



## **PUBLIC TRANSPARENCY REPORT**

**2025**

**Afore XXI Banorte**

Generated 24-11-2025

# 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 2025 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

### Legal Context

PRI recognises that the laws and regulations to which signatories are subject differ by jurisdiction. We do not seek or require any signatory to take an action that is not in compliance with applicable laws. All signatory responses should therefore be understood to be subject to and informed by the legal and regulatory context in which the signatory operates.

### 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 2025 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

### SENIOR LEADERSHIP STATEMENT

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?

(GRI 2-22) In the year 2024, Afore XXI Banorte stood out for its strong results, underpinned by a firm commitment to sustainability principles. In a dynamic and constantly evolving environment, we understand that our responsibility goes beyond pension fund. It involves integrating a strategic and responsible vision that benefits both our clients and the environment in which we operate. Afore XXI Banorte is firmly committed to becoming the leading pension fund, distinguished not only by profitability but also by sustainability. This objective allows us to maintain our leadership, always with a focus on the well-being of our clients and shareholders.

Sustainability is not only a strategic pillar but also a promise to act responsibly in every decision, from investment selection to the adoption of better business practices. By linking financial performance with positive environmental, social, and governance (ESG) impact, we are laying the foundation for a stronger, more inclusive, and sustainable future for all. At Afore XXI Banorte, we believe that responsible management not only strengthens our position as leaders in the sector but also generates a positive impact on the communities where we operate.

Afore XXI Banorte's investment strategy—aligned with sustainability best practices—follows a long-term sustainable development approach. We aim to build climate-resilient portfolios and finance projects, companies, and funds that implement strong ESG practices. We recognize that the financial system can contribute to healthy economic development aligned with social balance and environmental stewardship by addressing systemic sustainability issues such as climate change, human rights, just transition, biodiversity, among others. Afore XXI Banorte also recognizes that the effects of climate change constitute an investment risk and that the climate transition presents a significant opportunity. Therefore, investment practices should aim to protect assets from these risks while taking advantage of the opportunities offered by a low-carbon economy.

Our responsible investment strategy is built on four key pillars:

1. Climate change mitigation and natural resource depletion
  2. Diversity and inclusion
  3. Ethics and corporate conduct
  4. ESG-aligned incentives linked to financial value creation
- We believe that collaboration among investors, companies, regulators, and other key stakeholders is essential to improving sustainability management. We are members of the Task Force on Climate-related Financial Disclosures (TCFD), active signatories of the United Nations Principles for Responsible Investment (PRI), members of the 30% Club Mexico, representatives of the Responsible Investment Subcommittee of the Mexican Association of Pension Funds (AMAFORE), members of Climate Action 100+, and we lead the regional climate initiative "Diálogos por el clima LATAM."

#### 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

(GRI 2-22) This year, we have taken significant steps to strengthen our commitment to sustainability. In line with our climate strategy, we published our third report aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), reflecting increased maturity in our assessment and management of climate-related risks and opportunities. We also joined the Science Based Targets initiative (SBTi), reinforcing our decarbonization commitment with science-based emission reduction targets.

Another major milestone this year was the launch of "Diálogos por el Clima", the first collaborative investor initiative in Latin America focused on promoting the decarbonization of the regional economy and accelerating climate action. This platform is a tangible example of our efforts to mobilize capital towards sustainable and impactful solutions.

We also released our fourth annual Environmental, Social, and Governance (ESG) Investment Report. The purpose of this report is to share Afore XXI Banorte's progress in sustainability, and we are proud to have been recognized with the ALAS20 award for our leadership in Responsible Investment. This recognition not only validates our efforts but also strengthens our resolve to continue promoting investment practices that generate positive social and environmental impact. We believe that while individual achievements are important, it is collective results that drive real transformation.

We are convinced that aligning our investment strategies with sustainable criteria not only creates financial value but also contributes to building a more resilient and equitable future for our clients and future generations. Thanks to the trust and support of those who have entrusted their future to us, we will continue moving forward with determination toward a more sustainable tomorrow.

Material Topic Management (GRI 3-3) We have aligned the commitments of financed companies with eight of the 17 Sustainable Development Goals (SDGs), in accordance with the indicators of the Global SDG Framework. As investors, we also seek to influence the companies and projects we finance to enhance positive outcomes and reduce negative ones by identifying the most material sectors and issues where we can make a difference.

Priority sectors offering the greatest opportunities for sustainable impact:

- Energy
- Real Estate
- Materials
- Industrial
- Consumer Staples Monitoring and Follow-Up (GRI 3-3)

We value our ongoing dialogue with issuers that have made sustainability commitments, kept track of their progress and shared relevant information. In this way, Afore XXI Banorte provides comprehensive support to these companies.

As part of our monitoring efforts, we constantly seek public information related to various risks and controversies, including natural disaster risks (e.g., hydrometeorological risks) that may affect our assets. We believe that communication and information availability within Afore XXI Banorte's structures foster transparency and strengthen the investment decision-making process.

