG and/or sustainable
◉ **(C) Not applicable; we do not offer products or funds**

Additional information: (Voluntary)

We´re a Pension Fund with a regulatory regime of investments.

PASSIVE INVESTMENTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 19	CORE	OO 5.3 FI, OO 11	LE 8, FI 10	PUBLIC	Passive investments	1

What percentage of your total internally managed passive listed equity and/or fixed income passive AUM utilise an ESG index or benchmark?

	Percentage of AUM that utilise an ESG index or benchmark
(A) Listed equity - passive	>0-10%

THEMATIC BONDS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 20	CORE	OO 17 FI	FI 15, FI 17	PUBLIC	Thematic bonds	1

What percentage of your total environmental and/or social thematic bonds are labelled by the issuers in accordance with industry-recognised standards?

	Percentage of your total environmental and/or social thematic bonds labelled by the issuers
(A) Green or climate bonds	>10-50%
(B) Social bonds	>0-10%
(C) Sustainability bonds	>10-50%
(D) Sustainability-linked bonds	>10-50%
(E) SDG or SDG-linked bonds	0%
(F) Other	>0-10%

(G) Bonds not labelled by the issuer	0%

(F) Other - Specify:

Gender Bonds

SUMMARY OF REPORTING REQUIREMENTS

SUMMARY OF REPORTING REQUIREMENTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 21	CORE	Multiple indicators	Multiple indicators	PUBLIC	Summary of reporting requirements	GENERAL

The following table shows which modules are mandatory or voluntary to report on in the separate PRI asset class modules. Where a module is voluntary, indicate if you wish to report on it.

Applicable modules	(1) Mandatory to report (pre-filled based on previous responses)	(2.1) Voluntary to report. Yes, I want to opt-in to reporting on the module	(2.2) Voluntary to report. No, I want to opt-out of reporting on the module
Policy, Governance and Strategy	◉	○	○
Confidence Building Measures	◉	○	○
(T) External manager selection, appointment and monitoring (SAM) – listed equity - active	◉	○	○
(U) External manager selection, appointment and monitoring (SAM) – listed equity - passive	◉	○	○
(V) External manager selection, appointment and monitoring (SAM) – fixed income - active	○	◉	○

(X) External manager selection, appointment and monitoring (SAM) – private equity	○	◉	○
(Y) External manager selection, appointment and monitoring (SAM) – real estate	○	◉	○
(Z) External manager selection, appointment and monitoring (SAM) – infrastructure	○	◉	○

SUBMISSION INFORMATION

REPORT DISCLOSURE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 32	CORE	OO 3, OO 31	N/A	PUBLIC	Report disclosure	GENERAL

How would you like to disclose the detailed percentage figures you reported throughout the Reporting Framework?

○ (A) Publish as absolute numbers
◉ **(B) Publish as ranges**

POLICY, GOVERNANCE AND STRATEGY (PGS)

POLICY

RESPONSIBLE INVESTMENT POLICY ELEMENTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 1	CORE	OO 8, OO 9	Multiple indicators	PUBLIC	Responsible investment policy elements	1, 2

Which elements are covered in your formal responsible investment policy(ies)?

☑ **(A) Overall approach to responsible investment**
☑ **(B) Guidelines on environmental factors**
☑ **(C) Guidelines on social factors**
☑ **(D) Guidelines on governance factors**
☑ **(E) Guidelines on sustainability outcomes**
☑ **(F) Guidelines tailored to the specific asset class(es) we hold**
☑ **(G) Guidelines on exclusions**
☑ **(H) Guidelines on managing conflicts of interest related to responsible investment**
☑ **(I) Stewardship: Guidelines on engagement with investees**

☑ **(J) Stewardship: Guidelines on overall political engagement**
☑ **(K) Stewardship: Guidelines on engagement with other key stakeholders**
☑ **(L) Stewardship: Guidelines on (proxy) voting**
☐ (M) Other responsible investment elements not listed here
○ (N) Our organisation does not have a formal responsible investment policy and/or our policy(ies) do not cover any responsible investment elements

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 2	CORE	PGS 1	Multiple, see guidance	PUBLIC	Responsible investment policy elements	1

Does your formal responsible investment policy(ies) include specific guidelines on systematic sustainability issues?

☑ **(A) Specific guidelines on climate change (may be part of guidelines on environmental factors)**
☑ **(B) Specific guidelines on human rights (may be part of guidelines on social factors)**
☑ **(C) Specific guidelines on other systematic sustainability issues**
Specify:

As part of the ESG strategy of the investment portfolio, we seek that the portfolio companies move towards a circular economy to optimize the use of natural resources, reduce the consumption of raw materials, and the use and reuse of natural resources. In the supply chain area, we encourage companies to reinforce and implement policies and processes focused on ESG criteria to ensure compliance and mitigate risks derived from commercial relationships.
On the environmental side, we encourage adherence to international initiatives related to ESG best practices, as well as the reporting and definition of goals related to carbon emissions

○ (D) Our formal responsible investment policy(ies) does not include guidelines on systematic sustainability issues

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 3	CORE	PGS 1, PGS 2	N/A	PUBLIC	Responsible investment policy elements	6

Which elements of your formal responsible investment policy(ies) are publicly available?

☑ **(A) Overall approach to responsible investment**
Add link:

https://www.xxi-banorte.com/wp-content/themes/banorte-xxi/assets/asg/politica-inversion-responsable.pdf

☑ **(B) Guidelines on environmental factors**
Add link:

https://www.xxi-banorte.com/wp-content/themes/banorte-xxi/assets/asg/politica-inversion-responsable.pdf

☑ **(C) Guidelines on social factors**
Add link:

https://www.xxi-banorte.com/wp-content/themes/banorte-xxi/assets/asg/politica-inversion-responsable.pdf

☑ **(D) Guidelines on governance factors**
Add link:

https://www.xxi-banorte.com/wp-content/themes/banorte-xxi/assets/asg/politica-inversion-responsable.pdf

☑ **(E) Guidelines on sustainability outcomes**
Add link:

https://www.xxi-banorte.com/wp-content/themes/banorte-xxi/assets/asg/politica-inversion-responsable.pdf

☑ **(F) Specific guidelines on climate change (may be part of guidelines on environmental factors)**
Add link:

https://www.xxi-banorte.com/wp-content/uploads/2020/06/GestionCC.pdf

☑ **(G) Specific guidelines on human rights (may be part of guidelines on social factors)**
Add link:

https://www.xxi-banorte.com/wp-content/themes/banorte-xxi/assets/asg/politica-inversion-responsable.pdf

☑ **(H) Specific guidelines on other systematic sustainability issues**
Add link:

https://www.xxi-banorte.com/wp-content/themes/banorte-xxi/assets/asg/politica-inversion-responsable.pdf

☑ **(I) Guidelines tailored to the specific asset class(es) we hold**
Add link:

https://www.xxi-banorte.com/asg/

☑ **(J) Guidelines on exclusions**
Add link:

https://www.xxi-banorte.com/wp-content/themes/banorte-xxi/assets/asg/politica-inversion-responsable.pdf

☑ **(K) Guidelines on managing conflicts of interest related to responsible investment**
Add link:

https://www.xxi-banorte.com/wp-content/themes/banorte-xxi/assets/asg/politica-inversion-responsable.pdf

☑ **(L) Stewardship: Guidelines on engagement with investees**
Add link:

https://www.xxi-banorte.com/wp-content/themes/banorte-xxi/assets/asg/politica-inversion-responsable.pdf

☑ **(M) Stewardship: Guidelines on overall political engagement**
Add link:

https://www.xxi-banorte.com/wp-content/themes/banorte-xxi/assets/asg/politica-inversion-responsable.pdf

☑ **(N) Stewardship: Guidelines on engagement with other key stakeholders**
Add link:

https://www.xxi-banorte.com/wp-content/themes/banorte-xxi/assets/asg/politica-inversion-responsable.pdf

☑ **(O) Stewardship: Guidelines on (proxy) voting**
Add link:

https://www.xxi-banorte.com/documentos/asg/politica-ejercicio-derechos-corporativos.pdf

○ (Q) No elements of our formal responsible investment policy(ies) are publicly available

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 4	PLUS	PGS 1	N/A	PUBLIC	Responsible investment policy elements	1 – 6

Does your formal responsible investment policy(ies) identify a link between your responsible investment activities and your fiduciary duties or equivalent obligations?

◉ **(A) Yes**
Elaborate:

Afore XXI Banorte, as the largest pension fund in Mexico and a leader in responsible investment in Latin America, is deeply committed to environmental, social, and corporate governance (ESG) factors. While we recognize ESG challenges, we have a commitment and fiduciary duty to maximize returns on workers' resources under a responsible investment strategy by building sustainable, equitable, healthy, and diverse communities that result in recognition and loyalty from our clients. We have different measures to ensure policies and processes are executed transparently and adequately.

We consider the following long-term investment value drivers in fulfilling our fiduciary duty, through the:
- Incorporation of financially material ESG factors into our investment decision-making consistent with the long-term of our obligations.
- Encouraging the standards of ESG performance in the companies of our portfolio.
- Disclosure of our investment approach in a clear and understandable manner.

The Investment Committee oversees that the investment constraints are followed in investment proposals for decision-making, considering the responsible investment strategy, policies, and the integration of ESG factors within. AXXIB has a second corporate organism focused on alternative investments named “Foro de Consulta” that oversee the investment proposals on this kind of assets and their investment strategy, before presenting it to members of the Investment Committee, considering ESG guidelines and policies. The next link in our measurement process is the CIO, who seeks a closer alignment between the responsible investment and allocation strategy. Additionally, the CIO promotes among not-directly-related staff to know its way around the policies and responsible investment processes

On the other hand, the ESG Responsible Officer puts forward training programs and new implementations for the better functioning of the investment process regarding ESG and responsible investment practices. The ESG head also monitors the well implementation of the responsible investment strategy among the Investment area and key employees from legal, risk management and comptroller departments. Moreover, the ESG head reports the progress attained monthly to the CIO and the Investment Committee. Along with this, the ESG Analysts set out the operative activities that were approved by the Investment Committee for the integration of ESG factors and the Responsible Investment process set in the policies.

Additionally, the compliance department collaborates with the oversight of the processes included in the policies, ensuring that those are indeed implemented in the day-to-day activities and processes. The comptroller verifies and collaborates along ESG activities, mainly to address properly the escalation measures established by Afore XXI Banorte.

Finally, our credit risk models which consider ESG factors are embedded in the technological solution used to quantify and report market, liquidity, and credit risk. Therefore, any update in the credit risk metrics that considers ESG factors is reported and updated along our systems. The Risk Committee meets every month and is presented with the follow-up of all the risk metrics, including the credit risk metric on SSA securities which considers ESG factors.

○ (B) No

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 5	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy elements	2

Which elements are covered in your organisation's policy(ies) or guidelines on stewardship?

☑ **(A) Overall stewardship objectives**
☑ **(B) Prioritisation of specific ESG factors to be advanced via stewardship activities**
☑ **(C) Criteria used by our organisation to prioritise the investees, policy makers, key stakeholders, or other entities on which to focus our stewardship efforts**
☑ **(D) How different stewardship tools and activities are used across the organisation**
☑ **(E) Approach to escalation in stewardship**
☑ **(F) Approach to collaboration in stewardship**
☑ **(G) Conflicts of interest related to stewardship**
☑ **(H) How stewardship efforts and results are communicated across the organisation to feed into investment decision-making and vice versa**
☐ (I) Other
○ (J) None of the above elements is captured in our policy(ies) or guidelines on stewardship

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 6	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy elements	2

Does your policy on (proxy) voting include voting principles and/or guidelines on specific ESG factors?

☑ **(A) Yes, it includes voting principles and/or guidelines on specific environmental factors**
☑ **(B) Yes, it includes voting principles and/or guidelines on specific social factors**
☑ **(C) Yes, it includes voting principles and/or guidelines on specific governance factors**
○ (D) Our policy on (proxy) voting does not include voting principles or guidelines on specific ESG factors

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 7	CORE	OO 9	N/A	PUBLIC	Responsible investment policy elements	2

Does your organisation have a policy that states how (proxy) voting is addressed in your securities lending programme?

○ (A) We have a publicly available policy to address (proxy) voting in our securities lending programme
○ (B) We have a policy to address (proxy) voting in our securities lending programme, but it is not publicly available
○ (C) We rely on the policy of our external service provider(s)
○ (D) We do not have a policy to address (proxy) voting in our securities lending programme
◉ **(E) Not applicable; we do not have a securities lending programme**

RESPONSIBLE INVESTMENT POLICY COVERAGE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 8	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy coverage	1

What percentage of your total AUM is covered by the below elements of your responsible investment policy(ies)?

	Combined AUM coverage of all policy elements
(A) Overall approach to responsible investment (B) Guidelines on environmental factors (C) Guidelines on social factors (D) Guidelines on governance factors	(5) >80% to 90%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 9	CORE	PGS 2	N/A	PUBLIC	Responsible investment policy coverage	1

What proportion of your AUM is covered by your formal policies or guidelines on climate change, human rights, or other systematic sustainability issues?

	AUM coverage
(A) Specific guidelines on climate change	(2) for a majority of our AUM
(B) Specific guidelines on human rights	(2) for a majority of our AUM

(C) Specific guidelines on other systematic sustainability issues	(2) for a majority of our AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 10	CORE	OO 8, OO 9, PGS 1	N/A	PUBLIC	Responsible investment policy coverage	2

Per asset class, what percentage of your AUM is covered by your policy(ies) or guidelines on stewardship with investees?

☑ **(A) Listed equity**
(1) Percentage of AUM covered
- ○ (1) >0% to 10%
- ○ (2) >10% to 20%
- ○ (3) >20% to 30%
- ○ (4) >30% to 40%
- ○ (5) >40% to 50%
- ○ (6) >50% to 60%
- ○ (7) >60% to 70%
- ○ (8) >70% to 80%
- ○ (9) >80% to 90%
- ○ (10) >90% to <100%
- ◉ **(11) 100%**

☑ **(B) Fixed income**
(1) Percentage of AUM covered
- ○ (1) >0% to 10%
- ○ (2) >10% to 20%
- ○ (3) >20% to 30%
- ○ (4) >30% to 40%
- ○ (5) >40% to 50%
- ○ (6) >50% to 60%
- ○ (7) >60% to 70%
- ○ (8) >70% to 80%
- ○ (9) >80% to 90%
- ○ (10) >90% to <100%
- ◉ **(11) 100%**

☑ **(C) Private equity**
(1) Percentage of AUM covered
- ○ (1) >0% to 10%
- ○ (2) >10% to 20%
- ○ (3) >20% to 30%
- ○ (4) >30% to 40%
- ○ (5) >40% to 50%
- ○ (6) >50% to 60%
- ○ (7) >60% to 70%
- ○ (8) >70% to 80%
- ○ (9) >80% to 90%
- ○ (10) >90% to <100%
- ◉ **(11) 100%**

☑ **(D) Real estate**

(1) Percentage of AUM covered
- ○ (1) >0% to 10%
- ○ (2) >10% to 20%
- ○ (3) >20% to 30%
- ○ (4) >30% to 40%
- ○ (5) >40% to 50%
- ○ (6) >50% to 60%
- ○ (7) >60% to 70%
- ○ (8) >70% to 80%
- ○ (9) >80% to 90%
- ○ (10) >90% to <100%
- ◉ **(11) 100%**

☑ **(E) Infrastructure**

(1) Percentage of AUM covered
- ○ (1) >0% to 10%
- ○ (2) >10% to 20%
- ○ (3) >20% to 30%
- ○ (4) >30% to 40%
- ○ (5) >40% to 50%
- ○ (6) >50% to 60%
- ○ (7) >60% to 70%
- ○ (8) >70% to 80%
- ○ (9) >80% to 90%
- ○ (10) >90% to <100%
- ◉ **(11) 100%**

☐ (I) Other

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 10.1	CORE	OO 9.1, PGS 1	N/A	PUBLIC	Responsible investment policy coverage	2

What percentage of your listed equity holdings is covered by your guidelines on (proxy) voting?

☑ **(A) Actively managed listed equity**

(1) Percentage of your listed equity holdings over which you have the discretion to vote
- ○ (1) >0% to 10%
- ○ (2) >10% to 20%
- ○ (3) >20% to 30%
- ○ (4) >30% to 40%
- ○ (5) >40% to 50%
- ○ (6) >50% to 60%
- ○ (7) >60% to 70%
- ○ (8) >70% to 80%
- ○ (9) >80% to 90%
- ○ (10) >90% to <100%
- ◉ **(11) 100%**

GOVERNANCE

ROLES AND RESPONSIBILITIES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11	CORE	N/A	Multiple indicators	PUBLIC	Roles and responsibilities	1

Which senior level body(ies) or role(s) in your organisation have formal oversight over and accountability for responsible investment?

☑ **(A) Board members, trustees, or equivalent**
☑ **(B) Senior executive-level staff, or equivalent**
Specify:

Our CIO is responsible for the Investment Area, and he is appointed by the Investment Committee, which oversees the area responsible for the execution of the Investment Strategy of the Investment Companies; he seeks greater alignment between responsible investment and allocation strategy. In addition, the CIO promotes awareness of responsible investment policies and processes among non-directly related personnel.

☑ **(C) Investment committee, or equivalent**
Specify:

The Investment Committee is responsible for defining, approving, and monitoring the Investment Strategy based on the Investment Path and within regulatory limits. It also oversees that investment restrictions are followed in investment proposals for decision making, considering the responsible investment strategy, policies, and the integration of ESG factors in the same.

☑ **(D) Head of department, or equivalent**
Specify department:

The ESG head oversees developing methodologies and models to incorporate the analysis of Environmental, Social and Corporate Governance (ESG) factors and the practice of active engagement with promoted companies and portfolio projects, aiming to generate a positive impact on our financial performance and promote the improvement of ESG materiality issues among our investments. In addition, he reports monthly on progress to the Chief Investment Officer and the Investment Committee.

○ (E) None of the above bodies and roles have oversight over and accountability for responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11.1	CORE	PGS 1, PGS 2, PGS 11	N/A	PUBLIC	Roles and responsibilities	1, 2

Does your organisation's senior level body(ies) or role(s) have formal oversight over and accountability for the elements covered in your responsible investment policy(ies)?

	(1) Board members, trustees, or equivalent	(2) Senior executive-level staff, investment committee, head of department, or equivalent
(A) Overall approach to responsible investment	☑	☑
(B) Guidelines on environmental, social and/or governance factors	☑	☑
(C) Guidelines on sustainability outcomes	☑	☑
(D) Specific guidelines on climate change (may be part of guidelines on environmental factors)	☑	☑
(E) Specific guidelines on human rights (may be part of guidelines on social factors)	☑	☑
(F) Specific guidelines on other systematic sustainability issues	☑	☑
(G) Guidelines tailored to the specific asset class(es) we hold	☑	☑
(H) Guidelines on exclusions	☑	☑
(I) Guidelines on managing conflicts of interest related to responsible investment	☑	☑
(J) Stewardship: Guidelines on engagement with investees	☑	☑
(K) Stewardship: Guidelines on overall political engagement	☑	☑
(L) Stewardship: Guidelines on engagement with other key stakeholders	☑	☑

(M) Stewardship: Guidelines on (proxy) voting	☑	☑
(N) This role has no formal oversight over and accountability for any of the above elements covered in our responsible investment policy(ies)	○	○

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11.2	CORE	N/A	N/A	PUBLIC	Roles and responsibilities	1 – 6

Does your organisation have governance processes or structures to ensure that your overall political engagement is aligned with your commitment to the principles of PRI, including any political engagement conducted by third parties on your behalf?

◉ **(A) Yes**

Describe how you do this:

In Mexico, policies related to responsible investments are mostly voluntary or "comply or explain". However, as of 2022, our national regulator CONSAR has an ESG investment regulation that stipulates that all Retirement Fund Administrators must incorporate ESG aspects into their strategies as of April 1, 2022, so Afore XXI is in line with this mandate and not only that, it has a solid governance structure in place to ensure our overall policy commitment.