Our goal is to promote the integration and management of sustainability factors and risks within the processes of promoted companies or projects in our portfolio, and to increase disclosure of relevant sustainability information, such as executive compensation packages, realistic carbon emission reduction targets, and product and supply chain traceability, among others.

Certifications and Awards

- Morningstar: Our investment fund management was awarded Morningstar's "Bronze" rating.
- Great Place to Work: Recognized as a "Great Place to Work," reflecting our commitment to employee well-being and excellence in human capital management.
- Best Pension Fund: Awarded "Best Pension Fund in Mexico" by World Finance, recognizing our leadership in asset management and innovative strategies in the pension sector.
- ALAS20: Recognized as the #1 company in Responsible Investment in Mexico by ALAS20.
- Socially Responsible Company (ESR): For the fifth consecutive year, XXI Banorte was recognized as a Socially Responsible Company (ESR), thanks to our actions in corporate social responsibility and sustainability, which positively impact society and the communities where we operate.
- SBTi Commitment: We positioned ourselves as institutional leaders in responsible investment by joining the Science Based Targets initiative (SBTi).
- ESG Certifications: Our Responsible Investment team is highly qualified and holds internationally recognized ESG certifications, including the "Certificate in ESG Investing" from the CFA Institute and the "Certified Environmental, Social and Governance Analyst" designation from the European Federation of Financial Analysts Societies (EFFAS).

### Section 3. Next steps

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

In 2024, we achieved historic milestones, including significant growth in both the portfolio balance and the number of transferred clients, as well as increased digitalization of our services. These results reaffirm our commitment to sustainability and to creating long-term value for all stakeholders.

Looking ahead, we remain focused on:

1. Enhancing sustainability: Developing a strategic framework that aligns all areas of AXXIB with sustainability principles.
  2. Alignment with international standards:
    - a) Sustainable Development Goals (SDGs): Integrating specific objectives that promote social, environmental, and economic sustainability.
    - b) Adoption of the Sustainable Taxonomy: Promoting investments that contribute to building climate-resilient portfolios and fostering sustainable economic development in the country.
    - c) Science Based Targets initiative (SBTi): Setting specific emission reduction targets that will accelerate the transition of our investment portfolio toward a low-carbon economy.
  3. External audits: Increasing the credibility of our reporting and stakeholder trust.
- Afore XXI Banorte will continue to focus its efforts on social impact and identification of material topics, with an emphasis on the organization's impact on its 7.2 million members and their pension funds. This approach seeks to create a strong connection between our sustainability strategy, the well-being of our members, and long-term stakeholder value creation.

### 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'.**

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# OTHER RESPONSIBLE INVESTMENT REPORTING OBLIGATIONS (ORO)

## OTHER RESPONSIBLE INVESTMENT REPORTING OBLIGATIONS

### OTHER RESPONSIBLE INVESTMENT REPORTING OBLIGATIONS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ORO 1	CORE	N/A	N/A	PUBLIC	Other Responsible Investment Reporting Obligations	6

**During the reporting year, to which international or regional ESG-related legislation(s) and/or regulation(s) did your organisation report?**

- (A) Corporate Sustainability Reporting Directive (CSRD) [European Union]
- (B) Directive on AIFM (2011/61/EU) [European Union]
- (C) Enhancing climate-related disclosures by asset managers, life insurers and FCA-regulated pension providers (PS21/24) [United Kingdom]
- (D) EU Taxonomy Regulation [European Union]
- (E) Improving shareholder engagement and increasing transparency around stewardship (PS19/13) [United Kingdom]
- (F) IORP II (Directive 2016/2341) [European Union]
- (G) Law on Energy and Climate (Article 29) [France]
- (H) MiFID II (2017/565) [European Union]
- (I) Modern Slavery Act [United Kingdom]
- (J) PEPP Regulation (2019/1238) [European Union]
- (K) PRIIPS Regulation (2016/2340 and 2014/286) [European Union]
- (L) Regulation on the Integration of Sustainability Risks in the Governance of Insurance and Reinsurance Undertakings (2021/1256) [European Union]
- (M) SFDR Regulation (2019/2088) [European Union]
- (N) SRD II (Directive 2017/828) [European Union]
- (O) The Occupational Pension Schemes Regulation on Climate Change Governance and Reporting [United Kingdom]
- (P) Climate Risk Management (Guideline B-15) [Canada]
- (Q) Continuous Disclosure Obligations (National Instrument 51-102) [Canada]
- (R) Disposiciones de Carácter General Aplicables a los Fondos de Inversión y a las Personas que les Prestan Servicios (SIEFORE) [Mexico]
- (S) Instrucciones para la Integración de Doctores ASG en Los Mecanismos de Revelación de Información para FIC (External Circular 005, updated) [Colombia]
- (T) Provides for the creation, operation, and disclosure of information of investment funds, as well as the provision of services for the funds, and revokes the regulations that specifies (CVM Resolution No. 175) [Brazil]
- (U) SEC Expansion of the Names Rule [United States of America]
- (V) SEC Pay Ratio Disclosure Rule [United States of America]
- (W) ASIC RG65 Section 1013DA Disclosure Guidelines [Australia]
- (X) Circular to Licensed Corporations: Management and Disclosure of Climate-related Risks by Fund Managers [Hong Kong SAR]
- (Y) Financial Investment Services and Capital Markets Act (FSCMA) [Republic of Korea]
- (Z) Financial Instruments and Exchange Act (FIEA) [Japan]
- (AA) Financial Markets Conduct Act [New Zealand]
- (AB) Guiding Opinions on Regulating the Asset Management Business of Financial Institutions [China]
- (AC) Guidelines on Environmental Risk Management for Asset Managers [Singapore]
- (AD) Guidelines on Sustainable and Responsible Investment Funds [Malaysia]
- (AE) Modern Slavery Act (2018) [Australia]

- (AF) Stewardship Code for all Mutual Funds and All Categories of AIFs [India]
- (AG) ADGM Sustainable Finance Regulatory Framework [United Arab Emirates]
- (AH) JSE Limited Listings Requirements [South Africa]

(AI) Other

Specify:

Sustainable Mexican Taxonomy

- (AJ) Other
- (AK) Other
- (AL) Other
- (AM) Other

(AN) Not applicable; our organisation did not report to any ESG-related legislation and/or regulation during the reporting year.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ORO 2	CORE	N/A	N/A	PUBLIC	Other Responsible Investment Reporting Obligations	6

#### During the reporting year, to which voluntary responsible investment/ESG frameworks did your organisation report?

- (A) Asset Owners Stewardship Code [Australia]
- (B) Código Brasileiro de Stewardship [Brazil]
- (C) New Zealand Stewardship Code
- (D) Principles for Responsible Institutional Investors (Stewardship Code) [Japan]
- (E) Stewardship Code [United Kingdom]
- (F) Stewardship Framework for Institutional Investors [United States of America]
- (G) CFA Institute ESG Disclosure Standards for Investment Products [Global]
- (H) Guidelines on Funds' Names using ESG or Sustainability-related Terms [European Union]
- (I) Luxflag ESG Label [Luxembourg]
- (J) RIAA Responsible Investment Certification Program [Australia]
- (K) SRI Label [France]
- (L) ANBIMA Code of Regulation and Best Practices of Investment Funds [Brazil]
- (M) Code for Institutional Investors 2022 [Malaysia]
- (N) Code for Responsible Investing in South Africa (CRISA 2) [South Africa]
- (O) Corporate Governance Guidelines [Canada]
- (P) Defined Contribution Code of Practice [United Kingdom]
- (Q) European Association for Investors in Non-Listed Real Estate Vehicles (INREV) Guidelines [Global]
- (R) Global ESG Benchmark for Real Assets (GRESB) [Global]
- (S) Global Impact Investing Network (GIIN) Impact Reporting and Investment Standards (IRIS+) [Global]
- (T) OECD Guidelines for MNEs - Responsible Business Conduct for Institutional Investors [Global]
- (U) UN Guiding Principles (UNGP) on Business and Human Rights [Global]
- (V) Net Zero Asset Managers (NZAM) Initiative [Global]
- (W) Net-Zero Asset Owner Alliance (NZAOA) [Global]
- (X) Recommendations of the Taskforce for Climate-related Financial Disclosure (TCFD) [Global]
- (Y) The Net Zero Investment Framework (NZIF) 2.0 [Global]
- (Z) Recommendations of the Taskforce for Nature-related Financial Disclosure (TNFD) [Global]
- (AA) Global Reporting Initiative (GRI) Standards [Global]
- (AB) IFC Performance Standard [Global]
- (AC) International Sustainability Standards Board (ISSB) Standards [Global]
- (AD) Sustainability Accounting Standards Board (SASB) Standards [Global]
- (AE) Other
- (AF) Other
- (AG) Other
- (AH) Other
- (AI) Other

o (AJ) Not applicable; our organisation did not report to any voluntary responsible investment/ESG frameworks during the reporting year.

# 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	2024

## 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 not part of row (B), and excluding the AUM subject to execution, advisory, custody, or research advisory only

US\$ 63,700,864,936.00

(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

## 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	>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?

>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	(5) >30 to 40%
(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	(4) >20 to 30%
(G) Real estate	(12) 100%
(H) Infrastructure	(9) >70 to 80%

# 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	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Yes, through service providers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(C) Yes, through external managers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) We do not conduct stewardship	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

  

	(6) Real estate	(7) Infrastructure	(11) Other
(A) Yes, through internal staff	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(B) Yes, through service providers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(C) Yes, through external managers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) We do not conduct stewardship	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## 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	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(B) Yes, through service providers	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(C) Yes, through external managers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) We do not conduct (proxy) voting	<input type="radio"/>	<input type="radio"/>