The Investment Committee is the governance body with the highest authority to define and/or limit proposed changes or updates to AXXIB's responsible investment strategy and public stance. Each month, at the Investment Committee meeting, updates, and follow-up on aspects such as participation in public forums and collaborative committees and engagements with industry companies are presented, so that our directors and Officers related to the Investment department are aware of and monitor the updates. In addition, on a quarterly basis, the Investment department presents to the Board the progress of engagement activities and the status of the portfolio in relation to ESG issues.

○ (B) No
○ (C) Not applicable, our organisation does not conduct any form of political engagement directly or through any third parties

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 12	CORE	N/A	N/A	PUBLIC	Roles and responsibilities	1

In your organisation, which internal or external roles are responsible for implementing your approach to responsible investment?

☑ **(A) Internal role(s)**

Specify:

The main responsibility for the application of responsible investment approaches in the investment process lies with the ESG head, who is a woman and leads a team of 4 ESG analysts. Portfolio managers are responsible for communicating about new investment proposals to obtain the ESG analysis of each potential transaction and influence the investment thesis and decision making, also each PM is involved in the establishment, monitoring and compliance of the individual engagement with each company.

☐ (B) External investment managers, service providers, or other external partners or suppliers
○ (C) We do not have any internal or external roles with responsibility for implementing responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 13	CORE	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

Does your organisation use responsible investment KPIs to evaluate the performance of your board members, trustees, or equivalent?

○ (A) Yes, we use responsible investment KPIs to evaluate the performance of our board members, trustees, or equivalent
◉ **(B) No, we do not use responsible investment KPIs to evaluate the performance of our board members, trustees, or equivalent**

Explain why: (Voluntary)

We are currently working on the definition of responsible investment KPIs to evaluate the performance of board members, however, currently within our policy for the appointment of directors and independent members we request that they have experience and/or knowledge or training in ESG matters. We will be looking for leadership and supervisory competencies, a global vision of the organization in the three ESG dimensions, as well as specific knowledge of the material issues affecting the company from a sustainability standpoint.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 14	CORE	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

Does your organisation use responsible investment KPIs to evaluate the performance of your senior executive-level staff (or equivalent), and are these KPIs linked to compensation?

◉ **(A) Yes, we use responsible investment KPIs to evaluate the performance of our senior executive-level staff (or equivalent)**

Indicate whether these responsible investment KPIs are linked to compensation

- ◉ **(1) KPIs are linked to compensation**
- ○ (2) KPIs are not linked to compensation as these roles do not have variable compensation
- ○ (3) KPIs are not linked to compensation even though these roles have variable compensation

Describe: (Voluntary)

The type of variable compensation in which the investment team participates is called a "Performance Bonus". From 2020, the variable compensation of the Investment Department is modified to align incentives between shareholders, employees, and affiliates as well as attract and retain the best talent (human resources) in the area, considering a scheme that takes into account the short- and long-term (1 and 3-year) results of the Afore, and the RI outcomes designed to strengthen the stability of the area and teamwork and to be recognized as a professional pension manager and maintaining, or where appropriate, supporting the growth of the market share of the Afore. To obtain compliance per collaborator, the multiplication of 2 general indicators:
DO (Indice Desempeño Organizacional): Indicator of the company's profitability. The index represents the annual earning result compared to the expected annual earning. This index applies to all the workers of the company. Among other factors, this indicator has a direct relation to the fund's absolute rate of return (ROE).
IDI (Indice Desempeño Individual): Indicator of performance for the investment team. This index has different indicators that represent the funds' performance on an absolute and relative basis (peer group). It is measured on two horizons: 1 year and 3 years, where most of the weight is attributable to the 3-year metric to align the team performance to the investment horizon. This indicator has a direct relation to the TDF Series both form an absolute and relative basis.
Performance Bonus = IDO * IDI
Both indicators are directly or indirectly linked to the TDF series performance, and this aligns the performance of the investment team to the fund's performance, competitive environment, and company profitability.

○ (B) No, we do not use responsible investment KPIs to evaluate the performance of our senior executive-level staff (or equivalent)

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 15	PLUS	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

What responsible investment competencies do you regularly include in the training of senior-level body(ies) or role(s) in your organisation?

	(1) Board members, trustees or equivalent	(2) Senior executive-level staff, investment committee, head of department or equivalent
(A) Specific competence in climate change mitigation and adaptation	☑	☑
(B) Specific competence in investors’ responsibility to respect human rights	☑	☑
(C) Specific competence in other systematic sustainability issues	☑	☑

(D) The regular training of this senior leadership role does not include any of the above responsible investment competencies	○	○

EXTERNAL REPORTING AND DISCLOSURES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 16	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

What elements are included in your regular reporting to clients and/or beneficiaries for the majority of your AUM?

☑ **(A) Any changes in policies related to responsible investment**
☑ **(B) Any changes in governance or oversight related to responsible investment**
☑ **(C) Stewardship-related commitments**
☑ **(D) Progress towards stewardship-related commitments**
☑ **(E) Climate–related commitments**
☑ **(F) Progress towards climate–related commitments**
☑ **(G) Human rights–related commitments**
☑ **(H) Progress towards human rights–related commitments**
☑ **(I) Commitments to other systematic sustainability issues**
☑ **(J) Progress towards commitments on other systematic sustainability issues**
○ (K) We do not include any of these elements in our regular reporting to clients and/or beneficiaries for the majority of our AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 17	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

During the reporting year, did your organisation publicly disclose climate-related information in line with the Task Force on Climate-Related Financial Disclosures' (TCFD) recommendations?

☑ **(A) Yes, including all governance-related recommended disclosures**
☑ **(B) Yes, including all strategy-related recommended disclosures**
☑ **(C) Yes, including all risk management–related recommended disclosures**
☐ (D) Yes, including all applicable metrics and targets-related recommended disclosures
○ (E) None of the above
Add link(s):

https://www.xxi-banorte.com/wp-content/uploads/2020/06/GestionCC.pdf
https://www.xxi-banorte.com/wp-content/themes/banorte-xxi/assets/asg/INFORME-ASG.pdf

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 18	PLUS	N/A	N/A	PUBLIC	External reporting and disclosures	6

During the reporting year, to which international responsible investment standards, frameworks, or regulations did your organisation report?

☐ (A) Disclosures against the European Union's Sustainable Finance Disclosure Regulation (SFDR)
☐ (B) Disclosures against the European Union's Taxonomy
☐ (C) Disclosures against the CFA's ESG Disclosures Standard
☑ **(D) Disclosures against other international standards, frameworks or regulations**
Specify:

We were the first pension fund in Mexico to publish our first annual ESG 2021 report voluntarily. However, as of 2022, our national regulator CONSAR has a regulation on ESG investments in which all Retirement Fund Administrators must incorporate ESG aspects in their strategies as of April 1, 2022, so our report is aligned with the provisions of our regulator. Likewise, we will soon be incorporating in our report topics related to the alignment to Mexico's new Sustainable Taxonomy.

Link to example of public disclosures

https://www.xxi-banorte.com/wp-content/themes/banorte-xxi/assets/asg/INFORME-ASG.pdf

☐ (E) Disclosures against other international standards, frameworks or regulations
☐ (F) Disclosures against other international standards, frameworks or regulations
☐ (G) Disclosures against other international standards, frameworks or regulations

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 19	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

During the reporting year, did your organisation publicly disclose its membership in and support for trade associations, think tanks or similar bodies that conduct any form of political engagement?

◉ **(A) Yes, we publicly disclosed our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement**
Add link(s):

https://www.xxi-banorte.com/wp-content/themes/banorte-xxi/assets/asg/INFORME-ASG.pdf

○ (B) No, we did not publicly disclose our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement
○ (C) Not applicable, we were not members in or supporters of any trade associations, think tanks, or similar bodies that conduct any form of political engagement during the reporting year

STRATEGY

CAPITAL ALLOCATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 20	CORE	N/A	N/A	PUBLIC	Capital allocation	1

Which elements do your organisation-level exclusions cover?

☑ **(A) Exclusions based on our organisation's values or beliefs regarding particular sectors, products or services**
☐ (B) Exclusions based on our organisation's values or beliefs regarding particular regions or countries
☑ **(C) Exclusions based on minimum standards of business practice aligned with international norms such as the OECD Guidelines for Multinational Enterprises, the International Bill of Human Rights, UN Security Council sanctions or the UN Global Compact**
☐ (D) Exclusions based on our organisation’s climate change commitments
☑ **(E) Other elements**
Specify:

Our exclusion lists are based on 4 elements.
1) Legally required exclusions: those required by national/international legislation, prohibitions, conventions, treaties or agreements.
2) Exclusions based on our organization's values or beliefs.
3) Exclusion based on the selection of minimum standards of business practices and international norms: recommendations or guidelines from international organizations such as: United Nations Global Compact Principles, International Finance Corporation (IFC), World Bank, International Capital Markets Association (ICMA), OECD Guidelines for Multinational Enterprises, Convention on Nuclear Safety, the Inter-American Development Bank, among others.
4) Positive screening: investments with specific characteristics aligned with ESG pillars

○ (F) Not applicable; our organisation does not have any organisation-level exclusions

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 21	CORE	N/A	N/A	PUBLIC	Capital allocation	1

How does your responsible investment approach influence your strategic asset allocation process?

☑ **(A) We incorporate ESG factors into our assessment of expected asset class risks and returns**
Select from dropdown list:
◉ **(1) for all of our AUM subject to strategic asset allocation**
○ (2) for a majority of our AUM subject to strategic asset allocation
○ (3) for a minority of our AUM subject to strategic asset allocation

☑ **(B) We incorporate climate change–related risks and opportunities into our assessment of expected asset class risks and returns**

Select from dropdown list:

◉ **(1) for all of our AUM subject to strategic asset allocation**
○ (2) for a majority of our AUM subject to strategic asset allocation
○ (3) for a minority of our AUM subject to strategic asset allocation

☑ **(C) We incorporate human rights–related risks and opportunities into our assessment of expected asset class risks and returns**

Select from dropdown list:

◉ **(1) for all of our AUM subject to strategic asset allocation**
○ (2) for a majority of our AUM subject to strategic asset allocation
○ (3) for a minority of our AUM subject to strategic asset allocation

☐ (D) We incorporate risks and opportunities related to other systematic sustainability issues into our assessment of expected asset class risks and returns
○ (E) We do not incorporate ESG factors, climate change, human rights or other systematic sustainability issues into our assessment of expected asset class risks and returns
○ (F) Not applicable; we do not have a strategic asset allocation process

STEWARDSHIP: OVERALL STEWARDSHIP STRATEGY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 22	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

For the majority of AUM within each asset class, which of the following best describes your primary stewardship objective?

	(1) Listed equity	(2) Fixed income	(3) Private equity	(4) Real estate	(5) Infrastructure
(A) Maximise our portfolio-level risk-adjusted returns. In doing so, we seek to address any risks to overall portfolio performance caused by individual investees' contribution to systematic sustainability issues.	○	○	○	○	○
(B) Maximise our individual investments' risk-adjusted returns. In doing so, we do not seek to address any risks to overall portfolio performance caused by individual investees' contribution to systematic sustainability issues.	◉	◉	◉	◉	◉

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 23	PLUS	OO 5, OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

How does your organisation, or the external service providers or external managers acting on your behalf, prioritise the investees or other entities on which to focus its stewardship efforts?

In the case of external managers, we consider it important that they have a responsible investment policy, processes for involving and monitoring the companies in their portfolio, an ESG risk management strategy, and public information on their performance in ESG factors, as well as a strategy for integrating these factors.
Our strategy specifically seeks to integrate ESG factors into the investment processes and decisions of external managers. These processes include three major stages: the selection, appointment and monitoring of mandates, where we seek to integrate responsible investment principles and practices at each stage.

Our stewardship efforts are contractually supported since all our external managers through mandates have an ESG IMA in which they commit to align themselves with certain ESG requirements, based on this, we follow up on a quarterly, semi-annual, and annual basis that allows us to identify the areas of opportunity of each mandate, as well as the progress in each pillar. Our external mandate managers conduct periodic reports regarding votes cast from an external assurance standpoint, managers engage external specialists to conduct specific voting reviews. These service providers review a sample of votes cast by managers and their voting agent to ensure that they accurately reflect the voting policy guidelines.

On the other hand, with the Development Equity Certificates (CKDs), once the ESG analysis has been performed, the main risks are identified and with them, we present areas of opportunity susceptible to establishing formal commitments with each manager.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 24	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

Which of the following best describes your organisation's default position, or the position of the external service providers or external managers acting on your behalf, concerning collaborative stewardship efforts?

◉ **(A) We recognise the value of collective action, and as a result, we prioritise collaborative stewardship efforts wherever possible**
○ (B) We collaborate on a case-by-case basis
○ (C) Other
○ (D) We do not join collaborative stewardship efforts

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 24.1	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

Elaborate on your organisation’s default position on collaborative stewardship, or the position of the external service providers or external investment managers acting on your behalf, including any other details on your overall approach to collaboration.

AXXIB monitors the responsible investment practices of external managers to ensure that mandates meet the requirements outlined in the RFP and comply with the expectations included in the IMA, for which we have a review process that includes frequent reporting and disclosure.
Follow-up is key to assessing responsible investment practices and we monitor quarterly, semi-annually and annually to ensure compliance with the conditions of the IMA.
To achieve the above, our IMA considers the following clauses related to communication and information during the term of the Agreement.

From the effective date and throughout the term of the Agreement, the Parties will engage in meaningful dialogue to promote the ESG objectives incorporated in the ERPs. This dialogue will be regular and will involve senior representatives from each institution. The Parties will proactively inform each other of any developments in the portfolio that may materially affect (non)compliance with the ESG considerations embodied in the ERPs.
The Manager shall undertake to report the following monitoring disclosures: (i) Responsible investment policy Governance, (ii) Process developments, (iii) Alignment of the asset owner's responsible investment strategy as well as with the list of excluded sectors, (iv) ESG data, (v) ESG risk management, (vi) ESG risks and opportunities, (vii) Material incidents, (viii) Performance targets, (ix) Portfolio composition, (x) ESG mainstreaming, (xi) ESG performance and action plans, (xii) ESG monitoring and incident response, (xiii) Implementation and management activity, (xiv) Engagement, (xv) Voting, (xvi) Climate change (as recommended by the Task Force on Climate-related Financial Disclosures ("TCFD").

AXXIB reviews voting decisions and policy implementation comprehensively throughout the investment period to ensure that the terms of the IMA are met and that the external manager's voting decisions are in the best interests of the Afore.
The communication of required information (or questions) to the manager allows the Afore to evaluate whether the external manager is complying with responsible investment objectives and fiduciary duties.

In the case of one of our external mandate managers, they have a robust Investment Stewardship team that is responsible for encouraging sound corporate governance practices in the companies in which they invest on our behalf. They also meet frequently with company boards of directors to assess how their long-term issues, including those surrounding ESG. The managers use proxy research firms in your voting process, primarily to synthesise information and analysis into a concise, easily reviewable format so that your analysts can readily identify and prioritise those companies where your own additional research and engagement would be beneficial.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 25	PLUS	OO 5, OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

Rank the channels that are most important for your organisation in achieving its stewardship objectives.

☑ **(A) Internal resources, e.g. stewardship team, investment team, ESG team, or staff**
Select from the list:
- ◉ **1**
- ○ 4
- ○ 5

☑ **(B) External investment managers, third-party operators and/or external property managers, if applicable**
Select from the list:
- ◉ **2**
- ○ 4
- ○ 5

☐ (C) External paid specialist stewardship services (e.g. engagement overlay services or, in private markets, sustainability consultants) excluding investment managers, real assets third-party operators, or external property managers
☐ (D) Informal or unstructured collaborations with investors or other entities
☑ **(E) Formal collaborative engagements, e.g. PRI-coordinated collaborative engagements, Climate Action 100+, or similar**
Select from the list:
- ◉ **3**
- ○ 4
- ○ 5

○ (F) We do not use any of these channels

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 26	PLUS	OO 8, OO 9, PGS 1	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

How does your organisation ensure that its policy on stewardship is implemented by the external service providers to which you have delegated stewardship activities?

☑ **(A) Example(s) of measures taken when selecting external service providers:**

AXXIB's external manager selection process is broken down into three steps: 1) creation of a preliminary list, 2) creation of a list of finalists, and 3) evaluation of overall status and then moving on to appointment.

☑ **(B) Example(s) of measures taken when designing engagement mandates and/or consultancy agreements for external service providers:**

Once AXXIB selects an investment manager, it will enter the appointment phase. As part of this process, consideration is given to transferring the mandate requirements to the legal documentation. The detailed mandate requirements will have been submitted during the selection of the manager and will be used to draft the Investment Management Agreement ("IMA" or "Agreement") and any annexes, side letters or equivalents. For AXXIB, all ESG requirements set out in the RFP must be addressed in the legal documentation. In addition, ESG clauses have been established in the designation process that can ensure that Afore's commitment to responsible investment principles is met and/or respected.

☑ **(C) Example(s) of measures taken when monitoring the stewardship activities of external service providers:**

AXXIB monitors the responsible investment practices of external managers to ensure that the mandates comply with the requirements outlined in the RFP and to meet the expectations included in the IMA, for which we have a review process that includes frequent communication of information and reporting. Follow-up is key to assessing responsible investment practices, so quarterly, semi-annual, and annual monitoring is conducted to ensure compliance with the conditions of the IMA. AXXIB reviews voting decisions and policy implementation comprehensively throughout the investment period to ensure that the terms of the IMA are met and that the external manager's voting decisions are in the best interest of the Afore.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 27	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

How are your organisation’s stewardship activities linked to your investment decision making, and vice versa?

Our engagements are focused on preserving and enhancing long-term value on behalf of our clients, our commitment encompasses several issues that affect the long-term value of a company, including:
- strategy.
- capital structure.
- operating performance and delivery.

- risk management.
- pay
- and corporate governance
- establishing a culture that favours long-term value creation.
- dealing openly and fairly with suppliers and customers; and
- having proper and effective environmental controls in place.

We have an active engagement process with issuers in which we establish specific and formal commitments through a Letter of Commitment. Using this document, the issuer/manager commits to comply with the guidelines on Responsible Investments and Environmental, Social and Corporate Governance factors based on the commitment dates set by the issuer and approved by mutual agreement:

If the degree of progress of the goals established by the issuer in the annual reports is not identified and to comply with the guidelines on Responsible Investments and Environmental, Social and Corporate Governance factors of Afore XXI, the Afore may request the issuer to submit additional information to its report to be able to evaluate how the goals outlined in its strategy are being met.

Likewise, in the event of not complying with the ESG Commitments by the provisions of said Letter, Afore XXI Banorte may evaluate not to participate in the investment or not to participate in subsequent issues until the ESG commitments are met, or to start the escalation plan; the above, without any liability whatsoever for the Administrator.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 28	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

If relevant, provide any further details on your organisation's overall stewardship strategy.

Since we have the honour to be the first pension fund in our local market to integrate ESG factors and exercise responsible investment practices, also we have the challenge of promoting these activities among both investee companies and other investors (including asset managers). We are highly interested in the progress of the industry towards ESG factors, as a result, we are an active member of domestic organisations such as president of the Green Finance Advisory Committee (CCFV, for its Spanish acronyms), which seeks higher disclosure from companies of ESG factors; Collaborative member in the development of an information bank carried out by the Mexican Stock Exchange and, the most recent, president of the sub-committee of Responsible Investment of the Mexican Retirement Fund Administrators Association (AMAFORE, for its Spanish acronyms) to improve and promote responsible investment practices within the members of the association. Meanwhile, the local market is gaining force and experience in the matter, during 2020, Afore XXI Banorte participated in collaborative engagements with overseas and more experienced investors through the initiative Climate Action 100+. This not only allowed us to collaborate for the first time with leading investors in an engagement but also let us prove that our practices and process were adequate and to look up for insufficiencies in it. We are convinced and looking forward to carrying out more collaborative engagements with local and overseas investors.

On the other hand, we have a robust engagement process that seeks to directly influence the progress of the most material issues for our portfolio companies and managers

STEWARDSHIP: (PROXY) VOTING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 29	CORE	OO 9, PGS 1	N/A	PUBLIC	Stewardship: (Proxy) voting	2

When you use external service providers to give recommendations, how do you ensure those recommendations are consistent with your organisation's (proxy) voting policy?