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	(5) >30 to 40%
(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, to some extent, 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	<input checked="" type="radio"/>	<input type="radio"/>
(C) Listed equity - active - fundamental	<input checked="" type="radio"/>	<input type="radio"/>
(D) Listed equity - other strategies	<input checked="" type="radio"/>	<input type="radio"/>
(E) Fixed income - SSA	<input checked="" type="radio"/>	<input type="radio"/>
(F) Fixed income - corporate	<input checked="" type="radio"/>	<input type="radio"/>
(G) Fixed income - securitised	<input checked="" type="radio"/>	<input type="radio"/>
(V) Other: Derivatives and cash	<input checked="" type="radio"/>	<input type="radio"/>

### Additional context to your response(s): (Voluntary)

For cash, we conduct a semi-annual review of the ESG performance of the country issuing the currency, and this analysis is integrated into our periodic portfolio assessments. In the case of derivatives, we implement an annual questionnaire to monitor the ESG performance of the specialized financial institutions (counterparties) that structure or manage these instruments.

## 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, to some extent, 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	<input checked="" type="radio"/>	<input type="radio"/>
(B) Listed equity - passive	<input checked="" type="radio"/>	<input type="radio"/>
(C) Fixed income - active	<input checked="" type="radio"/>	<input type="radio"/>
(E) Private equity	<input checked="" type="radio"/>	<input type="radio"/>
(F) Real estate	<input checked="" type="radio"/>	<input type="radio"/>
(G) Infrastructure	<input checked="" type="radio"/>	<input type="radio"/>

## 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, to some extent, 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	<input checked="" type="radio"/>	<input type="radio"/>
(B) Listed equity - passive	<input checked="" type="radio"/>	<input type="radio"/>
(C) Fixed income - active	<input checked="" type="radio"/>	<input type="radio"/>
(E) Private equity	<input checked="" type="radio"/>	<input type="radio"/>
(F) Real estate	<input checked="" type="radio"/>	<input type="radio"/>
(G) Infrastructure	<input checked="" type="radio"/>	<input type="radio"/>

## 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, to some extent, 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	<input checked="" type="radio"/>	<input type="radio"/>
(B) Listed equity - passive	<input checked="" type="radio"/>	<input type="radio"/>
(C) Fixed income - active	<input checked="" type="radio"/>	<input type="radio"/>
(E) Private equity	<input checked="" type="radio"/>	<input type="radio"/>
(F) Real estate	<input checked="" type="radio"/>	<input type="radio"/>
(G) Infrastructure	<input checked="" type="radio"/>	<input type="radio"/>

## ESG IN OTHER ASSET CLASSES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 15	CORE	OO 11, OO 12–14	N/A	PUBLIC	ESG in other asset classes	1

Describe how your organisation incorporates ESG factors into the following asset classes.

Internally managed  
(C) Other

For cash, we conduct a semi-annual review of the ESG performance of the country issuing the currency, and this analysis is integrated into our periodic portfolio assessments. In the case of derivatives, we implement an annual questionnaire to monitor the ESG performance of the managers or specialized financial institutions (counterparties) that structure or manage these instruments.

# 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
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OO 17.1 LE	CORE	OO 17 LE	LE 9	PUBLIC	Listed equity	1
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**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%
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(B) Negative screening only	>75%
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(C) A combination of screening approaches	0%
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## FIXED INCOME

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
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OO 17 FI	CORE	OO 5.3 FI, OO 11	Multiple, see guidance	PUBLIC	Fixed income	1
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**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
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(A) Screening alone	0%	0%	0%
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(B) Thematic alone	0%	0%	0%
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(C) Integration alone	0%	0%	0%
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(D) Screening and integration	>75%	>50-75%	>75%
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(E) Thematic and integration	0%	0%	0%
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(F) Screening and thematic	0%	0%	0%
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(G) All three approaches combined	>0-10%	>10-50%	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	0%	0%	0%
(B) Negative screening only	>75%	>50-75%	>75%
(C) A combination of screening approaches	>0-10%	>10-50%	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 context to your response(s): (Voluntary)

We're a Pension Fund with a regulate investments regime

## 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 >10-50%

(C) Sustainability bonds >10-50%

(D) Sustainability-linked bonds >10-50%

(E) SDG or SDG-linked bonds >0-10%

(F) Other >0-10%

(G) Bonds not labelled by the issuer 0%

(F) Other - Specify:

## 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	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Confidence Building Measures	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(T) External manager selection, appointment and monitoring (SAM) – listed equity - active	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(U) External manager selection, appointment and monitoring (SAM) – listed equity - passive	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(V) External manager selection, appointment and monitoring (SAM) – fixed income - active	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
(X) External manager selection, appointment and monitoring (SAM) – private equity	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
(Y) External manager selection, appointment and monitoring (SAM) – real estate	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
(Z) External manager selection, appointment and monitoring (SAM) – infrastructure	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

## 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:

Afore XXI Banorte's investment strategy—aligned with sustainability best practices—has a long-term sustainable development approach. It aims to build climate-resilient portfolios and finance projects, companies, and funds that implement leading ESG practices. The strategy acknowledges the financial sector's role in supporting sound economic development aligned with social equity and environmental protection, addressing systemic sustainability issues such as climate change, human rights, just transition, and biodiversity, among others.