☑ **(A) Before voting is executed, we review external service providers' voting recommendations for controversial and high-profile votes**

Select from the below list:

◉ **(1) in all cases**
○ (2) in a majority of cases
○ (3) in a minority of cases

☑ **(B) Before voting is executed, we review external service providers' voting recommendations where the application of our voting policy is unclear**

Select from the below list:

◉ **(1) in all cases**
○ (2) in a majority of cases
○ (3) in a minority of cases

○ (D) We do not review external service providers' voting recommendations
○ (E) Not applicable; we do not use external service providers to give voting recommendations

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 30	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

How is voting addressed in your securities lending programme?

○ (A) We recall all securities for voting on all ballot items
○ (B) When a vote is deemed important according to pre-established criteria (e.g. high stake in the company), we recall all our securities for voting
○ (C) Other
○ (D) We do not recall our securities for voting purposes
◉ **(E) Not applicable; we do not have a securities lending programme**

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 31	CORE	OO 9.1	N/A	PUBLIC	Stewardship: (Proxy) voting	2

For the majority of votes cast over which you have discretion to vote, which of the following best describes your decision making approach regarding shareholder resolutions (or that of your external service provider(s) if decision making is delegated to them)?

◉ **(A) We vote in favour of resolutions expected to advance progress on our stewardship priorities, including affirming a company's good practice or prior commitment**
○ (B) We vote in favour of resolutions expected to advance progress on our stewardship priorities, but only if the investee company has not already publicly committed to the action(s) requested in the proposal
○ (C) We vote in favour of shareholder resolutions only as an escalation measure
○ (D) We vote in favour of the investee company management's recommendations by default
○ (E) Not applicable; we do not vote on shareholder resolutions

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 32	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

During the reporting year, how did your organisation, or your external service provider(s), pre-declare voting intentions prior to voting in annual general meetings (AGMs) or extraordinary general meetings (EGMs)?

☐ (A) We pre-declared our voting intentions publicly through the PRI's vote declaration system on the Resolution Database
☐ (B) We pre-declared our voting intentions publicly by other means, e.g. through our website
☑ **(C) We privately communicated our voting decision to investee companies prior to the AGM/EGM**
○ (D) We did not privately or publicly communicate our voting intentions prior to the AGM/EGM
○ (E) Not applicable; we did not cast any (proxy) votes during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 33	CORE	OO 9	PGS 33.1	PUBLIC	Stewardship: (Proxy) voting	2

After voting has taken place, do you publicly disclose your (proxy) voting decisions or those made on your behalf by your external service provider(s), company by company and in a central source?

◉ **(A) Yes, for all (proxy) votes**

Add link(s):

https://www.xxi-banorte.com/documentos/asg/politica-ejercicio-derechos-corporativos.pdf

- ○ (B) Yes, for the majority of (proxy) votes
- ○ (C) Yes, for a minority of (proxy) votes
- ○ (D) No, we do not publicly report our (proxy) voting decisions company-by-company and in a central source

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 33.1	CORE	PGS 33	N/A	PUBLIC	Stewardship: (Proxy) voting	2

In the majority of cases, how soon after an investee's annual general meeting (AGM) or extraordinary general meeting (EGM) do you publish your voting decisions?

- ◉ **(A) Within one month of the AGM/EGM**
- ○ (B) Within three months of the AGM/EGM
- ○ (C) Within six months of the AGM/EGM
- ○ (D) Within one year of the AGM/EGM
- ○ (E) More than one year after the AGM/EGM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 34	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

After voting has taken place, did your organisation, and/or the external service provider(s) acting on your behalf, communicate the rationale for your voting decisions during the reporting year?

	(1) In cases where we abstained or voted against management recommendations	(2) In cases where we voted against an ESG-related shareholder resolution
(A) Yes, we publicly disclosed the rationale		
(B) Yes, we privately communicated the rationale to the company	(2) for a majority of votes	(2) for a majority of votes

(C) We did not publicly or privately communicate the rationale, or we did not track this information	○	○
(D) Not applicable; we did not abstain or vote against management recommendations or ESG-related shareholder resolutions during the reporting year	○	○

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 35	PLUS	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

How does your organisation ensure vote confirmation, i.e. that your votes have been cast and counted correctly?

Afore XXI Banorte recognizes that the voting rights of shareholders or holders are a form of fair expression to defend their interests. However, aware of the importance of maintaining a long-term vision in the company, Afore XXI Banorte seeks to align its voting practices with those of majority investors and holders, as long as the agreements do not result in disproportionate control and to the detriment of minority shareholders or holders. It also has a policy that sets out detailed voting guidelines.

Afore XXI Banorte, in line with the best international practices proposed by the United Nations Principles for Responsible Investment, documents the nature of each voting exercise, as well as the direction of the vote and the resolutions issued at the meetings, which are then made transparent to the general investing public on the Administrator's official website.

Voting in meetings or technical committees is carried out through the following two methods: i) Through an internal representative of the Afore or ii) Through a custodian (external service). In the case of the custodian, the custodian is empowered to vote, based on the notification of the direction of the vote issued by the financial, risk and legal analyst. Finally, evidence of the Afore's participation in the Assembly is presented to the Investment Committee.

STEWARDSHIP: ESCALATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 36	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Escalation	2

For your listed equity holdings, what escalation measures did your organisation, or the external investment managers or service providers acting on your behalf, use in the past three years?

	(1) Listed equity
(A) Joining or broadening an existing collaborative engagement or creating a new one	☑
(B) Filing, co-filing, and/or submitting a shareholder resolution or proposal	☐
(C) Publicly engaging the entity, e.g. signing an open letter	☑
(D) Voting against the re-election of one or more board directors	☐
(E) Voting against the chair of the board of directors, or equivalent, e.g. lead independent director	☐
(F) Divesting	☐
(G) Litigation	☐
(H) Other	☐

(I) In the past three years, we did not use any of the above escalation measures for our listed equity holdings	○

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 37	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship: Escalation	2

For your corporate fixed income assets, what escalation measures did your organisation, or the external investment managers or service providers acting on your behalf, use in the past three years?

☑ **(A) Joining or broadening an existing collaborative engagement or creating a new one**
☑ **(B) Publicly engaging the entity, e.g. signing an open letter**
☑ **(C) Not investing**
☑ **(D) Reducing exposure to the investee entity**
☐ (E) Divesting
☐ (F) Litigation
☐ (G) Other
○ (H) In the past three years, we did not use any of the above escalation measures for our corporate fixed income assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 38	PLUS	OO 8, OO 5.3 FI	N/A	PUBLIC	Stewardship: Escalation	2

Describe your approach to escalation for your internally managed SSA and/or private debt fixed income assets.

(A) SSA - Approach to escalation

Sometimes, AXXIB's efforts to establish dialogues or engagement activities with issuers or managers are not successful, therefore to generate a real impact, we established an engagement program with issuers or managers with a maximum duration of 3 years for the organization to show a positive trajectory for the establishment and progress of commitments or response to identified controversy, either through the willingness of senior management to discuss the concerns observed, provide more information on their management of ESG risks or, where appropriate, require the signing of specific commitments that define the material risks to be addressed by the issuer.
The escalation measures are as follows.
Engagement with the issuer, administrator, or underwriter by the ESG team:
1. Approach with issuer, administrator, or company by the ASG team.
2. Approach of fundamental analysts/strategists, seeking to promote a joint meeting with the company's senior management.
3.The ASG team will make an internal communication to the CIO.
4. Approach the investment team together with the issuer/manager

5.Letter addressed to the CEO of the broadcaster or administrator to express the situation of lack of communication with their company to address ESG issues.
6. The “Foro de Consulta” or investment committee is informed of the lack of response from the issuer.
7. Escalation of the letter to the Chairman of the Board of the company or administrator.
8. Validation at par, if the issuer/administrator's public reports, ESG scores, show evidence of change in the management of the identified risks.

STEWARDSHIP: ENGAGEMENT WITH POLICY MAKERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39	CORE	OO 8, OO 9	PGS 39.1, PGS 39.2	PUBLIC	Stewardship: Engagement with policy makers	2

Did your organisation, or the external investment managers or service providers acting on your behalf, engage with policy makers as part of your responsible investment approach during the reporting year?

☑ **(A) Yes, we engaged with policy makers directly**
☑ **(B) Yes, we engaged with policy makers through the leadership of or active participation in working groups or collaborative initiatives, including via the PRI**
☐ (C) Yes, we were members of, supported, or were in another way affiliated with third party organisations, including trade associations and non-profit organisations, that engage with policy makers, excluding the PRI
○ (D) We did not engage with policy makers directly or indirectly during the reporting year beyond our membership in the PRI

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39.1	CORE	PGS 39	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

During the reporting year, what methods did you, or the external investment managers or service providers acting on your behalf, use to engage with policy makers as part of your responsible investment approach?

☑ **(A) We participated in 'sign-on' letters**
☑ **(B) We responded to policy consultations**
☑ **(C) We provided technical input via government- or regulator-backed working groups**
Describe:

At Afore XXI Banorte, we strive to comply with both the letter and the spirit of the Principles: we consider the potential impact of our investment decisions and encourage the issuers and managers in which we invest to adopt the Principles.

As a signatory to the United Nations Principles for Responsible Investment, we participated as a leader in the working group welcoming the International Sustainability Standards Board (ISSB), an initiative that will provide the global foundation for financial disclosure on sustainability.

We are part of the collegial presidency of the Consejo Consultivo de Finanzas Verdes (CCFV) and are also actively participating in the Taxonomy Working Group 1 in Mexico.

At the end of September 2020, the CCFV issued the Request to Issuers on ESG Data Disclosure, which was signed by 80 investors and entities operating in the Mexican financial market, representing a total of 6.31 trillion pesos in assets under management - equivalent to 25.5% of Mexico's GDP. In summary, this request proposes that ESG information be reported in a standardized and consistent manner, using the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB).

Through the Mexican Association Association of Retirement Fund Administrators (AMAFORE), we lead the Responsible Investment Subcommittee, whose overall objective is to be a common front in the interpretation and adoption of ESG and climate change-related issues. By promoting initiatives aligned with the Paris Agreement. We are part of the Working Group for the Standardization of ESG Questionnaires to standardize the reporting and information request system for all pensions funds according to international standards

☐ (D) We engaged policy makers on our own initiative
☐ (E) Other methods

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39.2	CORE	PGS 39	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

During the reporting year, did your organisation publicly disclose details of your engagement with policy makers conducted as part of your responsible investment approach, including through external investment managers or service providers?

☑ **(A) We publicly disclosed all our policy positions**
Add link(s):

https://www.xxi-banorte.com/wp-content/themes/banorte-xxi/assets/asg/INFORME-ASG.pdf

☑ **(B) We publicly disclosed details of our engagements with policy makers**
Add link(s):

https://www.xxi-banorte.com/wp-content/themes/banorte-xxi/assets/asg/INFORME-ASG.pdf

○ (C) No, we did not publicly disclose details of our engagement with policy makers conducted as part of our responsible investment approach during the reporting year

STEWARDSHIP: EXAMPLES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 40	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Examples	2

Provide examples of stewardship activities that you conducted individually or collaboratively during the reporting year that contributed to desired changes in the investees, policy makers or other entities with which you interacted.

(A) Example 1:
Title of stewardship activity:

Engagement with one of the largest GHG emitting companies in the cement sector.

(1) Led by
- ○ (1) Internally led
- ○ (2) External service provider led
- ◉ **(3) Led by an external investment manager, real assets third-party operator and/or external property manager**

(2) Primary focus of stewardship activity
- ☑ **(1) Environmental factors**
- ☐ (2) Social factors
- ☑ **(3) Governance factors**

(3) Asset class(es)
- ☑ **(1) Listed equity**
- ☐ (2) Fixed income
- ☐ (3) Private equity
- ☐ (4) Real estate
- ☐ (5) Infrastructure
- ☐ (6) Hedge funds
- ☐ (7) Forestry
- ☐ (8) Farmland
- ☐ (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

Since 2020, we have joined with other international investors to engage with one of the most relevant companies in terms of GHG emissions through our membership of the Climate Action 100+ initiative. We are currently actively participating as collaborating investors.

Among our collaborative engagement actions through CA+100, a company in the cement sector stands out and has achieved its decarbonization targets validated by the Science Based Targets (SBTi) initiative in 2022 to align with a 1.5°C scenario. This validation includes Scope 1, 2 and 3 targets.

In addition, the company has developed a roadmap for CO2 reduction. This includes the deployment of technological innovations and operational decisions that will support its decarbonization goals, and it expects to invest approximately $150 million annually to support its transition program and meet its 2030 target.

(B) Example 2:
Title of stewardship activity:

Engagement with one of the largest GHG emitting companies in the hydrocarbon sector.

(1) Led by
- ○ (1) Internally led
- ○ (2) External service provider led
- ◉ **(3) Led by an external investment manager, real assets third-party operator and/or external property manager**

(2) Primary focus of stewardship activity
- ☑ **(1) Environmental factors**
- ☐ (2) Social factors
- ☑ **(3) Governance factors**

(3) Asset class(es)
- ☐ (1) Listed equity
- ☑ **(2) Fixed income**
- ☐ (3) Private equity
- ☐ (4) Real estate
- ☐ (5) Infrastructure
- ☐ (6) Hedge funds
- ☐ (7) Forestry
- ☐ (8) Farmland
- ☐ (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

Since 2020, we have joined with other international investors to engage with one of the most relevant companies in terms of GHG emissions through our participation in the Climate Action 100+ initiative. We are currently actively participating as collaborating investors.

Through our collaborative engagement with CA+100, we have achieved that one of the companies in which we invest, focused on the hydrocarbon sector, publishes its business plan with a sustainable approach, disclosing for the first time its GHG emissions, as well as water and energy indicators, and setting concrete targets until 2027, among which stand out the reduction of GHG emissions, as well as its contribution to adaptation measures. They also created a Sustainability Committee, rejoined the UN Global Compact (UNGC), and developed a Methane Mitigation Plan in collaboration with the EPA.

(C) Example 3:
Title of stewardship activity:

Engagement with one of the largest GHG emitting companies in the electricity sector.

(1) Led by
- ◉ **(1) Internally led**
- ○ (2) External service provider led
- ○ (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity
- ☑ **(1) Environmental factors**
- ☐ (2) Social factors
- ☑ **(3) Governance factors**

(3) Asset class(es)
- ☐ (1) Listed equity
- ☑ **(2) Fixed income**
- ☐ (3) Private equity
- ☐ (4) Real estate
- ☐ (5) Infrastructure
- ☐ (6) Hedge funds
- ☐ (7) Forestry
- ☐ (8) Farmland

☐ (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

Based on the ESG analysis of one of the most representative companies in terms of GHG emissions in the electricity sector at the national level, we identified relevant risks and opportunities and, through our active engagement, implemented a formal strategy resulting in the signing of a Letter of Commitment.

In this letter, the company makes a bilateral commitment to:

1. Develop a decarbonization and energy transition plan that includes strengthening the issuer's ESG strategy by integrating materiality analysis, ESG policies, KPIs, and sustainable performance targets relevant to the issuer's sector over different time horizons.

2. Ensure the implementation of mechanisms to ensure the reduction or avoidance of greenhouse gas emissions in operations, the quantification and disclosure of greenhouse gas emissions, the monitoring of air quality and water pollution, the establishment of communication channels with the community surrounding its assets, and the creation of institutional alliances to develop social and environmental remediation actions.

3. Develop the issuer's climate change strategy, including adherence to the Science Based Target (SBT) initiative, and define actions to mitigate/adapt/prevent climate change risks due to infrastructure damage or low rainfall that could reduce energy production.

The company has committed to address these issues within one year, so we will follow up on a quarterly basis to determine the level of progress made on each commitment.

(D) Example 4:

Title of stewardship activity:

Engagement with a manager in the real estate sector.

(1) Led by

◉ **(1) Internally led**

○ (2) External service provider led

○ (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

☐ (1) Environmental factors

☑ **(2) Social factors**

☑ **(3) Governance factors**

(3) Asset class(es)

☐ (1) Listed equity

☐ (2) Fixed income

☐ (3) Private equity

☑ **(4) Real estate**

☐ (5) Infrastructure

☐ (6) Hedge funds

☐ (7) Forestry

☐ (8) Farmland

☐ (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

Based on an ESG analysis of a fund with a portfolio of industrial buildings, we identified relevant risks and opportunities, and through our active engagement, implemented a formal strategy that resulted in the signing of a Letter of Commitment.

Through the bilateral commitments, the fund has currently achieved the following:

1. Publicly disclose its key sustainable processes and policies within its operations.
2. Analyse the socio-environmental impacts of its operations on communities and develop risk mitigation plans, including monitoring complaints and follow-up with the community.
3. Strengthen and implement best practices to ensure compliance and mitigate risks in the supply chain, cybersecurity, and data protection.
4. Train employees on ESG issues.
5. Strengthen and implement policies and processes focused on ESG criteria in the supply chain to ensure compliance and mitigate risks arising from business relationships with third parties.

(E) Example 5:
Title of stewardship activity:

Engagement with a REITs in the real estate sector

(1) Led by
- ◉ **(1) Internally led**
- ○ (2) External service provider led
- ○ (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity
- ☑ **(1) Environmental factors**
- ☑ **(2) Social factors**
- ☑ **(3) Governance factors**

(3) Asset class(es)
- ☑ **(1) Listed equity**
- ☐ (2) Fixed income
- ☐ (3) Private equity
- ☐ (4) Real estate
- ☐ (5) Infrastructure
- ☐ (6) Hedge funds
- ☐ (7) Forestry
- ☐ (8) Farmland
- ☐ (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

Based on an ESG analysis of a real estate investment trust with a portfolio focused on the office and industrial sectors, we identified relevant risks and opportunities and, through our active engagement, implemented a formal strategy that resulted in the signing of a Letter of Commitment.

As a result of the bilateral commitments, the trust has currently achieved the following:
1. Develop action plans for climate change adaptation and mitigation.
2. Developed an ESG strategy on the results of its materiality matrix, taking into account prevention and mitigation measures for the risks identified.
3. Develop a strategy to increase the number of environmental certifications in its properties. Considering within the sustainable certifications: LEED, BREEAM, GRESB, EDGE or any other international/national sustainable certification.
4. Align with the UN's zero net emissions scenario through the issuer's adherence to SBTs. Consider joining the Science Based Targets initiative to define and validate the issuer's GHG emissions reduction strategy.
5. Train employees on ESG issues.
6. Follow international initiatives related to ESG best practices, such as UNPRI, GRI, TCFD, SASB, Equator Principles, Climate Action 100+, The 30% Club, Global Compact, etc.
7. Prepare and publish transparent sustainability reports by international disclosure standards (TCFD and SASB).

CLIMATE CHANGE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 41	CORE	N/A	PGS 41.1	PUBLIC	Climate change	General

Has your organisation identified climate-related risks and opportunities affecting your investments?

☑ **(A) Yes, within our standard planning horizon**
Specify the risks and opportunities identified and your relevant standard planning horizon:

With the aim of identifying the environmental and potential impact of investments, each transaction is analysed and classified according to the level of ESG risk it presents. This process considers the level of risk related to greenhouse gas emissions, exposure to climate change, business resilience, initiatives to reduce or mitigate the impact of climate change, alignment with the Paris Agreement, and that none of the activities to be financed are on the exclusion list. As part of the climate change exposure identification process, we identify assets in the portfolio by their level of exposure to climate change events (floods, droughts, hurricanes, water stress, etc.). In addition, we have an internal methodology for identifying the level of climate change exposure of our portfolio companies that includes 5 key indicators:
1) Business Exposure to Carbon-Intensive Operations,
2) Exposure to potentially stranded fossil fuel assets,
3) Geographic Exposure to Carbon Regulation,
4) Geographic Exposure to Climate Vulnerable Regions,
5) Reliance on Carbon-Intensive Supply Chai.

☑ **(B) Yes, beyond our standard planning horizon**
Specify the risks and opportunities identified and your relevant standard planning horizon:

In addition to identifying the current exposure of our assets to climate change, we incorporate, particularly in the real estate sector, medium and long-term climate scenarios for the assets linked to the portfolio (4.5 and 8.5 degree scenarios), as well as water stress scenarios under a "business as usual, 2030" scenario.

On the other hand, part of our individual and collective engagement includes encouraging companies to have a climate change strategy, publication of the TCFD report, as well as the generation of climate change scenarios.

We are working on incorporating a greater number of assets and sectors in our analysis of climate scenarios under different horizons, as well as strengthening methodologies that incorporate climate risk in financial materiality.

○ (C) No, we have not identified climate-related risks and/or opportunities affecting our investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 41.1	CORE	PGS 41	N/A	PUBLIC	Climate change	General

Does your organisation integrate climate-related risks and opportunities affecting your investments in its overall investment strategy, financial planning and (if relevant) products?

◉ **(A) Yes, our overall investment strategy, financial planning and (if relevant) products integrate climate-related risks and opportunities**

Describe how climate-related risks and opportunities have affected or are expected to affect your investment strategy, financial planning and (if relevant) products:

To identify the environmental and potential impact of investments, each transaction is analysed and classified according to its level of ESG risk. For each investment strategy proposed to the Investment Committee, this process examines the level of risk related to greenhouse gas emissions, exposure to climate change, business resilience, initiatives to reduce or mitigate the impact of climate change, alignment with the Paris Agreement, and that none of the activities to be financed are on the exclusion list (prohibited activities), as well as providing an overview of the level of exposure to climate change risk in the portfolio.
The indicators used to determine and evaluate the level of risk by issuer and sector within the portfolio are integrated into the portfolio analysis, as well as by asset, and are presented when the decision to invest in any instrument is submitted to the Investment Committee. The information is requested through Afore XXI-Banorte's ESG questionnaire or consulted or estimated through the company's public information or external providers. Among the data included in the analysis are the following
- Temperature for each investment level, asset, and portfolio.
- Alignment of each investment with the Paris Agreement
- Financed emissions by asset type and sector
- Absolute GHG emissions by asset type and sector
- GHG reduction targets for each investment
- Companies with GHG reduction targets validated by SBT
- Polluting sectors by asset type
- List of top companies by emissions financed, WACI, and intensity per million dollars of revenue
- Identification of assets in the portfolio by level of exposure to climate change events (floods, droughts, hurricanes, water stress, etc.)
- Medium- and long-term climate scenarios for assets associated with the portfolio (4.5- and 8.5-degrees scenarios).

○ (B) No, our organisation has not yet integrated climate-related risks and opportunities into its investment strategy, financial planning and (if relevant) products

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 42	PLUS	N/A	N/A	PUBLIC	Climate change	General

Which sectors are covered by your organisation's strategy addressing high-emitting sectors?

☐ (A) Coal
☐ (B) Gas
☐ (C) Oil
☐ (D) Utilities
☑ **(E) Cement**
Describe your strategy:

The identification of the main issuers in the most polluting sectors in the portfolio is part of Afore XXI-Banorte's climate strategy, which aims to evaluate the climate-related risks and opportunities for each investment strategy proposed to the Investment Committee, as well as to provide an overview of the level of exposure to climate change risk in the portfolio. The indicators used to determine the level of risk by issuer and sector within the portfolio are:
- Temperature for each investment level, asset, and portfolio.
- Alignment of each investment with the Paris Agreement
- Financed emissions by asset type and sector
- Absolute GHG emissions by asset type and sector
- GHG reduction targets for each investment
- Companies with GHG reduction targets validated by SBT
- Polluting sectors by asset type
- List of top companies by emissions financed, WACI, and intensity per million dollars of revenue
- Identification of assets in the portfolio by level of exposure to climate change events (floods, droughts, hurricanes, water stress, etc.)
- Medium and long-term climate scenarios for the assets associated with the portfolio (4.5- and 8.5-degree scenarios).

In addition, to assess climate-related risks and opportunities, we have joined Climate Action 100+ and TCFD, which call on companies to:
(i) Implement a sound governance framework
(ii) Implement greenhouse gas mitigation measures along the value chain.
(iii) Provide enhanced climate-related disclosure.
(iv) Integrate climate-related issues into financial decision-making.
(v) mitigate climate risks; and
(vi) promote a net zero emissions economy.

At the portfolio level, emissions financed by asset type and portfolio temperature were calculated. This exercise identified the most relevant polluting sectors and companies in terms of financed emissions, WACI, and carbon intensity per million dollars of revenue, and generated a list of 23 issuers across the portfolio to be monitored based on their level of climate risk (with greater relevance for 9 issuers concentrating 75% of the portfolio's financed emissions).

Currently, in the active management sector, two issuers in the cement sector have been identified, representing 73% of the financed issues of equity instruments, 57% of the WACI, and 64% of the carbon intensity.

The alignment of these issuers with the carbon intensity targets per tonne of cement set by the International Energy Agency and the NGFS climate scenarios has been validated, confirming that the targets set by the companies until 2030 are in line with the Paris Agreement. However, the definition of individual and collective follow-up actions is under negotiation or in progress with the issuers.

It should be noted that the portfolio is monitored using various indicators such as absolute carbon emissions of each issuer, carbon intensity per million sales, weighted average carbon intensity (WACI), GHG emission reduction targets, alignment with the Paris Agreement, and compliance with SBTs. Information on carbon indicators is presented at the vehicle level, by asset type, by sector, and by region, considering for scaling through direct or collaborative engagement the companies with the highest carbon exposure in their operations.

☐ (F) Steel
☑ **(G) Aviation**

Describe your strategy:

The identification of the main issuers in the most polluting sectors in the portfolio is part of Afore XXI-Banorte's climate strategy, which aims to evaluate the climate-related risks and opportunities for each investment strategy proposed to the Investment Committee, as well as to provide an overview of the level of exposure to climate change risk in the portfolio. The indicators used to determine the level of risk by issuer and sector within the portfolio are:
- Temperature for each investment level, asset, and portfolio.
- Alignment of each investment with the Paris Agreement
- Financed emissions by asset type and sector
- Absolute GHG emissions by asset type and sector
- GHG reduction targets for each investment
- Companies with GHG reduction targets validated by SBT
- Polluting sectors by asset type
- List of top companies by emissions financed, WACI, and intensity per million dollars of revenue
- Identification of assets in the portfolio by level of exposure to climate change events (floods, droughts, hurricanes, water stress, etc.)
- Medium and long-term climate scenarios for the assets associated with the portfolio (4.5- and 8.5-degree scenarios).

In addition, to assess climate-related risks and opportunities, we have joined Climate Action 100+ and TCFD, which call on companies to:
(i) Implement a sound governance framework
(ii) Implement greenhouse gas mitigation measures along the value chain.
(iii) Provide enhanced climate-related disclosure.
(iv) Integrate climate-related issues into financial decision-making.
(v) mitigate climate risks; and
(vi) promote a net zero emissions economy.

At the portfolio level, emissions financed by asset type and portfolio temperature were calculated. This exercise identified the most relevant polluting sectors and companies in terms of financed emissions, WACI, and carbon intensity per million dollars of revenue, and generated a list of 23 issuers across the portfolio to be monitored based on their level of climate risk (with greater relevance for 9 issuers concentrating 75% of the portfolio's financed emissions).

Currently, there is only one actively managed issuer in the aviation sector, representing 1.62% of the portfolio's funded issues, 1.5% of its WACI, and 3.6% of its equity carbon intensity.

The alignment of these issuers with the carbon intensity targets per tonne of cement set by the International Energy Agency and the NGFS climate scenarios has been validated, confirming that the targets set by the companies until 2030 are in line with the Paris Agreement. However, the definition of individual and collective follow-up actions is under negotiation or in progress with the issuers.

It should be noted that the portfolio is monitored using various indicators such as absolute carbon emissions of each issuer, carbon intensity per million sales, weighted average carbon intensity (WACI), GHG emission reduction targets, alignment with the Paris Agreement, and compliance with SBTs. Information on carbon indicators is presented at the vehicle level, by asset type, by sector, and by region, considering for scaling through direct or collaborative engagement the companies with the highest carbon exposure in their operations.

☐ (H) Heavy duty road
☐ (I) Light duty road
☐ (J) Shipping
☐ (K) Aluminium
☐ (L) Agriculture, forestry, fishery
☐ (M) Chemicals
☐ (N) Construction and buildings
☐ (O) Textile and leather
☐ (P) Water
☐ (Q) Other
○ (R) We do not have a strategy addressing high-emitting sectors

Provide a link(s) to your strategy(ies), if available

https://www.xxi-banorte.com/wp-content/themes/banorte-xxi/assets/asg/INFORME-ASG.pdf

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 43	CORE	N/A	N/A	PUBLIC	Climate change	General

Has your organisation assessed the resilience of its investment strategy in different climate scenarios, including one in which the average temperature rise is held to below 2 degrees Celsius (preferably to 1.5 degrees Celsius) above pre-industrial levels?

☐ (A) Yes, using the Inevitable Policy Response Forecast Policy Scenario (FPS) or Required Policy Scenario (RPS)
☐ (B) Yes, using the One Earth Climate Model scenario
☑ **(C) Yes, using the International Energy Agency (IEA) Net Zero scenario**
☑ **(D) Yes, using other scenarios**
Specify:

Network of Central Banks and Supervisors for Greening the Financial System (NGFS) Climate Scerarios

○ (E) No, we have not assessed the resilience of our investment strategy in different climate scenarios, including one that holds temperature rise to below 2 degrees

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 44	CORE	N/A	N/A	PUBLIC	Climate change	General

Does your organisation have a process to identify, assess, and manage the climate-related risks (potentially) affecting your investments?

☑ **(A) Yes, we have a process to identify and assess climate-related risks**

(1) Describe your process

To identify the environmental and potential impact of investments, each transaction is analysed and classified according to its level of ESG risk. For each investment strategy proposed to the Investment Committee, this process examines the level of risk related to greenhouse gas emissions, exposure to climate change, business resilience, initiatives to reduce or mitigate the impact of climate change, alignment with the Paris Agreement, and that none of the activities to be financed are on the exclusion list (prohibited activities), as well as providing an overview of the level of exposure to climate change risk in the portfolio.
The indicators used to determine and evaluate the level of risk by issuer and sector within the portfolio are integrated into the portfolio analysis, as well as by asset, and are presented when the decision to invest in any instrument is submitted to the Investment Committee. The information is requested through Afore XXI-Banorte's ESG questionnaire or consulted or estimated through the company's public information or external providers. Among the data included in the analysis are the following
- Temperature for each investment level, asset, and portfolio.
- Alignment of each investment with the Paris Agreement
- Financed emissions by asset type and sector
- Absolute GHG emissions by asset type and sector
- GHG reduction targets for each investment
- Companies with GHG reduction targets validated by SBT
- Polluting sectors by asset type
- List of top companies by emissions financed, WACI, and intensity per million dollars of revenue
- Identification of assets in the portfolio by level of exposure to climate change events (floods, droughts, hurricanes, water stress, etc.)
- Medium- and long-term climate scenarios for assets associated with the portfolio (4.5- and 8.5-degrees scenarios).

(2) Describe how this process is integrated into your overall risk management

This process is part of Afore XXI-Banorte's due diligence and complements the fundamental and technical analysis process of the issuer or company promoted in the portfolio. The information is requested from the issuer/company through our internal ESG questionnaire, which, in the case of companies in the real estate sector, asks for the coordinates of their assets to generate maps of the exposure of their assets to physical risks.
The results of the climate risk analysis are included in the One Pager, which is presented to the team of strategists and the CIO and includes, among other things, the alignment with the Paris Agreement, the carbon emissions intensity of the company compared to its peers, the weight of the emitter's WACI in the portfolio if the emitter is in a highly polluting sector, the reduction or increase in its GHG emissions over the last two years, the absolute Scope 1 and 2 emissions, as well as the main regulatory, technological, physical or controversial risks to which its operations could be exposed.

Based on the findings, risk mitigation or avoidance actions are proposed and incorporated into a commitment letter or statement signed by our CIO.

The One Pager and the engagement signed by the issuer are included in the information presented to the Investment Committee.

The follow-up of these engagements is done every quarter, and the progress is presented to the Investment Committee for their information.

In addition, at the portfolio level, climate change risks are monitored through various indicators such as the absolute carbon emissions of each issuer, carbon intensity per million sales, weighted average carbon intensity (WACI), GHG emission reduction targets, alignment with the Paris Agreement and compliance with SBTs, or through the generation of maps to identify the portfolio's exposure to climate events.

Carbon indicator information is presented at the vehicle level, by asset type, by sector, and by region, with consideration given to scaling through direct or collaborative engagement with companies with the highest carbon exposure in their operations.

☑ **(B) Yes, we have a process to manage climate-related risks**

(1) Describe your process

Actions underway to reduce/mitigate climate risk in the investment portfolio include active engagement to promote the calculation of carbon footprints of companies in polluting sectors; setting GHG reduction targets for highly polluting sectors; adhering to SBTs; incorporating green certifications into infrastructure processes; providing better climate-related disclosure; requesting climate event risk assessments; following up on action plans to reduce or mitigate climate change risk; aligning their reporting with international SBT/SASB standards; and the process of third party verification of absolute emissions.

Similarly, for the real estate sector, we have incorporated a climate change risk analysis that allows us to identify the level of exposure to climate change events per asset, including risks from tropical cyclones, thunderstorms, droughts, heat waves, floods, and water stress.
The results of this exercise will validate whether the issuer has integrated these risks into its risk management processes, into the investment decision-making of the DD, and whether it has protocols in place to manage, mitigate, and prevent the risk of the event, as well as whether the portfolio is covered by insurance that covers claims for extreme natural phenomena events. If an area of opportunity is identified regarding the issuer's practices, these items will be requested through an engagement letter or official statement signed by our CIO.

It should be noted that the portfolio is monitored using various indicators such as absolute carbon emissions of each issuer, carbon intensity per million sales, weighted average carbon intensity (WACI), GHG emission reduction targets, alignment with the Paris Agreement, and adherence to SBTs. Information on carbon indicators is presented at the vehicle level, by asset type, by sector, and by region, considering the companies with the greatest carbon exposure in their operations for scaling through direct or collaborative engagement

(2) Describe how this process is integrated into your overall risk management

The results of the climate risk analysis are included in the One Pager, which is presented to the team of strategists and the CIO and includes, among other things, the alignment with the Paris Agreement, the carbon emissions intensity of the company compared to its peers, the weight of the emitter's WACI in the portfolio if the emitter is in a highly polluting sector, the reduction or increase in its GHG emissions over the last two years, the absolute Scope 1 and 2 emissions, as well as the main regulatory, technological, physical or controversial risks to which its operations could be exposed.

Based on the findings, risk mitigation or avoidance actions are proposed and incorporated into a commitment letter or statement signed by our CIO.

The One Pager and the engagement signed by the issuer are included in the information presented to the Investment Committee.

The follow-up of these engagements is done every quarter, and the progress is presented to the Investment Committee for their information.

In addition, at the portfolio level, climate change risks are monitored through various indicators such as the absolute carbon emissions of each issuer, carbon intensity per million sales, weighted average carbon intensity (WACI), GHG emission reduction targets, alignment with the Paris Agreement and compliance with SBTs, or through the generation of maps to identify the portfolio's exposure to climate events.

Carbon indicator information is presented at the vehicle level, by asset type, by sector, and by region, with consideration given to scaling through direct or collaborative engagement with companies with the highest carbon exposure in their operations.

○ (C) No, we do not have any processes to identify, assess, or manage the climate-related risks affecting our investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 45	CORE	N/A	N/A	PUBLIC	Climate change	General

During the reporting year, which of the following climate risk metrics or variables affecting your investments did your organisation use and disclose?

☑ **(A) Exposure to physical risk**
(1) Indicate whether this metric or variable was used and disclosed, including the methodology
○ (1) Metric or variable used
◉ **(2) Metric or variable used and disclosed**
○ (3) Metric or variable used and disclosed, including methodology
(2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable

https://www.xxi-banorte.com/wp-content/themes/banorte-xxi/assets/asg/INFORME-ASG.pdf

☑ **(B) Exposure to transition risk**
(1) Indicate whether this metric or variable was used and disclosed, including the methodology
○ (1) Metric or variable used
◉ **(2) Metric or variable used and disclosed**
○ (3) Metric or variable used and disclosed, including methodology
(2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable

https://www.xxi-banorte.com/wp-content/themes/banorte-xxi/assets/asg/INFORME-ASG.pdf

☑ **(C) Internal carbon price**
(1) Indicate whether this metric or variable was used and disclosed, including the methodology
○ (1) Metric or variable used
◉ **(2) Metric or variable used and disclosed**
○ (3) Metric or variable used and disclosed, including methodology
(2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable

https://www.xxi-banorte.com/wp-content/themes/banorte-xxi/assets/asg/INFORME-ASG.pdf

☑ **(D) Total carbon emissions**

(1) Indicate whether this metric or variable was used and disclosed, including the methodology
- ○ (1) Metric or variable used
- ◉ **(2) Metric or variable used and disclosed**
- ○ (3) Metric or variable used and disclosed, including methodology

(2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable

https://www.xxi-banorte.com/wp-content/themes/banorte-xxi/assets/asg/INFORME-ASG.pdf

☑ **(E) Weighted average carbon intensity**

(1) Indicate whether this metric or variable was used and disclosed, including the methodology
- ○ (1) Metric or variable used
- ◉ **(2) Metric or variable used and disclosed**
- ○ (3) Metric or variable used and disclosed, including methodology

(2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable

https://www.xxi-banorte.com/wp-content/themes/banorte-xxi/assets/asg/INFORME-ASG.pdf

☑ **(F) Avoided emissions**

(1) Indicate whether this metric or variable was used and disclosed, including the methodology
- ○ (1) Metric or variable used
- ◉ **(2) Metric or variable used and disclosed**
- ○ (3) Metric or variable used and disclosed, including methodology

(2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable

https://www.xxi-banorte.com/wp-content/themes/banorte-xxi/assets/asg/INFORME-ASG.pdf

☑ **(G) Implied Temperature Rise (ITR)**

(1) Indicate whether this metric or variable was used and disclosed, including the methodology
- ○ (1) Metric or variable used
- ◉ **(2) Metric or variable used and disclosed**
- ○ (3) Metric or variable used and disclosed, including methodology

(2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable

https://www.xxi-banorte.com/wp-content/themes/banorte-xxi/assets/asg/INFORME-ASG.pdf

☑ **(H) Non-ITR measure of portfolio alignment with UNFCCC Paris Agreement goals**

(1) Indicate whether this metric or variable was used and disclosed, including the methodology
- ○ (1) Metric or variable used
- ◉ **(2) Metric or variable used and disclosed**
- ○ (3) Metric or variable used and disclosed, including methodology

(2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable

https://www.xxi-banorte.com/wp-content/themes/banorte-xxi/assets/asg/INFORME-ASG.pdf

☑ **(I) Proportion of assets or other business activities aligned with climate-related opportunities**

(1) Indicate whether this metric or variable was used and disclosed, including the methodology
- ○ (1) Metric or variable used
- ◉ **(2) Metric or variable used and disclosed**
- ○ (3) Metric or variable used and disclosed, including methodology

(2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable

https://www.xxi-banorte.com/wp-content/themes/banorte-xxi/assets/asg/INFORME-ASG.pdf

☑ **(J) Other metrics or variables**

Specify:

Carbon intensity per $1 million of revenue, absolute emissions linked to investment portfolio

(1) Indicate whether this metric or variable was used and disclosed, including the methodology
- ○ (1) Metric or variable used
- ◉ **(2) Metric or variable used and disclosed**
- ○ (3) Metric or variable used and disclosed, including methodology

(2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable

https://www.xxi-banorte.com/wp-content/themes/banorte-xxi/assets/asg/INFORME-ASG.pdf

○ (K) Our organisation did not use or disclose any climate risk metrics or variables affecting our investments during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 46	CORE	N/A	N/A	PUBLIC	Climate change	General

During the reporting year, did your organisation disclose its Scope 1, Scope 2, and/or Scope 3 greenhouse gas emissions?