- (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/informe-asg-2024.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 integrates ESG factors into its investment process—covering analysis, exclusions, risk identification, training, and more—and practices active ownership with promoted companies and portfolio projects. We are committed to our fiduciary duty to maximize workers’ returns through a responsible investment strategy, aiming to foster sustainable, equitable, healthy, and diverse communities, thereby earning client trust and loyalty.

Extended Strategy Statement Afore XXI Banorte’s long-term sustainable investment strategy seeks to build climate-resilient portfolios and finance initiatives aligned with ESG best practices. It recognizes the financial system’s role in promoting economic development that aligns with social balance and environmental stewardship, addressing systemic issues like climate change, human rights, just transition, and biodiversity. Moreover, Afore XXI Banorte acknowledges climate change as an investment risk and the climate transition as an opportunity. Investment practices must aim to protect assets from these risks while capitalizing on opportunities in a low-carbon economy.

Responsible Investment Strategy – Four Pillars

1. Climate change mitigation and natural resource depletion
  2. Diversity and inclusion
  3. Ethics and corporate conduct
  4. ESG incentives aligned with financial value creation
- Fiduciary Duty and Governance AXXIB’s staff and corporate governance prioritize client interests to safeguard their resources. Guided by fiduciary duty, AXXIB ensures investment operations, analysis, and decision-making are objective and transparent to achieve long-term returns with calculated and foreseeable risk. This process is continuously reinforced through ESG integration, active ownership, and engagement with global themes such as climate change, human rights, and data transparency.

We uphold our fiduciary obligation by maintaining internal controls and organizational practices that prevent conflicts of interest from harming affiliated workers. Our fiduciary duty dictates that Afore’s interests must never override those of its clients. As such, Afore XXI Banorte will identify, register, manage, and, when necessary, disclose real or potential conflicts of interest. All staff must comply with internal conflict-of-interest guidelines and ensure client interests take precedence over those of the Afore or personal interests.

Climate Strategy (Aligned with UN PRI Recommendations) In compliance with our fiduciary duty to actively understand and manage ESG and climate-related risks, we have developed a climate strategy that includes:

1. Defining GHG emission reduction targets for high-emitting sectors in the portfolio
2. Identifying investments that contribute to climate change mitigation and/or adaptation
3. Aligning climate efforts with the Sustainable Development Goals (SDGs)

(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					(7) 100%	
(C) Guidelines on social factors						
(D) Guidelines on governance factors						

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					(1) for all of our AUM	
(B) Specific guidelines on human rights					(1) for all of our AUM	
(C) Specific guidelines on other systematic sustainability issues					(1) for all of our AUM	

Additional context to your response(s): (Voluntary)

For derivatives, an annual questionnaire is sent to monitor the ESG performance of managers or financial institutions (counterparties) structuring or managing these instruments. For cash, a semi-annual ESG performance review is conducted on the issuing country, and findings are integrated into periodic portfolio assessments. ESG considerations include: climate change and natural hazards, natural resource risk, human capital risk, environmental-economic risk, financial governance risk, and political governance risk.

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

(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%

**Additional context to your response(s): (Voluntary)**

Within category I) Others, derivatives and cash are included.

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%

**Additional context to your response(s): (Voluntary)**

Proxy voting is carried out on all assets regardless of the percentage of participation.

## 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:

The Board of Directors is the highest governing body responsible for overseeing the investment strategy. It approves responsible investment strategies and policies, ensuring alignment with the long-term goals of members. It also monitors overall ESG performance and active ownership processes. The CIO, appointed by the Investment and Risk Committees, and the CEO are responsible for reporting RI Strategy progress and escalating material ESG risks to the Board.

- (C) Investment committee, or equivalent

Specify:

The Investment Committee acts as a governing body that defines, approves, and monitors the portfolio's investment strategies, including the responsible investment strategy. It oversees the Investment team's decision-making, ESG risks (including climate-related), and opportunities for each investment and the portfolio. It also approves and validates the climate strategy, action plans, GHG emission reduction targets, and credit portfolio decarbonization goals.

- (D) Head of department, or equivalent

Specify department:

The ESG head develops and strengthens Responsible Investment Strategy processes, including climate commitments, ESG risks and factors, compliance with mandatory climate disclosure standards, and review of the Exclusion List at the asset level. The ESG head is responsible of monitoring execution of the Responsible Investment Strategy and related processes, and for communicateit and discloure to the CIO, CEO, and 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	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Guidelines on environmental, social and/or governance factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Guidelines on sustainability outcomes	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Specific guidelines on climate change (may be part of guidelines on environmental factors)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(E) Specific guidelines on human rights (may be part of guidelines on social factors)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(F) Specific guidelines on other systematic sustainability issues	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(G) Guidelines tailored to the specific asset class(es) we hold	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(H) Guidelines on exclusions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(I) Guidelines on managing conflicts of interest related to responsible investment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(J) Stewardship: Guidelines on engagement with investees	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(K) Stewardship: Guidelines on overall political engagement	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(L) Stewardship: Guidelines on engagement with other key stakeholders	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(M) Stewardship: Guidelines on (proxy) voting	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(N) This role has no formal oversight over and accountability for any of the above elements covered in our responsible investment policy(ies)	<input type="checkbox"/>	<input type="checkbox"/>