☑ **(A) Scope 1 emissions**

(1) Indicate whether this metric was disclosed, including the methodology
- ○ (1) Metric disclosed
- ◉ **(2) Metric and methodology disclosed**

(2) Provide links to the disclosed metric and methodology, as applicable

https://www.xxi-banorte.com/wp-content/uploads/2020/06/GestionCC.pdf
https://www.xxi-banorte.com/wp-content/themes/banorte-xxi/assets/asg/INFORME-ASG.pdf

☑ **(B) Scope 2 emissions**

(1) Indicate whether this metric was disclosed, including the methodology
- ○ (1) Metric disclosed
- ◉ **(2) Metric and methodology disclosed**

(2) Provide links to the disclosed metric and methodology, as applicable

https://www.xxi-banorte.com/wp-content/uploads/2020/06/GestionCC.pdf
https://www.xxi-banorte.com/wp-content/themes/banorte-xxi/assets/asg/INFORME-ASG.pdf

☑ **(C) Scope 3 emissions (including financed emissions)**

(1) Indicate whether this metric was disclosed, including the methodology
- ○ (1) Metric disclosed
- ◉ **(2) Metric and methodology disclosed**

(2) Provide links to the disclosed metric and methodology, as applicable

https://www.xxi-banorte.com/wp-content/uploads/2020/06/GestionCC.pdf
https://www.xxi-banorte.com/wp-content/themes/banorte-xxi/assets/asg/INFORME-ASG.pdf

○ (D) Our organisation did not disclose its Scope 1, Scope 2, or Scope 3 greenhouse gas emissions during the reporting year

SUSTAINABILITY OUTCOMES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47	CORE	N/A	Multiple indicators	PUBLIC	Sustainability outcomes	1, 2

Has your organisation identified the intended and unintended sustainability outcomes connected to its investment activities?

◉ **(A) Yes, we have identified one or more specific sustainability outcomes connected to our investment activities**
○ (B) No, we have not yet identified the sustainability outcomes connected to any of our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47.1	CORE	PGS 47	N/A	PUBLIC	Sustainability outcomes	1, 2

Which widely recognised frameworks has your organisation used to identify the intended and unintended sustainability outcomes connected to its investment activities?

☑ **(A) The UN Sustainable Development Goals (SDGs) and targets**
☑ **(B) The UNFCCC Paris Agreement**
☑ **(C) The UN Guiding Principles on Business and Human Rights (UNGPs)**
☑ **(D) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors**
☐ (E) The EU Taxonomy
☑ **(F) Other relevant taxonomies**
Specify:

The Mexico Sustainable Taxonomy

☐ (G) The International Bill of Human Rights
☐ (H) The International Labour Organization’s Declaration on Fundamental Principles and Rights at Work and the eight core conventions
☐ (I) The Convention on Biological Diversity
☐ (J) Other international framework(s)
☐ (K) Other regional framework(s)
☐ (L) Other sectoral/issue-specific framework(s)

○ (M) Our organisation did not use any widely recognised frameworks to identify the intended and unintended sustainability outcomes connected to its investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47.2	CORE	PGS 47	PGS 48	PUBLIC	Sustainability outcomes	1, 2

What are the primary methods that your organisation has used to determine the most important intended and unintended sustainability outcomes connected to its investment activities?

☑ **(A) Identify sustainability outcomes that are closely linked to our core investment activities**
☑ **(B) Consult with key clients and/or beneficiaries to align with their priorities**
☐ (C) Assess which actual or potential negative outcomes for people are most severe based on their scale, scope, and irremediable character
☑ **(D) Identify sustainability outcomes that are closely linked to systematic sustainability issues**
☐ (E) Analyse the input from different stakeholders (e.g. affected communities, civil society, trade unions or similar)
☐ (F) Understand the geographical relevance of specific sustainability outcome objectives
☐ (G) Other method
○ (H) We have not yet determined the most important sustainability outcomes connected to our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 48	CORE	PGS 47.2	PGS 48.1, SO 1	PUBLIC	Sustainability outcomes	1, 2

Has your organisation taken action on any specific sustainability outcomes connected to its investment activities, including to prevent and mitigate actual and potential negative outcomes?

◉ **(A) Yes, we have taken action on some of the specific sustainability outcomes connected to our investment activities**
○ (B) No, we have not yet taken action on any specific sustainability outcomes connected to our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 48.1	PLUS	PGS 48	N/A	PUBLIC	Sustainability outcomes	1, 2

Why has your organisation taken action on specific sustainability outcomes connected to its investment activities?

☑ **(A) We believe that taking action on sustainability outcomes is relevant to our financial risks and returns over both short- and long-term horizons**

☐ (B) We believe that taking action on sustainability outcomes, although not yet relevant to our financial risks and returns, will become so over a long-time horizon
☐ (C) We have been requested to do so by our clients and/or beneficiaries
☑ **(D) We want to prepare for and respond to legal and regulatory developments that are increasingly addressing sustainability outcomes**
☐ (E) We want to protect our reputation, particularly in the event of negative sustainability outcomes connected to investments
☑ **(F) We want to enhance our social licence-to-operate (i.e. the trust of beneficiaries, clients, and other stakeholders)**
☑ **(G) We believe that taking action on sustainability outcomes in parallel to financial return goals has merit in its own right**
☐ (H) Other

HUMAN RIGHTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 49	PLUS	PGS 47	PGS 49.1	PUBLIC	Human rights	1, 2

During the reporting year, what steps did your organisation take to identify and take action on the actual and potentially negative outcomes for people connected to your investment activities?

☑ **(A) We assessed the human rights context of our potential and/or existing investments and projected how this could connect our organisation to negative human rights outcomes**
Explain how these activities were conducted:

We consider corporate culture and employee satisfaction to be essential, so we assess how companies respect labor rights as part of our ESG analysis. As investors, we seek to promote opportunities for women and men through decent and productive work in terms of freedom, justice, security, and dignity, in line with the fundamental conventions of the International Labour Organisation. Therefore, if we identify that a company in our portfolio lacks a sound corporate culture and/or is involved in human rights abuses, we take action.
Some of the specific elements we consider are:

1. Governance and policy commitments.
2. Embedding respect and human rights due diligence.
3. Remedies and grievance mechanisms.
4. Performance – company human rights practices.
5. Performance – responses to serious allegations; and
6. Transparency.

☑ **(B) We assessed whether individuals at risk or already affected might be at heightened risk of harm**
Explain how these activities were conducted:

We regularly monitor accident statistics or the materiality of health and safety issues, identifying whether the company has public statistics on fatal or minor injuries and setting targets for reduction if the accident rate is above peers or there has been a relevant controversy. On the other hand, we use third-party information to validate that the companies in our portfolio continue to comply with international guidelines on human rights issues.

We also recognise that human rights abuses often occur deep within supply chains. As investors, we pay particular attention to companies that rely on a supply chain with long links to first- and second-tier suppliers, and urge them to strengthen their selection, assessment and monitoring procedures and mechanisms.

☐ (C) We consulted with individuals and groups who were at risk or already affected, their representatives and/or other relevant stakeholders such as human rights experts
☑ **(D) We took other steps to assess and manage the actual and potentially negative outcomes for people connected to our investment activities**
Specify:

Engagement derived from ESG controversy analysis

Explain how these activities were conducted:

We follow up on ESG controversies in our portfolio through the analysis tool of our internationally recognized rating agency, which has an analytical framework organized into three pillars: Environment, Social, and Governance. In particular, the social pillar is further divided into three sub-pillars representing different material issues: the community, Human Rights and Community Impact), workers (Labor Rights and Supply Chain), and the environment.

Once the issues with ongoing controversies have been identified, the company is contacted to seek updates regarding the identified issue, in case of having possible open issues with a high degree of impact, we proceed to establish remediation commitments with the company.

○ (E) We did not identify and take action on the actual and potentially negative outcomes for people connected to any of our investment activities during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 49.1	PLUS	PGS 49	N/A	PUBLIC	Human rights	1, 2

During the reporting year, which stakeholder groups did your organisation include when identifying and taking action on the actual and potentially negative outcomes for people connected to your investment activities?

☑ **(A) Workers**
Sector(s) for which each stakeholder group was included
- ☑ **(1) Energy**
- ☑ **(2) Materials**
- ☑ **(3) Industrials**
- ☑ **(4) Consumer discretionary**
- ☑ **(5) Consumer staples**
- ☑ **(6) Healthcare**
- ☑ **(7) Finance**
- ☑ **(8) Information technology**
- ☑ **(9) Communication services**
- ☑ **(10) Utilities**
- ☑ **(11) Real estate**

☑ **(B) Communities**
Sector(s) for which each stakeholder group was included
- ☑ **(1) Energy**
- ☑ **(2) Materials**
- ☑ **(3) Industrials**
- ☑ **(4) Consumer discretionary**
- ☑ **(5) Consumer staples**
- ☑ **(6) Healthcare**
- ☑ **(7) Finance**
- ☑ **(8) Information technology**
- ☑ **(9) Communication services**
- ☑ **(10) Utilities**
- ☑ **(11) Real estate**

☑ **(C) Customers and end-users**

Sector(s) for which each stakeholder group was included
☑ **(1) Energy**
☑ **(2) Materials**
☑ **(3) Industrials**
☑ **(4) Consumer discretionary**
☑ **(5) Consumer staples**
☑ **(6) Healthcare**
☑ **(7) Finance**
☑ **(8) Information technology**
☑ **(9) Communication services**
☑ **(10) Utilities**
☑ **(11) Real estate**
☐ (D) Other stakeholder groups

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 49.2	PLUS	PGS 47	N/A	PUBLIC	Human rights	1, 2

During the reporting year, what information sources did your organisation use to identify the actual and potentially negative outcomes for people connected to its investment activities?

☑ **(A) Corporate disclosures**
Provide further detail on how your organisation used these information sources:

Annually, we require our portfolio companies to provide us with their annual sustainability reports, which serve as an input to validate and/or update the information they report directly to us in our ESG information questionnaires.

☑ **(B) Media reports**
Provide further detail on how your organisation used these information sources:

ESG analysts identify new ESG controversy cases and update existing cases by researching media sources.

☐ (C) Reports and other information from NGOs and human rights institutions
☐ (D) Country reports, for example, by multilateral institutions, e.g. OECD, World Bank
☑ **(E) Data provider scores or benchmarks**
Provide further detail on how your organisation used these information sources:

Through our international ESG information provider, we consulted the analysis of controversies by company where the performance of social issues is broken down considering human rights factors and impacts such as:

Impact on Local
Communities

Human Rights
Concerns
Civil Liberties

Each ESG controversy case is assessed for the Severity of its impact on society or the environment as Very Severe, Severe, Moderate or Minor. Each ESG controversy case receives a Score and an associated color-coded Flag based on a combination of the assessed Severity of the controversy as well as the assessments of the company's alleged Role and the Status of the case remediation and resolution. This score is considered as part of the ESG analysis and controversy are considered in risk identification.

☑ **(F) Human rights violation alerts**
Provide further detail on how your organisation used these information sources:

Through our data provider, every six months we perform a sweep of the identified controversies. Likewise, if there is a particular case, the ESG controversy is entered into our internal controversy monitoring system to follow up on it start the dialogue process with the company and apply the engagement process.

☐ (G) Sell-side research
☐ (H) Investor networks or other investors
☑ **(I) Information provided directly by affected stakeholders or their representatives**
Provide further detail on how your organisation used these information sources:

Annually we ask you to provide us with ESG information through our ESG compliance questionnaire, in which you are particularly required to disclose information regarding Health and Safety, Human Capital Development, Supply Chain Standards, Labor Management, and Privacy and Information Security.

☐ (J) Social media analysis
☐ (K) Other

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 50	PLUS	PGS 47	N/A	PUBLIC	Human rights	1, 2

During the reporting year, did your organisation, directly or through influence over investees, enable access to remedy for people affected by negative human rights outcomes connected to your investment activities?

☐ (A) Yes, we enabled access to remedy directly for people affected by negative human rights outcomes we caused or contributed to through our investment activities
☑ **(B) Yes, we used our influence to ensure that our investees provided access to remedies for people affected by negative human rights outcomes we were linked to through our investment activities**
Describe:

During ESG due diligence we review cases of controversy on ESG issues, including respect for and compliance with human rights and labour rights, in line with applicable legal requirements. If we identify a red flag, we engage in a direct dialogue with the company to disclose our areas of concern, after which formal commitments are made to mitigate the identified risks before participating in the investment proposal.

○ (C) No, we did not enable access to remedy directly, or through the use of influence over investees, for people affected by negative human rights outcomes connected to our investment activities during the reporting year

MANAGER SELECTION, APPOINTMENT AND MONITORING (SAM)

OVERALL APPROACH

EXTERNAL INVESTMENT MANAGERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 1	CORE	OO 21	N/A	PUBLIC	External investment managers	4

For the majority of your externally managed AUM in each asset class, which responsible investment aspects does your organisation consider important in the assessment of external investment managers?

	(1) Listed equity (active)	(2) Listed equity (passive)	(3) Fixed income (active)	(5) Private equity	(6) Real estate	(7) Infrastructure
Organisation						
(A) Commitment to and experience in responsible investment	☑	☑	☑	☑	☑	☑
(B) Responsible investment policy(ies)	☑	☑	☑	☑	☑	☑
(C) Governance structure and senior-level oversight and accountability	☑	☑	☑	☑	☑	☑
People and Culture						
(D) Adequate resourcing and incentives	☑	☑	☑	☑	☑	☑
(E) Staff competencies and experience in responsible investment	☑	☑	☑	☑	☑	☑

Investment Process						
(F) Incorporation of material ESG factors in the investment process	☑	☑	☑	☑	☑	☑
(G) Incorporation of risks connected to systematic sustainability issues in the investment process	☑	☑	☑	☑	☑	☑
(H) Incorporation of material ESG factors and ESG risks connected to systematic sustainability issues in portfolio risk assessment	☑	☑	☑	☑	☑	☑
Stewardship						
(I) Policy(ies) or guidelines on stewardship	☑	☑	☑	☑	☑	☑
(J) Policy(ies) or guidelines on (proxy) voting	☑	☑	☑	☑	☑	☑
(K) Use of stewardship tools and activities	☑	☑	☑	☑	☑	☑
(L) Incorporation of risks connected to systematic sustainability issues in stewardship practices	☑	☑	☑	☑	☑	☑
(M) Involvement in collaborative engagement and stewardship initiatives	☑	☑	☑	☑	☑	☑
(N) Engagement with policy makers and other non-investee stakeholders	☑	☑	☑	☑	☑	☑
(O) Results of stewardship activities	☑	☑	☑	☑	☑	☑
Performance and Reporting						

(P) ESG disclosure in regular client reporting	☑	☑	☑	☑	☑	☑
(Q) Inclusion of ESG factors in contractual agreements	☑	☐	☐	☐	☐	☐
(R) We do not consider any of the above responsible investment aspects important in the assessment of external investment managers	○	○	○	○	○	○

SERVICE PROVIDERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 2	CORE	OO 21	N/A	PUBLIC	Service providers	4

Which responsible investment aspects does your organisation consider important when assessing all service providers that advise you in the selection, appointment and/or monitoring of external investment managers?

☐ (A) Incorporation of their responsible investment policy into advisory services
☐ (B) Ability to accommodate our responsible investment policy
☐ (C) Level of staff's responsible investment expertise
☐ (D) Use of data and analytical tools to assess the external investment manager's responsible investment performance
☐ (E) Other
○ (F) We do not consider any of the above responsible investment aspects important when assessing service providers that advise us in the selection, appointment and/or monitoring of external investment managers
◉ **(G) Not applicable; we do not engage service providers in the selection, appointment or monitoring of external investment managers**

POOLED FUNDS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 3	PLUS	OO 5.2, OO 21	N/A	PUBLIC	Pooled funds	4

If you invest in pooled funds, describe how you incorporate responsible investment aspects into the selection, appointment and/or monitoring of external investment managers.

	Provide example(s) below
(A) Selection	x
(B) Appointment	x
(C) Monitoring	x

SELECTION

RESPONSIBLE INVESTMENT PRACTICES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 4	CORE	OO 12, OO 21	SAM 5, SAM 6, SAM 7	PUBLIC	Responsible investment practices	General

During the reporting year, did your organisation select new external investment managers or allocate new mandates to existing investment managers?

◉ **(A) Yes, we selected external investment managers or allocated new mandates to existing investment managers during the reporting year**
○ (B) No, we did not select new external investment managers or allocate new mandates to existing investment managers during the reporting year
○ (C) Not applicable; our organisation is in a captive relationship with external investment managers, which applies to 90% or more of our AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 5	CORE	SAM 4	N/A	PUBLIC	Responsible investment practices	4

During the reporting year, what responsible investment aspects did your organisation, or the service provider acting on your behalf, review and evaluate when selecting new external investment managers or allocating new mandates to existing investment managers?

Organisation
☑ **(A) Commitment to and experience in responsible investment (e.g. commitment to responsible investment principles and standards)**
Select from dropdown list
◉ **(1) for all of our mandates**
○ (2) for a majority of our mandates
○ (3) for a minority of our mandates

☑ **(B) Responsible investment policy(ies) (e.g. the alignment of their responsible investment policy with the investment mandate)**

Select from dropdown list

- ◉ **(1) for all of our mandates**
- ○ (2) for a majority of our mandates
- ○ (3) for a minority of our mandates

☑ **(C) Governance structure and senior-level oversight and accountability (e.g. the adequacy of their governance structure and reported conflicts of interest)**

Select from dropdown list

- ◉ **(1) for all of our mandates**
- ○ (2) for a majority of our mandates
- ○ (3) for a minority of our mandates

People and Culture

☑ **(D) Adequate resourcing and incentives (e.g. their team structures, operating model and remuneration structure, including alignment of interests)**

Select from dropdown list

- ◉ **(1) for all of our mandates**
- ○ (2) for a majority of our mandates
- ○ (3) for a minority of our mandates

☑ **(E) Staff competencies and experience in responsible investment (e.g. level of responsible investment responsibilities in their investment team, their responsible investment training and capacity building)**

Select from dropdown list

- ◉ **(1) for all of our mandates**
- ○ (2) for a majority of our mandates
- ○ (3) for a minority of our mandates

Investment Process

☑ **(F) Incorporation of material ESG factors in the investment process (e.g. detail and evidence of how such factors are incorporated into the selection of individual assets and in portfolio construction)**

Select from dropdown list

- ◉ **(1) for all of our mandates**
- ○ (2) for a majority of our mandates
- ○ (3) for a minority of our mandates

☑ **(G) Incorporation of risks connected to systematic sustainability issues in the investment process (e.g. detail and evidence of how such risks are incorporated into the selection of individual assets and in portfolio construction)**

Select from dropdown list

- ◉ **(1) for all of our mandates**
- ○ (2) for a majority of our mandates
- ○ (3) for a minority of our mandates

☑ **(H) Incorporation of material ESG factors and ESG risks connected to systematic sustainability issues in portfolio risk assessment (e.g. their process to measure and report such risks)**

Select from dropdown list

- ◉ **(1) for all of our mandates**
- ○ (2) for a majority of our mandates
- ○ (3) for a minority of our mandates

Performance and Reporting

☑ **(I) ESG disclosure in regular client reporting**

Select from dropdown list

- ◉ **(1) for all of our mandates**
- ○ (2) for a majority of our mandates
- ○ (3) for a minority of our mandates

☑ **(J) Inclusion of ESG factors in contractual agreements**

Select from dropdown list
◉ (1) for all of our mandates
○ (2) for a majority of our mandates
○ (3) for a minority of our mandates
○ (K) We did not review and evaluate any of the above responsible investment aspects when selecting new external investment managers or allocating new mandates to existing investment managers during the reporting year

STEWARDSHIP

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 6	CORE	OO 8, SAM 4	N/A	PUBLIC	Stewardship	4

During the reporting year, which aspects of the stewardship approach did your organisation, or the service provider acting on your behalf, review and evaluate when selecting new external investment managers or allocating new mandates to existing investment managers?

☑ (A) The alignment of their policy(ies) or guidelines on stewardship with the investment mandate
Select from dropdown list
◉ (1) for all of our mandates
○ (2) for a majority of our mandates
○ (3) for a minority of our mandates
☑ (B) Evidence of how they implemented their stewardship objectives, including the effectiveness of their activities
Select from dropdown list
◉ (1) for all of our mandates
○ (2) for a majority of our mandates
○ (3) for a minority of our mandates
☑ (C) Their participation in collaborative engagements and stewardship initiatives
Select from dropdown list
◉ (1) for all of our mandates
○ (2) for a majority of our mandates
○ (3) for a minority of our mandates
☑ (D) Details of their engagements with companies or issuers on risks connected to systematic sustainability issues
Select from dropdown list
◉ (1) for all of our mandates
○ (2) for a majority of our mandates
○ (3) for a minority of our mandates
☑ (E) Details of their engagement activities with policy makers
Select from dropdown list
◉ (1) for all of our mandates
○ (2) for a majority of our mandates
○ (3) for a minority of our mandates
☑ (F) Their escalation process and the escalation tools included in their policy on stewardship
Select from dropdown list
◉ (1) for all of our mandates
○ (2) for a majority of our mandates
○ (3) for a minority of our mandates

○ (G) We did not review and evaluate any of the above aspects of the stewardship approach when selecting new external investment managers or allocating new mandates to existing investment managers during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 7	CORE	OO 9, SAM 4	N/A	PUBLIC	Stewardship	4

During the reporting year, which aspects of (proxy) voting did your organisation, or the service provider acting on your behalf, review and evaluate when selecting new external investment managers or allocating new mandates to existing investment managers?

☑ **(A) The alignment of their policy(ies) or guidelines on (proxy) voting with the investment mandate**
Select from dropdown list
◉ **(1) for all of our mandates**
○ (2) for a majority of our mandates
○ (3) for a minority of our mandates

☑ **(B) Historical information on the number or percentage of general meetings at which they voted**
Select from dropdown list
◉ **(1) for all of our mandates**
○ (2) for a majority of our mandates
○ (3) for a minority of our mandates

☑ **(C) Analysis of votes cast for and against**
Select from dropdown list
◉ **(1) for all of our mandates**
○ (2) for a majority of our mandates
○ (3) for a minority of our mandates

☑ **(D) Analysis of votes cast for and against resolutions related to risks connected to systematic sustainability issues**
Select from dropdown list
◉ **(1) for all of our mandates**
○ (2) for a majority of our mandates
○ (3) for a minority of our mandates

☑ **(E) Details of their position on any controversial and high-profile votes**
Select from dropdown list
◉ **(1) for all of our mandates**
○ (2) for a majority of our mandates
○ (3) for a minority of our mandates

☑ **(F) Historical information of any resolutions on which they voted contrary to their own voting policy and the reasons why**
Select from dropdown list
◉ **(1) for all of our mandates**
○ (2) for a majority of our mandates
○ (3) for a minority of our mandates

☑ **(G) Details of all votes involving companies where the external investment manager or an affiliate has a contractual relationship or another potential conflict of interest**
Select from dropdown list
◉ **(1) for all of our mandates**
○ (2) for a majority of our mandates
○ (3) for a minority of our mandates

○ (H) We did not review and evaluate any of the above aspects of (proxy) voting when selecting new external investment managers or allocating new mandates to existing investment managers during the reporting year
○ (I) Not applicable; our organisation did not select new external investment managers or allocated new mandates to existing investment managers for listed equity and/or hedge funds that hold equity.

APPOINTMENT

SEGREGATED MANDATES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 8	CORE	OO 5.2, OO 13	N/A	PUBLIC	Segregated mandates	4

Which responsible investment aspects do your organisation, or the service provider acting on your behalf, explicitly include in clauses within your contractual agreements with your external investment managers for segregated mandates?

☑ **(A) Their commitment to following our responsible investment strategy in the management of our assets**
Select from dropdown list
◉ **(1) for all of our segregated mandates**
○ (2) for a majority of our segregated mandates
○ (3) for a minority of our segregated mandates

☑ **(B) Their commitment to incorporating material ESG factors into their investment activities**
Select from dropdown list
◉ **(1) for all of our segregated mandates**
○ (2) for a majority of our segregated mandates
○ (3) for a minority of our segregated mandates

☑ **(C) Their commitment to incorporating material ESG factors into their stewardship activities**
Select from dropdown list
◉ **(1) for all of our segregated mandates**
○ (2) for a majority of our segregated mandates
○ (3) for a minority of our segregated mandates

☑ **(D) Their commitment to incorporating risks connected to systematic sustainability issues into their investment activities**
Select from dropdown list
◉ **(1) for all of our segregated mandates**
○ (2) for a majority of our segregated mandates
○ (3) for a minority of our segregated mandates

☑ **(E) Their commitment to incorporating risks connected to systematic sustainability issues into their stewardship activities**
Select from dropdown list
◉ **(1) for all of our segregated mandates**
○ (2) for a majority of our segregated mandates
○ (3) for a minority of our segregated mandates

☑ **(F) Exclusion list(s) or criteria**
Select from dropdown list
◉ **(1) for all of our segregated mandates**
○ (2) for a majority of our segregated mandates
○ (3) for a minority of our segregated mandates

☑ **(G) Responsible investment communications and reporting obligations, including stewardship activities and results**

Select from dropdown list
◉ **(1) for all of our segregated mandates**
○ (2) for a majority of our segregated mandates
○ (3) for a minority of our segregated mandates
☑ **(H) Incentives and controls to ensure alignment of interests**
Select from dropdown list
◉ **(1) for all of our segregated mandates**
○ (2) for a majority of our segregated mandates
○ (3) for a minority of our segregated mandates
☑ **(I) Commitments on climate-related disclosure in line with internationally-recognised frameworks such as the TCFD**
Select from dropdown list
◉ **(1) for all of our segregated mandates**
○ (2) for a majority of our segregated mandates
○ (3) for a minority of our segregated mandates
☑ **(J) Commitment to respect human rights as defined in the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights**
Select from dropdown list
◉ **(1) for all of our segregated mandates**
○ (2) for a majority of our segregated mandates
○ (3) for a minority of our segregated mandates
☑ **(K) Their acknowledgement that their appointment is conditional on the fulfilment of their agreed responsible investment commitments**
Select from dropdown list
◉ **(1) for all of our segregated mandates**
○ (2) for a majority of our segregated mandates
○ (3) for a minority of our segregated mandates
☐ (L) Other
○ (M) We do not include responsible investment aspects in clauses within our contractual agreements with external investment managers for segregated mandates

MONITORING

RESPONSIBLE INVESTMENT PRACTICES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 9	CORE	OO 14, OO 21	N/A	PUBLIC	Responsible investment practices	4

For the majority of your externally managed AUM in each asset class, which aspects of your external investment managers' responsible investment practices did your organisation, or the service provider acting on your behalf, monitor during the reporting year?

	(1) Listed equity (active)	(2) Listed equity (passive)	(3) Fixed income (active)	(5) Private equity	(6) Real estate	(7) Infrastructure
Organisation						
(A) Commitment to and experience in responsible investment (e.g. commitment to responsible investment principles and standards)	☑	☑	☑	☑	☑	☑
(B) Responsible investment policy(ies) (e.g. the continued alignment of their responsible investment policy with the investment mandate)	☑	☑	☑	☑	☑	☑
(C) Governance structure and senior level oversight and accountability (e.g. the adequacy of their governance structure and reported conflicts of interest)	☑	☑	☑	☑	☑	☑
People and Culture						
(D) Adequate resourcing and incentives (e.g. their team structures, operating model and remuneration structure, including alignment of interests)	☑	☑	☑	☑	☑	☑
(E) Staff competencies and experience in responsible investment (e.g. level of responsible investment responsibilities in their investment team, their responsible investment training and capacity building)	☑	☑	☑	☑	☑	☑
Investment Process						

(F) Incorporation of material ESG factors in the investment process (e.g. detail and evidence of how such factors are incorporated into the selection of individual assets and in portfolio construction)	☑	☑	☑	☑	☑	☑
(G) Incorporation of risks connected to systematic sustainability issues in the investment process (e.g. detail and evidence of how such risks are incorporated into the selection of individual assets and in portfolio construction)	☑	☑	☑	☑	☑	☑
(H) Incorporation of material ESG factors and ESG risks connected to systematic sustainability issues in portfolio risk assessment (e.g. their process to measure and report such risks, their response to ESG incidents)	☑	☑	☑	☑	☑	☑
Performance and Reporting						
(I) ESG disclosure in regular client reporting (e.g. any changes in their regular client reporting)	☑	☐	☐	☐	☐	☐
(J) Inclusion of ESG factors in contractual agreements	☑	☐	☐	☐	☐	☐
(K) We did not monitor any of the above aspects of our external investment managers' responsible investment practices during the reporting year	○	○	○	○	○	○

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 10	PLUS	OO 14, OO 21	N/A	PUBLIC	Responsible investment practices	1

During the reporting year, which information did your organisation, or the service provider acting on your behalf, monitor for externally managed ESG passive products and strategies?

	(1) Listed equity (passive)
(A) How the external investment managers applied, reviewed and verified screening criteria	☑
(B) How the external investment managers rebalanced the products as a result of changes in ESG rankings, ratings or indexes	☑
(C) Evidence that ESG passive products and strategies meet the responsible investment criteria and process	☑
(D) Other	☑
(E) We did not monitor ESG passive products and strategies	○
(F) Not applicable; we do not invest in ESG passive products and strategies	○

(D) Other - Specify:

For all passive ESG investments, we developed an ESG questionnaire to obtain additional information on sustainable strategy, proxy voting process, screening strategy, ASG issues & controversies, climate change policy, engagement process, etc.

We monitored the manager's engagement with portfolio holdings (in accordance with their responsible investment policy) and requested a detailed record of any material ESG incidents over the past six months.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 11	PLUS	OO 14, OO 21	N/A	PUBLIC	Responsible investment practices	1

Describe an innovative practice you adopted as part of monitoring your external investment managers' responsible investment practices in a specific asset class during the reporting year.

The Afore currently has ESG clauses already defined for inclusion in the investment management agreements (IMAs). The clauses are intended to clearly state the importance of ESG factors, these considerations are aligned with the PRI and therefore the clauses are legally binding once they are included in the IMA executed by both parties. Non-compliance with these clauses will give rise to an early warning that will require the manager to commit to compliance later; the persistence of this non-compliance may affect the pension fund decision to renew or terminate the IMA, always considering the financial aspects of the strategies before deciding.
ESG clauses included in the IMAs by AXXIB:
1. Responsible Investment Principles and ESG Criteria.
2. Communication and reporting during pendency of the Agreement.
3. Violation and remedies
4. Engagement practices and results
5. Active ownership of ERP.
6. TCFD and climate scenario analysis.

Through these ESG clauses, AXXIB seeks to have the external manager commit to the PRIs about its investment process when managing pension fund resources. Specifically, the Manager will commit to integrating financially material ESG factors - which should include climate change, corporate governance, and other relevant risks and opportunities - into its investment analysis, decision-making, policies, and management practices, including engaging with the management (or equivalent) of the issuers (or equivalent) in which the Afore invests to seek to improve ESG performance by these principles.

In 2022, we created our Responsible Investment Policy for mutual funds, which defines the ESG criteria for responsible investment that we consider when selecting mutual funds and that we follow up annually through an internal questionnaire sent to the managers of each fund.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 12	CORE	OO 14, OO 21	N/A	PUBLIC	Responsible investment practices	1

For the majority of your externally managed AUM in each asset class, how often does your organisation, or the service provider acting on your behalf, monitor your external investment managers' responsible investment practices?

	(1) Listed equity (active)	(2) Listed equity (passive)	(3) Fixed income (active)	(5) Private equity	(6) Real estate	(7) Infrastructure
(A) At least annually	☑	☑	☑	☑	☑	☑
(B) Less than once a year	☐	☐	☐	☐	☐	☐
(C) On an ad hoc basis	☑	☐	☑	☑	☑	☑

STEWARDSHIP

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 13	CORE	OO 8, OO 21	N/A	PUBLIC	Stewardship	1, 2

For the majority of your externally managed AUM in each asset class, which aspects of your external investment managers' stewardship practices did your organisation, or the service provider acting on your behalf, monitor during the reporting year?

	(1) Listed equity (active)	(3) Fixed income (active)	(5) Private equity	(6) Real estate	(7) Infrastructure
(A) Any changes in their policy(ies) or guidelines on stewardship	☑	☑	☑	☑	☑
(B) The degree of implementation of their policy(ies) or guidelines on stewardship	☑	☑	☑	☑	☑
(C) How they prioritise material ESG factors	☑	☑	☑	☑	☑
(D) How they prioritise risks connected to systematic sustainability issues	☑	☑	☑	☑	☑
(E) Their investment team's level of involvement in stewardship activities	☑	☑	☑	☑	☑

(F) Whether the results of stewardship actions were fed back into the investment process and decisions	☑	☑	☑	☑	☑
(G) Whether they used a variety of stewardship tools and activities to advance their stewardship priorities	☑	☑	☑	☑	☑
(H) The deployment of their escalation process in cases where initial stewardship efforts were unsuccessful	☑	☑	☑	☑	☑
(I) Whether they participated in collaborative engagements and stewardship initiatives	☑	☑	☑	☑	☑
(J) Whether they had an active role in collaborative engagements and stewardship initiatives	☑	☑	☑	☑	☑
(K) Other	☐	☐	☐	☐	☐
(L) We did not monitor our external investment managers' stewardship practices during the reporting year	○	○	○	○	○

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 14	CORE	OO 9, OO 21	N/A	PUBLIC	Stewardship	1, 2

For the majority of your AUM in each asset class where (proxy) voting is delegated to external investment managers, which aspects of your external investment managers' (proxy) voting practices did your organisation, or the service provider acting on your behalf, monitor during the reporting year?

	(2) Listed equity (passive)
(A) Any changes in their policy(ies) or guidelines on (proxy) voting	☑
(B) Whether their (proxy) voting decisions were consistent with their stewardship priorities as stated in their policy and with their voting policy, principles and/or guidelines	☑
(C) Whether their (proxy) voting decisions were consistent with their stated approach on the prioritisation of risks connected to systematic sustainability issues	☑
(D) Whether their (proxy) voting track record was aligned with our stewardship approach and expectations	☑
(E) The application of their policy on securities lending and any implications for implementing their policy(ies) or guidelines on (proxy) voting (where applicable)	☐
(F) Other	☑
(G) We did not monitor our external investment managers' (proxy) voting practices during the reporting year	○

(F) Other - Specify:

We monitored, on an annual basis:
Changes in policies or processes that have taken place in the reporting period for voting and required disclosure.
Specific results of proxy voting activities and decisions.
Results of resolutions voted on in the reporting period.
Proportion of shares voted in the reporting period, among others

ENGAGEMENT AND ESCALATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 15	PLUS	OO 14, OO 21	N/A	PUBLIC	Engagement and escalation	4

Describe how your organisation engaged with external investment managers to improve their responsible investment practices during the reporting year.

As a result of the active engagement of each manager proposed to the Investment Committee, by the end of December 2022 we will be able to formalize 39 commitments related to ESG risks with 9 portfolio managers. The commitments are determined based on the ESG score obtained by the manager and the risks identified in each of them. The top 10 ESG risks (commitments) focus on the following topics Sustainable strategy/ESG policies, disclosure and transparency, diversity inclusion, workplace violence, independence, ethics, climate change, ESG KPIs, water stewardship, ESG risk quantification, and sustainability certifications.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 16	CORE	OO 14, OO 21	N/A	PUBLIC	Engagement and escalation	4

What actions does your organisation, or the service provider acting on your behalf, include in its formal escalation process to address concerns raised during monitoring of your external investment managers' responsible investment practices?

	(1) Listed equity (active)	(2) Listed equity (passive)	(3) Fixed income (active)	(5) Private equity	(6) Real estate	(7) Infrastructure
(A) Engagement with their investment professionals, investment committee or other representatives	☑	☑	☑	☑	☑	☑
(B) Notification about their placement on a watch list or relationship coming under review	☑	☑	☑	☑	☑	☑

(C) Reduction of capital allocation to the external investment managers until any concerns have been rectified	☑	☑	☑	☑	☑	☑
(D) Termination of the contract if failings persist over a (notified) period, including an explanation of the reasons for termination	☐	☐	☐	☐	☐	☐
(E) Holding off selecting the external investment managers for new mandates or allocating additional capital until any concerns have been rectified	☐	☐	☐	☐	☐	☐
(F) Other	☑	☑	☑	☑	☑	☑
(G) Our organisation does not have a formal escalation process to address concerns raised during monitoring	○	○	○	○	○	○

(F) Other - Specify:

In the event of insufficient or inadequate reporting or results, or any violation of established policies, AXXIB has three actions and their respective measures that could be considered to improve the dialogue and mitigate non-compliance We also make timely and formal commitments to managers to reduce ESG risks in their portfolios and improve responsible investment practices

VERIFICATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 17	CORE	OO 14, OO 21	N/A	PUBLIC	Verification	1

For the majority of your externally managed AUM in each asset class, how did your organisation, or the service provider acting on your behalf, verify that the information reported by external investment managers on their responsible investment practices was correct during the reporting year?

	(1) Listed equity (active)	(2) Listed equity (passive)	(3) Fixed income (active)	(5) Private equity	(6) Real estate	(7) Infrastructure
(A) We checked that the information reported was verified through a third-party assurance process	☐	☐	☐	☐	☐	☐
(B) We checked that the information reported was verified by an independent third party	☑	☑	☑	☑	☑	☑
(C) We checked for evidence of internal monitoring or compliance	☑	☑	☑	☑	☑	☑
(D) Other	☑	☑	☑	☑	☑	☑
(E) We did not verify the information reported by external investment managers on their responsible investment practices during the reporting year	○	○	○	○	○	○

(D) Other - Specify:

Supervise the responsible investment practices of external managers to ensure that the mandates comply with the requirements set forth in the RFP and meet the expectations included in the IMA, for which we have a review process that includes frequent reporting and disclosure.

ESG team performs an ESG analysis in which an ESG score is obtained, and in case of additional questions on any topic, direct communication is established with the managers.

SUSTAINABILITY OUTCOMES (SO)

SETTING TARGETS AND TRACKING PROGRESS

SETTING TARGETS ON SUSTAINABILITY OUTCOMES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 1	PLUS	PGS 48	SO 2, SO 2.1, SO 3	PUBLIC	Setting targets on sustainability outcomes	1, 2

What specific sustainability outcomes connected to its investment activities has your organisation taken action on?