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. However, as of 2022, our national regulator Comisión Nacional de Ahorro para el Retiro (CONSAR) has an ESG investment regulation that stipulates that all Pension Fund Administrators must incorporate ESG aspects into their strategies, so Afore XXI is in line with this mandate and has a strong governance structure in place to ensure our global policy commitment

Afore XXI has contributed to efforts to strengthen regulation in this area, particularly by seeking to incorporate ESG criteria in our investment and risk processes and thus continue to evolve towards sustainable investments. In addition, synergies have been achieved to contribute to the Estrategia de Movilidad de Financiamiento Sostenible (EMFS) designed by the Secretaria de Hacienda y Crédito Público (SHCP), such as participation in working groups, training to incorporate a nationally or internationally recognized Taxonomy and the establishment of metrics for alignment with said Taxonomy.

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. Each month, at the Investment Committee meeting, updates, and follow-up on aspects such as participation in work groups with authorities and regulators, trade/financial associations, public forums, collaborative committees, and engagements with industry companies are presented, are aware of and monitor the updates. It also presents the main changes and regulatory requirements on ESG issues and the lines of action for their implementation. In addition, every quarter, the Investment department presents to the Board the progress of engagement activities and the status of the portfolio about ESG issues.

Afore XXI Banorte seeks, where possible, to engage in the policy-making process to help shape laws, regulations, and policies that impact our fiduciary duty. As a leading pension fund and in alignment with OECD recommendations, we aim to influence policy decisions through various forms of political engagement. As an institutional investor, Afore XXI Banorte actively advocates for public policies and regulations that support strong governance in the pension system and long-term sustainable investment returns.

(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**

Specify:

Most of our external managers commit themselves through contractual agreements to follow our responsible investment strategy in the management of our assets, as well as to pay special attention to international human rights legislation and the application of environmental, social and governance criteria in the management of our investment portfolios.

- (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**

Describe: (Voluntary)

Sustainability is integrated into our performance evaluation and compensation processes. Variable compensation for executive officers includes both financial and non-financial performance targets, reflecting Afore XXI Banorte's key financial and strategic priorities, including our commitment to responsible investing.

The board is responsible for overseeing the overall management of the pension fund by the staff and the execution of Afore XXI Banorte's Responsible Investment policy. Annually, the board reviews updates from the Responsible Investment teams and receives feedback on how asset classes incorporate ESG criteria into their investment management process. This also includes mandatory and voluntary reports, such as Afore XXI's TCFD report, the Annual ESG Report, updates on our SBT goals and other relevant reports.

- (B) No, we do not use responsible investment KPIs to evaluate the performance of our board members, trustees, or equivalent

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 (Indices 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.

At 2024, ESG KPIs were incorporated into the IDI this year; 1) ESG assessment: to maintain the Afore's performance at the annual PRI assessment (4 and 5-star ratings in all categories); 2) Decarbonisation: which seeks to achieve an "SBT" goal approved aligned with 1.5° scenario.

○ (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	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Specific competence in investors' responsibility to respect human rights	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Specific competence in other systematic sustainability issues	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) The regular training of this senior leadership role does not include any of the above responsible investment competencies	<input type="radio"/>	<input type="radio"/>

## 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 governance-related recommended disclosures
- (B) Yes, including strategy-related recommended disclosures
- (C) Yes, including risk management-related recommended disclosures
- (D) Yes, including applicable metrics and targets-related recommended disclosures
- (E) None of the above

Add link(s):

<https://www.xxi-banorte.com/wp-content/themes/banorte-xxi/assets/asg/reporte-riesgos-oportunidades-climaticas-2024.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:

For the fourth consecutive year, we published our voluntary ESG Annual Report have strengthened the number of GRI indicators used, thus improving our ability to assess and communicate our sustainable performance. In addition, this report, which runs from January 1 to December 31, 2024, responds to the requirements of SASB applicable to the Asset Management and Custody Activities industry, as well as the recommendations of TCFD regarding our climate-related risks and opportunities.

Link to example of public disclosures

<https://www.xxi-banorte.com/wp-content/themes/banorte-xxi/assets/asg/informe-asg-2024.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 all of 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-2024.pdf>  
<https://www.xxi-banorte.com/wp-content/themes/banorte-xxi/assets/asg/compromiso-politico-PRI.pdf>

- (B) Yes, we publicly disclosed some of our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement
- (C) 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
- (D) 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 5 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) Exclusions based on our organisation's climate change commitments 5) 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**

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

Specify: (Voluntary)

- (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

**Additional context to your response(s): (Voluntary)**

Through the identification of material ESG factors for specific companies or sectors—such as climate change, environmental management, labor practices, human rights, and board diversity—Afore XXI Banorte aims to quantify the financial impact of ESG factors on individual stock valuations. The ESG score is a key input in our Structured Instruments Evaluation Methodology (scoring), which also includes additional criteria and sub-factors such as the existence of ESG policies and the presence of internal or external teams specialized in responsible investment.