☑ **(A) Sustainability outcome #1**
(1) Widely recognised frameworks used to guide action on this sustainability outcome
☑ **(1) The UN Sustainable Development Goals (SDGs) and targets**
☑ **(2) The UNFCCC Paris Agreement**
☐ (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
☐ (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
☐ (5) The EU Taxonomy
☐ (6) Other relevant taxonomies
☐ (7) The International Bill of Human Rights
☐ (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
☐ (9) The Convention on Biological Diversity
☐ (10) Other international, regional, sector-based or issue-specific framework(s)
(2) Classification of sustainability outcome
☑ **(1) Environmental**
☑ **(2) Social**
☑ **(3) Governance-related**
☑ **(4) Other**
(3) Sustainability outcome name

Buildings with environmental certifications

(4) Number of targets set for this outcome
○ (1) No target
◉ **(2) One target**
○ (3) Two or more targets
☑ **(B) Sustainability outcome #2**
(1) Widely recognised frameworks used to guide action on this sustainability outcome
☐ (1) The UN Sustainable Development Goals (SDGs) and targets
☑ **(2) The UNFCCC Paris Agreement**
☐ (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
☐ (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
☐ (5) The EU Taxonomy
☐ (6) Other relevant taxonomies
☐ (7) The International Bill of Human Rights

☐ (8) The International Labour Organization’s Declaration on Fundamental Principles and Rights at Work and the eight core conventions
☐ (9) The Convention on Biological Diversity
☐ (10) Other international, regional, sector-based or issue-specific framework(s)

(2) Classification of sustainability outcome
☑ **(1) Environmental**
☐ (2) Social
☐ (3) Governance-related
☐ (4) Other

(3) Sustainability outcome name

Carbon emissions

(4) Number of targets set for this outcome
○ (1) No target
◉ **(2) One target**
○ (3) Two or more targets

☑ **(C) Sustainability outcome #3**

(1) Widely recognised frameworks used to guide action on this sustainability outcome
☑ **(1) The UN Sustainable Development Goals (SDGs) and targets**
☐ (2) The UNFCCC Paris Agreement
☐ (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
☐ (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
☐ (5) The EU Taxonomy
☐ (6) Other relevant taxonomies
☐ (7) The International Bill of Human Rights
☐ (8) The International Labour Organization’s Declaration on Fundamental Principles and Rights at Work and the eight core conventions
☐ (9) The Convention on Biological Diversity
☐ (10) Other international, regional, sector-based or issue-specific framework(s)

(2) Classification of sustainability outcome
☑ **(1) Environmental**
☐ (2) Social
☐ (3) Governance-related
☐ (4) Other

(3) Sustainability outcome name

Water consumption and water saving

(4) Number of targets set for this outcome
○ (1) No target
◉ **(2) One target**
○ (3) Two or more targets

☑ **(D) Sustainability outcome #4**

(1) Widely recognised frameworks used to guide action on this sustainability outcome
☑ **(1) The UN Sustainable Development Goals (SDGs) and targets**
☐ (2) The UNFCCC Paris Agreement
☑ **(3) The UN Guiding Principles on Business and Human Rights (UNGPs)**
☐ (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
☐ (5) The EU Taxonomy
☑ **(6) Other relevant taxonomies**
☐ (7) The International Bill of Human Rights

☐ (8) The International Labour Organization’s Declaration on Fundamental Principles and Rights at Work and the eight core conventions
☐ (9) The Convention on Biological Diversity
☐ (10) Other international, regional, sector-based or issue-specific framework(s)
(2) Classification of sustainability outcome
☐ (1) Environmental
☑ **(2) Social**
☑ **(3) Governance-related**
☐ (4) Other
(3) Sustainability outcome name

Women inclusion in board

(4) Number of targets set for this outcome
○ (1) No target
◉ **(2) One target**
○ (3) Two or more targets
☑ **(E) Sustainability outcome #5**
(1) Widely recognised frameworks used to guide action on this sustainability outcome
☑ **(1) The UN Sustainable Development Goals (SDGs) and targets**
☑ **(2) The UNFCCC Paris Agreement**
☐ (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
☐ (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
☐ (5) The EU Taxonomy
☐ (6) Other relevant taxonomies
☐ (7) The International Bill of Human Rights
☐ (8) The International Labour Organization’s Declaration on Fundamental Principles and Rights at Work and the eight core conventions
☐ (9) The Convention on Biological Diversity
☐ (10) Other international, regional, sector-based or issue-specific framework(s)
(2) Classification of sustainability outcome
☑ **(1) Environmental**
☑ **(2) Social**
☑ **(3) Governance-related**
☑ **(4) Other**
(3) Sustainability outcome name

Strategies to asses climate-related risks

(4) Number of targets set for this outcome
○ (1) No target
◉ **(2) One target**
○ (3) Two or more targets
☑ **(F) Sustainability outcome #6**
(1) Widely recognised frameworks used to guide action on this sustainability outcome
☑ **(1) The UN Sustainable Development Goals (SDGs) and targets**
☑ **(2) The UNFCCC Paris Agreement**
☐ (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
☐ (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
☐ (5) The EU Taxonomy
☐ (6) Other relevant taxonomies
☐ (7) The International Bill of Human Rights

☐ (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
☐ (9) The Convention on Biological Diversity
☐ (10) Other international, regional, sector-based or issue-specific framework(s)

(2) Classification of sustainability outcome
☑ **(1) Environmental**
☐ (2) Social
☐ (3) Governance-related
☐ (4) Other

(3) Sustainability outcome name

Property insurances with climate events coverage

(4) Number of targets set for this outcome
○ (1) No target
◉ **(2) One target**
○ (3) Two or more targets

☐ (G) Sustainability outcome #7
☐ (H) Sustainability outcome #8
☐ (I) Sustainability outcome #9
☐ (J) Sustainability outcome #10

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 2	PLUS	SO 1	SO 2.1, SO 4, SO 5	PUBLIC	Setting targets on sustainability outcomes	1

For each sustainability outcome, provide details of up to two of your nearest-term targets.

	(A1) Sustainability Outcome #1: Target details
(A1) Sustainability Outcome #1:	Buildings with environmental certifications
(1) Target name	Green buildings
(2) Baseline year	2020
(3) Target to be met by	2030
(4) Methodology	Increase the number of issuers with projects or assets with green building certification
(5) Metric used (if relevant)	Number of issuers with projects or assets with green building certification

(6) Absolute or intensity-based (if relevant)	(2) Intensity-based
(7) Baseline level or amount (if relevant):	26% of real estate projects have some kind of sustainable building certification.
(8) Target level or amount (if relevant)	50% of the projects in the real estate sector have some kind of sustainable building certification.
(9) Percentage of total AUM covered in your baseline year for target setting	5%
(10) Do you also have a longer-term target for this?	(2) No
	(B1) Sustainability Outcome #2: Target details
(B1) Sustainability Outcome #2:	Carbon emissions
(1) Target name	Carbon Emissions
(2) Baseline year	2020
(3) Target to be met by	2030
(4) Methodology	Monitor the major emitters with the highest carbon emissions. Increase disclosure practices among issuers on carbon emissions, reduction targets, strategies to reduce carbon emissions, etc.
(5) Metric used (if relevant)	Percentage of portfolio with highest carbon emissions
(6) Absolute or intensity-based (if relevant)	(2) Intensity-based
(7) Baseline level or amount (if relevant):	41% of issuers have carbon disclosure practices, reduction targets, carbon reduction strategies, etc.
(8) Target level or amount (if relevant)	Increase to 80% of issuers disclosing carbon emissions information, reduction targets and strategies.
(9) Percentage of total AUM covered in your baseline year for target setting	7%

(10) Do you also have a longer-term target for this?	(2) No
	(C1) Sustainability Outcome #3: Target details
(C1) Sustainability Outcome #3:	Water consumption and water saving
(1) Target name	Water
(2) Baseline year	2020
(3) Target to be met by	2030
(4) Methodology	Monitor key water-using companies in the portfolio in terms of consumption, water risk disclosure, supply chain practices, supplier water management policies, strategies to treat or reduce water use in production, etc.
(5) Metric used (if relevant)	Number of companies
(6) Absolute or intensity-based (if relevant)	(1) Absolute
(7) Baseline level or amount (if relevant):	40% of the selected companies have water consumption disclosure practices, supply chain practices and involvement in the supply chain, etc.
(8) Target level or amount (if relevant)	Increase to 80% of selected companies disclosing water use information, practices, and supply chain engagement, etc.
(9) Percentage of total AUM covered in your baseline year for target setting	4%
(10) Do you also have a longer-term target for this?	(2) No
	(D1) Sustainability Outcome #4: Target details
(D1) Sustainability Outcome #4:	Women inclusion in board
(1) Target name	Women inclusion

(2) Baseline year	2020
(3) Target to be met by	2030
(4) Methodology	Encourage broadcasters and administrators to reach 30% participation of women
(5) Metric used (if relevant)	Percentage of women in Boards
(6) Absolute or intensity-based (if relevant)	(1) Absolute
(7) Baseline level or amount (if relevant):	16% of selected portfolios have at least 30% female board representation.
(8) Target level or amount (if relevant)	At least 30% of the selected portfolio must have at least 30% female board representation.
(9) Percentage of total AUM covered in your baseline year for target setting	15%
(10) Do you also have a longer-term target for this?	(2) No
	(E1) Sustainability Outcome #5: Target details
(E1) Sustainability Outcome #5:	Strategies to asses climate-related risks
(1) Target name	TCFD 1: Climate Strategy
(2) Baseline year	2020
(3) Target to be met by	2030
(4) Methodology	Encourage managers to assess their climate change risks and opportunities
(5) Metric used (if relevant)	Percentage of issuers that counts with a Climate Strategy
(6) Absolute or intensity-based (if relevant)	(1) Absolute

(7) Baseline level or amount (if relevant):	9% of selected issuers and managers have a climate change strategy
(8) Target level or amount (if relevant)	70% of companies and managers must have a climate change strategy in place
(9) Percentage of total AUM covered in your baseline year for target setting	4%
(10) Do you also have a longer-term target for this?	(2) No
	(F1) Sustainability Outcome #6: Target details
(F1) Sustainability Outcome #6:	Property insurances with climate events coverage
(1) Target name	TCFD 2: Climate Coverage
(2) Baseline year	2020
(3) Target to be met by	2030
(4) Methodology	Encouraging managers to have insurance coverage for climate change damages
(5) Metric used (if relevant)	Percentage of issuers that counts with a Climate Strategy
(6) Absolute or intensity-based (if relevant)	(1) Absolute
(7) Baseline level or amount (if relevant):	48% of the selected managers have coverage for climate change risks and damages.
(8) Target level or amount (if relevant)	70% of managers must have coverage for risks and damages due to climate change
(9) Percentage of total AUM covered in your baseline year for target setting	5%
(10) Do you also have a longer-term target for this?	(2) No

FOCUS: SETTING NET-ZERO TARGETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 3	PLUS	SO 1	Multiple, see guidance	PUBLIC	Focus: Setting net-zero targets	General

If relevant to your organisation, you can opt-in to provide further details on your net-zero targets.

☐ (A) Yes, we would like to provide further details on our organisation's asset class-specific net-zero targets
☑ **(B) Yes, we would like to provide further details on our organisation's net-zero targets for high-emitting sectors**
☑ **(C) Yes, we would like to provide further details on our organisation's mandate or fund-specific net-zero targets**
○ (D) No, we would not like to provide further details on our organisation's asset class, high-emitting sectors or mandate or fund-specific net-zero targets
○ (E) No, our organisation does not have any asset class, high-emitting sectors or mandate or fund-specific net-zero targets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 3.2	PLUS	SO 3	N/A	PUBLIC	Focus: Setting net-zero targets	General

Provide details of your nearest-term net-zero targets for high-emitting sectors.

☐ (A) Coal
☐ (B) Gas
☐ (C) Oil
☐ (D) Combined oil and gas
☐ (E) Utilities
☑ **(F) Cement**

	Target details	
(F) Cement		
(1) Baseline year	2019	
(2) Target to be met by	2030	
(3) Emissions included in target		(1) Scope 1 (2) Scope 2

(4) Methodology	In order to identify the most polluting sectors, Afore XXI-Banorte analyzed the emissions linked to its portfolio based on the PCAF methodology to measure the emissions associated with the financial activities of the investment portfolio, excluding green bonds, sustainable bonds and derivative products from this calculation. The quantification of funded issuances of equity, fiber, corporate debt, ETFs, Mandates, government debt and Mutual Funds considers Scope 1 and Scope 2 issuances of issuers included in the investment portfolio as of December 30, 2022. Funded emissions are calculated based on the company's total GHG Scope 1 and 2 emissions * (Investment amount/Enterprise Value). The calculation has a coverage of 83% of the instruments in the portfolio and 80% of the AUMs, GHG emissions data was taken according to MSCI data availability as of December 30, 2021. Enterprise Value and sales were extracted from Bloomberg and S&P. Climate metrics included in this analysis included metrics recommended by PRI: ■ Carbon emissions intensity: volume of carbon emissions per-USD million in revenue, expressed in tons CO2e / USD million in revenue. Weighted average carbon intensity (WACI): a portfolio's exposure to high-carbon companies, expressed in tons of CO2e / USD million in revenue. From this analysis and the metrics referred to, the highly polluting sectors in the portfolio were identified as follows: Oil & Gas, Cement and Airlines, for the monitoring of the metrics we have chosen absolute emissions (Cement) or carbon intensity (Aviation) as our main metrics for the definition of decarbonization targets in the portfolio. . For the definition of the targets we used gross emissions trajectories establishing linear reductions according to the reductions according to the SBTI General Net Zero and SBTI Sectoral methodology. In accordance with the commitments outlined by the science-based targets according to the sector in the "Gross emission trajectories - SBTI sectoral path".
(5) Metric used	(2) Absolute: MtCO2e
(6) Baseline amount	46,023,000 ton de CO2e
(7) Current amount (if different from baseline amount)	42,716,000 ton de CO2e

(8) Targeted reduction with respect to baseline	44%
(9) Asset classes covered	Listed equity

☐ (G) Steel
☑ **(H) Aviation**

	Target details
(H) Aviation	
(1) Baseline year	2021
(2) Target to be met by	2035
(3) Emissions included in target	(1) Scope 1 (2) Scope 2
(4) Methodology	In order to identify the most polluting sectors, Afore XXI-Banorte analyzed the emissions linked to its portfolio based on the PCAF methodology to measure the emissions associated with the financial activities of the investment portfolio, excluding green bonds, sustainable bonds and derivative products from this calculation. The quantification of funded issuances of equity, fiber, corporate debt, ETFs, Mandates, government debt and Mutual Funds considers Scope 1 and Scope 2 issuances of issuers included in the investment portfolio as of December 30, 2022. Funded emissions are calculated based on the company's total GHG Scope 1 and 2 emissions * (Investment amount/Enterprise Value). The calculation has a coverage of 83% of the instruments in the portfolio and 80% of the AUMs, GHG emissions data was taken according to MSCI data availability as of December 30, 2021. Enterprise Value and sales were extracted from Bloomberg and S&P. Climate metrics included in this analysis included metrics recommended by PRI: ■ Carbon emissions intensity: volume of carbon emissions per-USD million in revenue, expressed in tons CO2e / USD million in revenue. Weighted average carbon intensity (WACI): a portfolio's exposure to high-carbon companies, expressed in tons of CO2e / USD million in revenue.

	From this analysis and the metrics referred to, the highly polluting sectors in the portfolio were identified as follows: Oil & Gas, Cement and Airlines, for the monitoring of the metrics we have chosen absolute emissions (Cement) or carbon intensity (Aviation) as our main metrics for the definition of decarbonization targets in the portfolio. For the definition of the targets we used gross emissions trajectories establishing linear reductions according to the reductions according to the SBTI General Net Zero and SBTI Sectoral methodology. In accordance with the commitments outlined by the science-based targets according to the sector in the "Gross emission trajectories - SBTI sectoral path".
(5) Metric used	(2) Absolute: MtCO2e
(6) Baseline amount	2,684,540 ton de CO2e
(7) Current amount (if different from baseline amount)	3,354,500 ton de CO2e
(8) Targeted reduction with respect to baseline	45%
(9) Asset classes covered	Listed equity

☐ (I) Heavy duty road
☐ (J) Light duty road
☐ (K) Shipping
☐ (L) Combined aviation, heavy duty road, light duty road and shipping
☐ (M) Aluminium
☐ (N) Agriculture, forestry, and fishery
☐ (O) Chemicals
☐ (P) Construction and buildings
☐ (Q) Textile and leather
☐ (R) Water

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 3.3	PLUS	SO 3	N/A	PUBLIC	Focus: Setting net-zero targets	General

Provide details of your net-zero targets for specific mandates or funds.

☑ **(A) Fund or mandate #1**

(1) Name of mandate or fund

JP Morgan

(2) Target details

May 2021, JP Morgan became the first U.S. bank to set portfolio-level emissions intensity reduction targets for 2030, targeting three sectors: iron and steel, cement, and aviation.

JP Morgan is also in the process of extending the targets in its financing portfolio to the oil and gas, power, and automotive sectors. These targets will be aligned with the International Energy Agency's net zero scenarios for 2050.
The selected sectors were chosen based on their contribution to total global emissions and their importance to the economy as a whole. The targets are based on the transition pathways outlined in credible third-party emissions reduction scenarios, including the IEA's NZE 2050 Scenario and the Development Scenario ("SDS"). For each sector, JP Morgan has defined one or more core metrics to monitor progress towards decarbonization, which are intended to be compatible with the reference trajectories used to assess alignment with global emissions targets.
The methodology includes a qualitative assessment of the holistic view of clients' plans to achieve their decarbonization plans and, on the quantitative side, includes emissions intensity metrics to define 2030 targets.

Targets:
Iron and steel
Scope: Scope 1 and 2 emissions
Base year: 2020
Intensity per ton of raw iron 1,454 tons CO2e / ton of crude iron
Target year: 2030
31% reduction in intensity to 1,001 t CO2e per tonne
Reference scenario: IEA NZ

Cement
Scope: Scope 1 and 2 emissions
Base year: 2020
Intensity per ton of raw iron 647.8 kg CO2e / tonne of cement product
Target year: 2030
29% reduction in intensity to 460 kg CO2e per tonne of cement product
Reference scenario: IEA NZ

☑ **(B) Fund or mandate #2**

(1) Name of mandate or fund

Blackrock

(2) Target details

Currently, approximately 25% of BlackRock assets under management (“AUM”) with respect to corporate and sovereign issuers is invested for clients in issuers with Science-Based Targets or equivalent. As the transition proceeds and issuers and asset owners continue to position themselves in front of it, we anticipate that by 2030, at least 75% of BlackRock corporate and sovereign assets managed on behalf of clients will be invested in issuers with science-based targets or equivalent.

☐ (C) Fund or mandate #3
☐ (D) Fund or mandate #4
☐ (E) Fund or mandate #5
☐ (F) Fund or mandate #6
☐ (G) Fund or mandate #7
☐ (H) Fund or mandate #8
☐ (I) Fund or mandate #9
☐ (J) Fund or mandate #10

TRACKING PROGRESS AGAINST TARGETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 4	PLUS	SO 2	SO 4.1	PUBLIC	Tracking progress against targets	1

Does your organisation track progress against your nearest-term sustainability outcomes targets?

	(A1) Sustainability outcome #1:
(A1) Sustainability outcome #1:	Buildings with environmental certifications
Target name:	Green buildings
Does your organisation track progress against your nearest-term sustainability outcome targets?	(1) Yes
	(B1) Sustainability outcome #2:
(B1) Sustainability outcome #2:	Carbon emissions
Target name:	Carbon Emissions
Does your organisation track progress against your nearest-term sustainability outcome targets?	(1) Yes
	(C1) Sustainability outcome #3:
(C1) Sustainability outcome #3:	Water consumption and water saving
Target name:	Water

Does your organisation track progress against your nearest-term sustainability outcome targets?	(1) Yes
	(D1) Sustainability outcome #4:
(D1) Sustainability outcome #4:	Women inclusion in board
Target name:	Women inclusion
Does your organisation track progress against your nearest-term sustainability outcome targets?	(1) Yes
	(E1) Sustainability outcome #5:
(E1) Sustainability outcome #5:	Strategies to asses climate-related risks
Target name:	TCFD 1: Climate Strategy
Does your organisation track progress against your nearest-term sustainability outcome targets?	(1) Yes
	(F1) Sustainability outcome #6:
(F1) Sustainability outcome #6:	Property insurances with climate events coverage
Target name:	TCFD 2: Climate Coverage
Does your organisation track progress against your nearest-term sustainability outcome targets?	(1) Yes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 4.1	PLUS	SO 4	N/A	PUBLIC	Tracking progress against targets	1

During the reporting year, what qualitative or quantitative progress did your organisation achieve against your nearest-term sustainability outcome targets?

	(A1) Sustainability Outcome #1: Target details
(A1) Sustainability Outcome #1:	Buildings with environmental certifications
(1) Target name	Green buildings
(2) Target to be met by	2030
(3) Metric used (if relevant)	Number of issuers with projects or assets with green building certification
(4) Current level or amount (if relevant)	61% of real estate projects have some kind of sustainable building certification.
(5) Other qualitative or quantitative progress	To achieve this, we have entered formal engagements with managers and companies in the property sector.
(6) Methodology for tracking progress	Through our ESG compliance questionnaire and quarterly, half-yearly and annual follow-up and monitoring.
	(B1) Sustainability Outcome #2: Target details
(B1) Sustainability Outcome #2:	Carbon emissions
(1) Target name	Carbon Emissions
(2) Target to be met by	2030
(3) Metric used (if relevant)	Percentage of portfolio with highest carbon emissions

(4) Current level or amount (if relevant)	56% of issuers have carbon disclosure practices, reduction targets, carbon reduction strategies, etc.
(5) Other qualitative or quantitative progress	To achieve this, we have entered formal engagements with managers and companies.
(6) Methodology for tracking progress	Through our ESG compliance questionnaire and quarterly, half-yearly and annual follow-up and monitoring.
	(C1) Sustainability Outcome #3: Target details
(C1) Sustainability Outcome #3:	Water consumption and water saving
(1) Target name	Water
(2) Target to be met by	2030
(3) Metric used (if relevant)	Number of companies
(4) Current level or amount (if relevant)	49% of the selected companies have water consumption disclosure practices, supply chain practices and involvement in the supply chain, etc.
(5) Other qualitative or quantitative progress	To achieve this, we have entere formal engagements with managers and companies.
(6) Methodology for tracking progress	Through our ESG compliance questionnaire and quarterly, half-yearly and annual follow-up and monitoring.
	(D1) Sustainability Outcome #4: Target details
(D1) Sustainability Outcome #4:	Women inclusion in board
(1) Target name	Women inclusion
(2) Target to be met by	2030
(3) Metric used (if relevant)	Percentage of women in Boards
(4) Current level or amount (if relevant)	18% of selected portfolios have at least 30% female board representation.