## 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.	<input checked="" type="radio"/>				
(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.	<input type="radio"/>				

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?**

The process for prioritising the stewardship activities of investee companies consists of considering: 1) Degree of sector materiality 2) Majority ownership (significaty influence of the company) 3) ESG performance assessment  
 We recently strengthened our commitment model, where commitment allocation is directly linked to ESG performance based on our ESG assessment model, with certain indicators associated with specific commitments. When an indicator shows negative results or a lack of processes or initiatives is identified, a potential commitment is assigned with the goal of driving improvements.  
 Afore XXIB's stewardship priorities reflect the four issues on which we most frequently engage with companies, where relevant, as they may be a source of significant business risk or opportunity. Our role, is to better understand how the company's management is managing risks and seizing opportunities to help protect and ensure the long-term resilience of its business model, profitability and market position. AXXIB's stewardship priorities:

1. Climate Change Mitigation and Natural Resource Depletion

2. Diversity and Inclusion

3. Ethics and Corporate Conduct

4. ESG Incentives Aligned with Financial Value Creation 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 investment managers (mandates, mutual funds, international funds and private equity) have an ESG IMA, statement, side letter or any other contractual agreement in which they commit to aligning themselves with certain ESG requirements. In order to monitor compliance with these requirements we follow up on a quarterly, semi-annual, and annual basis (according to each asset class) that allows us to identify the areas of opportunity, as well as the progress in each pillar. Our external investment 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 agents to ensure that they accurately reflect the voting policy guidelines.

On the other hand, with the "Development Capital Certificates" (CKDs) once the SWOT result is obtained, the areas of opportunity to negotiate formal commitments with each manager are discussed. In the case of CERPIS, we incorporate these opportunities in the legal documents.

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.**

Afore XXI Banorte believes that collaborative engagement with other investors adds value. Collaborative engagement can take place through industry initiatives and collaborative platforms. The forms of collaborative engagements in which Afore XXI can participate are: a) Informal discussions: institutions discuss their views on specific business situations. b) Collaborative campaigns: collaborative letter-writing campaigns at the market or sector level. c) Follow-up dialogue: company engagement dialogue led by one or more investors and/or collaborative groups one or more investors and/or collaborative groups as a follow-up to a letter or expression of views from a broader group. d) Solicitation of support: solicitation of broader support for formal publicly stated objectives (e.g., "vote no" campaigns or support for a shareholder resolution). Engagement strategies should be designed to achieve meaningful results as cost-effectively and quickly as possible. So, when engaging in some form of collaborative engagement we consider the following elements:

1. Defining the scope of engagement and carefully prioritizing engagement activities to ensure they deliver value and have an impact in terms of improving corporate practices.

2. Delineation of the engagement topic (either climate risk or supply chain risk) in a broader discussion.
  3. Development of a clear process that articulates realistic targets and milestones, so that clear indicators are available to measure expectations and effectiveness of the engagement strategy.
  4. The engagement process should be tailored to the local context, preferably language and cultural approaches to doing business. Beyond dialogue, clear escalation measures must be in place in case the engagement fails.
- The stewardship process is carried out internally, we engage with companies, public policymakers and sector initiatives, and our active and collaborative participation is carried out through a series of initiatives/organizations such as:
- Climate Action 100+: Afore XXI Banorte, collaborate as a member of different engagement groups with Mexico's most polluting companies.
  - Sustainable Development Initiative in Latin America: together with investors from Chile, Colombia and Peru, we joined forces to address the main challenges of climate change in the region through collaborative engagement

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
- 5

**(B) External investment managers, third-party operators and/or external property managers, if applicable**

Select from the list:

- 2
- 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**

Select from the list:

- 4
- 5

**(E) Formal collaborative engagements, e.g. PRI-coordinated collaborative engagements, Climate Action 100+, or similar**

Select from the list:

- 3
- 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?**

The objective of our involvement is to encourage corporate behavioural change, as well as to create long-term change and positive impact through active engagement process.

Afore's ESG approach is focused on engagement; we engage with the issuer throughout the investment life cycle. We do not constraint the investment strategy and prefer to work with companies to help them improve their ESG practices and thus, in the long run, maintain their good ESG performance. We discuss (on a regular basis) ESG issues through the various meetings we hold with companies.

We have an active engagement process with issuers in which we establish specific and formal commitments through a Letter Commitments or contract documents. Using these mechanisms, 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.