(5) Other qualitative or quantitative progress	To achieve this, we have entered formal engagements with managers and companies.
(6) Methodology for tracking progress	Through our ESG compliance questionnaire and quarterly, half-yearly and annual follow-up and monitoring.
	(E1) Sustainability Outcome #5: Target details
(E1) Sustainability Outcome #5:	Strategies to asses climate-related risks
(1) Target name	TCFD 1: Climate Strategy
(2) Target to be met by	2030
(3) Metric used (if relevant)	Percentage of issuers that counts with a Climate Strategy
(4) Current level or amount (if relevant)	69% of selected issuers and managers have a climate change strategy
(5) Other qualitative or quantitative progress	To achieve this, we have entered formal engagements with managers and companies.
(6) Methodology for tracking progress	Through our ESG compliance questionnaire and quarterly, half-yearly and annual follow-up and monitoring.
	(F1) Sustainability Outcome #6: Target details
(F1) Sustainability Outcome #6:	Property insurances with climate events coverage
(1) Target name	TCFD 2: Climate Coverage
(2) Target to be met by	2030
(3) Metric used (if relevant)	Percentage of issuers that counts with a Climate Strategy
(4) Current level or amount (if relevant)	75% of the selected managers have coverage for climate change risks and damages.
(5) Other qualitative or quantitative progress	To achieve this, we have entered formal engagements with managers and companies.

(6) Methodology for tracking progress	Through our ESG compliance questionnaire and quarterly, half-yearly and annual follow-up and monitoring.

INDIVIDUAL AND COLLABORATIVE INVESTOR ACTION ON OUTCOMES

LEVERS USED TO TAKE ACTION ON SUSTAINABILITY OUTCOMES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 5	PLUS	SO 2	Multiple	PUBLIC	Levers used to take action on sustainability outcomes	1, 2, 5

During the reporting year, which of the following levers did your organisation use to take action on sustainability outcomes, including to prevent and mitigate actual and potential negative outcomes?

☑ **(A) Stewardship with investees, including engagement, (proxy) voting, and direct influence with privately held assets**
  Select from drop down list:
    ☑ **(1) Individually**
    ☑ **(2) With other investors or stakeholders**
☑ **(B) Stewardship: engagement with external investment managers**
  Select from drop down list:
    ☑ **(1) Individually**
    ☐ (2) With other investors or stakeholders
☑ **(C) Stewardship: engagement with policy makers**
  Select from drop down list:
    ☑ **(1) Individually**
    ☐ (2) With other investors or stakeholders
☐ (D) Stewardship: engagement with other key stakeholders
☐ (E) Capital allocation
○ (F) Our organisation did not use any of the above levers to take action on sustainability outcomes during the reporting year

CAPITAL ALLOCATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 7	PLUS	OO 17 FI, SO 1	N/A	PUBLIC	Capital allocation	1

During the reporting year, did you use thematic bonds to take action on sustainability outcomes, including to prevent and mitigate actual and potential negative outcomes?

	Thematic bond(s) label
(A) Sustainability Outcome #1: Buildings with environmental certifications	(C) Sustainability bonds (D) Sustainability-linked bonds
(B) Sustainability Outcome #2: Carbon emissions	(A) Green/climate bonds (C) Sustainability bonds (D) Sustainability-linked bonds
(C) Sustainability Outcome #3: Water consumption and water saving	(A) Green/climate bonds (C) Sustainability bonds (D) Sustainability-linked bonds
(D) Sustainability Outcome #4: Women inclusion in board	(B) Social bonds (C) Sustainability bonds (D) Sustainability-linked bonds
(E) Sustainability Outcome #5: Strategies to asses climate-related risks	(A) Green/climate bonds (C) Sustainability bonds (D) Sustainability-linked bonds
(F) Sustainability Outcome #6: Property insurances with climate events coverage	(A) Green/climate bonds (C) Sustainability bonds (D) Sustainability-linked bonds

STEWARDSHIP WITH INVESTEES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 8	PLUS	SO 5	N/A	PUBLIC	Stewardship with investees	2

During the reporting year, how did your organisation use stewardship with investees to take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?

	(A) Across all sustainability outcomes
(1) Describe your approach	To achieve this, we have entered into formal engagements with managers and companies in the property sector.
(2) Stewardship tools or activities used	(1) Engagement
(3) Example	
	(B) Sustainability Outcome #1:
(B) Sustainability Outcome #1:	Buildings with environmental certifications
(1) Describe your approach	To achieve this, we have entered into formal engagements with managers and companies in the property sector.
(2) Stewardship tools or activities used	(1) Engagement
(3) Example	
	(C) Sustainability Outcome #2:
(C) Sustainability Outcome #2:	Carbon emissions
(1) Describe your approach	To achieve this, we have entered into formal engagements with managers and companies in the property sector.

(2) Stewardship tools or activities used	(1) Engagement
(3) Example	
	(D) Sustainability Outcome #3:
(D) Sustainability Outcome #3:	Water consumption and water saving
(1) Describe your approach	To achieve this, we have entered into formal engagements with managers and companies in the property sector.
(2) Stewardship tools or activities used	(1) Engagement
(3) Example	
	(E) Sustainability Outcome #4:
(E) Sustainability Outcome #4:	Women inclusion in board
(1) Describe your approach	To achieve this, we have entered into formal engagements with managers and companies in the property sector.
(2) Stewardship tools or activities used	(1) Engagement
(3) Example	
	(F) Sustainability Outcome #5:
(F) Sustainability Outcome #5:	Strategies to asses climate-related risks
(1) Describe your approach	To achieve this, we have entered into formal engagements with managers and companies in the property sector.
(2) Stewardship tools or activities used	(1) Engagement
(3) Example	

	(G) Sustainability Outcome #6:
(G) Sustainability Outcome #6:	Property insurances with climate events coverage
(1) Describe your approach	To achieve this, we have entered into formal engagements with managers and companies in the property sector.
(2) Stewardship tools or activities used	(1) Engagement
(3) Example	

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 9	PLUS	SO 5	N/A	PUBLIC	Stewardship with investees	2

How does your organisation prioritise the investees you conduct stewardship with to take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?

☑ **(A) We prioritise the most strategically important companies in our portfolio.**

Describe how you do this:

During 2022 we developed a more robust methodology to comprehensively assess the degree of sustainability of eligible projects or categories of thematic bonds, ESG performance, as well as the sustainability practices of the issuer or corporate that ensure positive impacts that contribute to mitigate negative impacts.
As part of our active engagement and in to strengthen the process and generate a measurable impact, we developed a methodology for the relevance of ESG issues that incorporates the materiality by sector, the type of process involved in the commitment, the proportionality of the portfolio by type of asset under the premise that "the greater the materiality, the greater the relevance of the committed issue, and the greater the weight in the portfolio, the more significant the commitments established with the issuers".

Select from the list:

◉ **1**
○ 4

☑ **(B) We prioritise the companies in our portfolio most significantly connected to sustainability outcomes.**

Describe how you do this:

During 2022 we developed a more robust methodology to comprehensively assess the degree of sustainability of eligible projects or categories of thematic bonds, ESG performance, as well as the sustainability practices of the issuer or corporate that ensure positive impacts that contribute to mitigate negative impacts.
As part of our active engagement and in to strengthen the process and generate a measurable impact, we developed a methodology for the relevance of ESG issues that incorporates the materiality by sector, the type of process involved in the commitment, the proportionality of the portfolio by type of asset under the premise that "the greater the materiality, the greater the relevance of the committed issue, and the greater the weight in the portfolio, the more significant the commitments established with the issuers

Select from the list:
◉ 2
○ 4

☑ **(C) We prioritise the companies in our portfolio to ensure that we cover a certain proportion of the sustainability outcomes we are taking action on.**

Describe how you do this:

During 2022 we developed a more robust methodology to comprehensively assess the degree of sustainability of eligible projects or categories of thematic bonds, ESG performance, as well as the sustainability practices of the issuer or corporate that ensure positive impacts that contribute to mitigate negative impacts.
As part of our active engagement and in to strengthen the process and generate a measurable impact, we developed a methodology for the relevance of ESG issues that incorporates the materiality by sector, the type of process involved in the commitment, the proportionality of the portfolio by type of asset under the premise that "the greater the materiality, the greater the relevance of the committed issue, and the greater the weight in the portfolio, the more significant the commitments established with the issuers

Select from the list:
◉ 3
○ 4

☐ (D) Other

STEWARDSHIP WITH EXTERNAL INVESTMENT MANAGERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 10	PLUS	OO 5, SO 5	N/A	PUBLIC	Stewardship with external investment managers	2

During the reporting year, how did your organisation, or the external service providers acting on your behalf, engage with external investment managers to ensure that they take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?

	(A) Across all sustainability outcomes
(1) Describe your approach	Through our engagements, both collaborative and individual, we seek to formally promote the sustainability outcomes proposed by the Afore, as well as the alignment to the SDGs. In addition, AXXIB annually requests information on indicators to formally follow up on these goals, and these goals are shared with the new investment proposals to seek involvement from the beginning, as well as to influence investment decisions. As an administrator, we will seek to define and standardize metrics at the guild level to measure emissions and seek policies to reduce emissions. In addition, we will seek that more and more emitters communicate information on their commitments associated with climate issues in a manner aligned with the recommendations of the TCFD.

	(B) Sustainability Outcome #1:
(B) Sustainability Outcome #1:	Buildings with environmental certifications
(1) Describe your approach	
	(C) Sustainability Outcome #2:
(C) Sustainability Outcome #2:	Carbon emissions
(1) Describe your approach	
	(D) Sustainability Outcome #3:
(D) Sustainability Outcome #3:	Water consumption and water saving
(1) Describe your approach	
	(E) Sustainability Outcome #4:
(E) Sustainability Outcome #4:	Women inclusion in board
(1) Describe your approach	
	(F) Sustainability Outcome #5:
(F) Sustainability Outcome #5:	Strategies to asses climate-related risks
(1) Describe your approach	
	(G) Sustainability Outcome #6:
(G) Sustainability Outcome #6:	Property insurances with climate events coverage
(1) Describe your approach	

STEWARDSHIP: ENGAGEMENT WITH POLICY MAKERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 11	PLUS	SO 5	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

During the reporting year, how did your organisation use engagement with policy makers to take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?

	(A) Across all sustainability outcomes
(1) Describe your approach	Our engagement objective is to encourage our investments to adopt best practices in the integration of ESG factors and, in the case of our sustainability outcomes strategy, to align issuers and external managers with our efforts towards international goals such as the SDGs or the Paris Agreement. We carry out engagements throught or ESG Platform, meetings, workshops and during the monitoring process with investees
(2) Engagement tools or activities used	(1) We participated in 'sign-on' letters (3) We provided technical input via government- or regulator-backed working groups (4) We engaged policy makers on our own initiative
(3) Example(s) of policies engaged on	
	(B) Sustainability Outcome #1:
(B) Sustainability Outcome #1:	Buildings with environmental certifications
(1) Describe your approach	Our engagement objective is to encourage our investments to adopt best practices in the integration of ESG factors and, in the case of our sustainability outcomes strategy, to align issuers and external managers with our efforts towards international goals such as the SDGs or the Paris Agreement. We carry out engagements throught or ESG Platform, meetings, workshops and during the monitoring process with investees
(2) Engagement tools or activities used	(1) We participated in 'sign-on' letters (3) We provided technical input via government- or regulator-backed working groups

(3) Example(s) of policies engaged on	
	(C) Sustainability Outcome #2:
(C) Sustainability Outcome #2:	Carbon emissions
(1) Describe your approach	Our engagement objective is to encourage our investments to adopt best practices in the integration of ESG factors and, in the case of our sustainability outcomes strategy, to align issuers and external managers with our efforts towards international goals such as the SDGs or the Paris Agreement. We carry out engagements throught or ESG Platform, meetings, workshops and during the monitoring process with investees
(2) Engagement tools or activities used	(1) We participated in ‘sign-on’ letters (3) We provided technical input via government- or regulator-backed working groups
(3) Example(s) of policies engaged on	
	(D) Sustainability Outcome #3:
(D) Sustainability Outcome #3:	Water consumption and water saving
(1) Describe your approach	Our engagement objective is to encourage our investments to adopt best practices in the integration of ESG factors and, in the case of our sustainability outcomes strategy, to align issuers and external managers with our efforts towards international goals such as the SDGs or the Paris Agreement. We carry out engagements throught or ESG Platform, meetings, workshops and during the monitoring process with investees
(2) Engagement tools or activities used	(1) We participated in ‘sign-on’ letters (3) We provided technical input via government- or regulator-backed working groups
(3) Example(s) of policies engaged on	

	(E) Sustainability Outcome #4:
(E) Sustainability Outcome #4:	Women inclusion in board
(1) Describe your approach	Our engagement objective is to encourage our investments to adopt best practices in the integration of ESG factors and, in the case of our sustainability outcomes strategy, to align issuers and external managers with our efforts towards international goals such as the SDGs or the Paris Agreement. We carry out engagements throught or ESG Platform, meetings, workshops and during the monitoring process with investees
(2) Engagement tools or activities used	(1) We participated in 'sign-on' letters (3) We provided technical input via government- or regulator-backed working groups
(3) Example(s) of policies engaged on	
	(F) Sustainability Outcome #5:
(F) Sustainability Outcome #5:	Strategies to asses climate-related risks
(1) Describe your approach	Our engagement objective is to encourage our investments to adopt best practices in the integration of ESG factors and, in the case of our sustainability outcomes strategy, to align issuers and external managers with our efforts towards international goals such as the SDGs or the Paris Agreement. We carry out engagements throught or ESG Platform, meetings, workshops and during the monitoring process with investees
(2) Engagement tools or activities used	
(3) Example(s) of policies engaged on	

	(G) Sustainability Outcome #6:
(G) Sustainability Outcome #6:	Property insurances with climate events coverage
(1) Describe your approach	Our engagement objective is to encourage our investments to adopt best practices in the integration of ESG factors and, in the case of our sustainability outcomes strategy, to align issuers and external managers with our efforts towards international goals such as the SDGs or the Paris Agreement. We carry out engagements throught or ESG Platform, meetings, workshops and during the monitoring process with investees
(2) Engagement tools or activities used	(1) We participated in ‘sign-on’ letters (3) We provided technical input via government- or regulator-backed working groups
(3) Example(s) of policies engaged on	

STEWARDSHIP: COLLABORATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 13	PLUS	SO 5	N/A	PUBLIC	Stewardship: Collaboration	2

During the reporting year, to which collaborative initiatives did your organisation contribute to take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?

	(A) Initiative #1
(1) Name of the initiative	Task Force on Climate-related Financial Disclosures (TCFD)
(2) Indicate how your organisation contributed to this collaborative initiative	(C) We publicly endorsed the initiative
(3) Provide further detail on your participation in this collaborative initiative	As signatories of TCDF we encourage our issuers to adhere to these recommendations, therefore, within the ESG compliance questionnaire that the Afore socialises, there are topics of interest and questions related to the TCFD recommendations.

	(B) Initiative #2
(1) Name of the initiative	Club 30% México
(2) Indicate how your organisation contributed to this collaborative initiative	(C) We publicly endorsed the initiative (E) We supported the coordination of the initiative (e.g. facilitating group meetings) or provided other administrative support
(3) Provide further detail on your participation in this collaborative initiative	. Through this initiative, Afore XXI Banorte is committed to the following actions - Promote diversity in the boards of directors and senior management of our portfolio companies. - Exercise our ownership, participation and voting rights to bring about changes in the boards and senior management of the companies. - Promote diversity issues to chairmen and senior management. As owners and asset managers, we have a fiduciary and custodial responsibility for the investments we make on behalf of our members and clients. Part of that responsibility is to evaluate the boards and senior management teams of the companies in which we invest. We believe that boards that promote diversity of expertise, through appropriate gender representation and a broad range of skills and experience, are more likely to deliver better outcomes for investors. As a result, equality and diversity is a key focus of our ESG assessment, which is not only promoted but also monitored and one of the main axes for establishing specific commitments with issuers
	(C) Initiative #3
(1) Name of the initiative	Subcomité de Inversiones Responsables at AMAFORE
(2) Indicate how your organisation contributed to this collaborative initiative	(A) We were a lead investor in one or more focus entities (e.g. investee companies) (B) We acted as a collaborating investor in one or more focus entities (e.g. investee companies) (C) We publicly endorsed the initiative

(3) Provide further detail on your participation in this collaborative initiative	Through the Mexican Retirement Fund Administrators (AMAFORE), we lead the Responsible Investment Subcommittee, whose general objective is to be a common front in the interpretation and adoption of ESG issues and issues related to climate change. By promoting initiatives that are aligned with the Paris Agreement. We are part of the Working Group for the Standardisation of ESG Questionnaires, which aims to standardise the reporting system and request information from all Afores according to international standards. Through the subcommittee, we have also been able to engage in dialogue with CONSAR to understand the nature of the regulatory ESG information requirements that will come into force in the first quarter of 2022.
	(D) Initiative #4
(1) Name of the initiative	Climate Action 100+.
(2) Indicate how your organisation contributed to this collaborative initiative	(B) We acted as a collaborating investor in one or more focus entities (e.g. investee companies) (C) We publicly endorsed the initiative
(3) Provide further detail on your participation in this collaborative initiative	Together with other international investors, we have made commitments to relevant companies by joining the Climate Action 100+ initiative for 2020. This is an investor-led initiative to ensure that the world's largest greenhouse gas (GHG) emitting companies take the necessary steps to address climate change. We are currently actively involved in the working groups of three of our largest GHG emitting portfolio companies, where we have a significant position.

CONFIDENCE-BUILDING MEASURES (CBM)

CONFIDENCE-BUILDING MEASURES

APPROACH TO CONFIDENCE-BUILDING MEASURES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 1	CORE	N/A	Multiple indicators	PUBLIC	Approach to confidence-building measures	6

How did your organisation verify the information submitted in your PRI report this reporting year?

☐ (A) We conducted independent third-party assurance of selected processes and/or data related to the responsible investment processes reported in our PRI report, which resulted in a formal assurance conclusion
☐ (B) We conducted a third-party readiness review and are making changes to our internal controls or governance processes to be able to conduct independent third-party assurance next year
☑ **(C) We conducted an internal audit of selected processes and/or data related to the responsible investment processes reported in our PRI report**
☑ **(D) Our board, trustees (or equivalent), senior executive-level staff (or equivalent), and/or investment committee (or equivalent) signed off on our PRI report**
☐ (E) We conducted an external ESG audit of our holdings to verify that our funds comply with our responsible investment policy
☐ (F) We conducted an external ESG audit of our holdings as part of risk management, engagement identification or investment decision-making
☐ (G) Our responses in selected sections and/or the entirety of our PRI report were internally reviewed before submission to the PRI
○ (H) We did not verify the information submitted in our PRI report this reporting year

INTERNAL AUDIT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 4	CORE	OO 21, CBM 1	N/A	PUBLIC	Internal audit	6

What responsible investment processes and/or data were audited through your internal audit function?

☑ **(A) Policy, governance and strategy**
Select from dropdown list:
- ○ (1) Data internally audited
- ○ (2) Processes internally audited
- ◉ **(3) Processes and data internally audited**

☑ **(B) Manager selection, appointment and monitoring**
Select from dropdown list:
- ○ (1) Data internally audited
- ○ (2) Processes internally audited
- ◉ **(3) Processes and data internally audited**

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 5	PLUS	CBM 1	N/A	PUBLIC	Internal audit	6

Provide details of the internal audit process regarding the information submitted in your PRI report.

The comptroller's area is the auditor of the information reported to the ERP. The comptroller verifies the content of the ERP modules together with what is established and approved in the Investment Manual and by the Investment Committee. It performs an annual review process on each of the established IR policies, which includes the Investment, risk, and process areas; a report is generated to the Audit and Corporate Practices Committee.