During the process of engagement with issuers/managers the ESG analysts conduct engagement activities, the fundamental analysts contribute to the conduct of engagement activities integrating the assessment of ESG factors and climate risks into the corresponding processes, this process also facilitates the communication channel between issuers or external managers and ESG analysts.

We also have a monitoring progres, where we evaluate the progress of established commitments contributes to:

- 1) To evaluate the progress of the commitments in order to know how their objectives set out in their strategy are being met and on the basis of these advances to make informed decisions regarding subsequent actions.
- 2) Implement staggered measures to increase or gradually decrease participation

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 advancement of the industry towards ESG factors and as a result, we are an active member in the Consejo Mexicano de Finanzas Sostenible (CMFS), which seeks higher disclosure of ESG factors into the annual reports of the companies; we also participate in the development of the stock exchange ESG's platforms to implement the local standardized questionnaires (Cuestionario ASG homologado) in addition, we also chaired the sub-committee of Responsible Investment of the Asociación Mexicana de Administradores de Fondos para el Retiro (AMAFORE) with the aim 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, as of 2020, Afore XXI Banorte has participated in collaborative engagements with overseas and more experienced investors through the initiative Climate Action 100+. This has not only allowed us to work with major international investors on a commitment, but also to take advantage of the transfer of knowledge among more advanced managers in the field. 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 external 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/asg/>

- (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

**Additional context to your response(s): (Voluntary)**

Voting decisions are monitored internally within one month of the AGM/ESM, and are published quarterly on the ESG portal.

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	(1) for all votes	(1) for all votes
(B) Yes, we privately communicated the rationale to the company	(1) for all votes	(2) for a majority of votes
(C) We did not publicly or privately communicate the rationale, or we did not track this information	o	o
(D) Not applicable; we did not abstain or vote against management recommendations or ESG-related shareholder resolutions during the reporting year	o	o

**(A) Yes, we publicly disclosed the rationale - Add link(s):**

<https://www.xxi-banorte.com/wp-content/themes/banorte-xxi/assets/asg/1T-2025-Racional-proxy-voting.pdf>

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. 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 public on of the Afore's XXI Banorte 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 is empowered to vote, in accordance with the voting intention communicated by Afore XXI Banorte staff. Finally, evidence of the Afore's participation in the Assembly is presented to the Investment Committee.

In addition, we also have a database in which we monitor the resolution of the vote. We recently incorporated a catalogue of ESG-related issues and resolutions into our database to guide voting decisions and improve transparency , as well as facilitate communication and follow-up of these issues.

## STEWARDSHIP: ESCALATION

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

**Describe your approach to escalation for your 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

**(B) Private debt - 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

## 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:

As a PRI signatory, Afore XXI Banorte actively seeks to participate in shaping laws, regulations, and policies affecting our fiduciary duties. In line with OECD recommendations, we engage with policymakers through various channels to advocate for responsible finance. Notable participations include:

- GRI Standards Public Consultation (Financial Sector): At the industry level, Afore XXI Banorte, in collaboration with the Mexican Association of Pension Fund Administrators (Amafore), submitted joint feedback on the GRI sustainability standards draft for the capital markets sector.
- MOOC-GIZ Technical Review Group: We contributed as technical reviewers for the MOOC-GIZ initiative, aimed at developing core sustainable finance competencies across Amafore and the Mexican Association of Securities Institutions (AMIB).
- Mexican Sustainable Taxonomy Working Group: Afore XXI Banorte collaborates with other pension funds to design viable proposals that facilitate the integration of taxonomy data into regulatory reporting.

(D) We engaged policy makers on our own initiative

Describe:

In-person Forum – “Climate Finance in Mexico: Challenges and Opportunities”: Organized by the Climate Finance Group for Latin America and the Caribbean (GFLAC) in collaboration with Mexico’s Chamber of Deputies and the Commission on Climate Change and Sustainability, Afore XXI Banorte participated in this forum, which presented findings from the 2024 Sustainable Finance Index for Mexico. The event highlighted critical gaps and opportunities to better align financial flows with effective climate action. Afore XXI Banorte contributed to a key dialogue session, emphasizing the role of climate finance in achieving national climate commitments and promoting a coherent financial architecture to support ambitious, evidence-based climate action. Public Statements and Policy Positions Provided On:

- Proposed amendments to the general financial regulations governing the Retirement Savings System (SAR)
- Amendments to the Issuers’ Circular regarding sustainability-related disclosures
- Public position on Mexico’s Sustainable Taxonomy

(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/asg/>

(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/compromiso-politico-PRI.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 other international investors to engage with a one of the most relevant companies in terms of GHG emissions through our membership in the Climate Action 100+ initiative, where we are currently actively participating as a collaborative investor. Among our collaborative engagement actions through CA+100, highlights a leading company in the building materials industry that has adopted several commitments with CA100+ to align with the goals of the Paris Agreement. Roughly 1-2 engagement meetings have been held with the company each year.

The company pledged to set a target of reducing the emissions intensity per tonne of cement by 47% by 2030 compared to the 1990 baseline. In addition, through the work done by the commitment group, the company has defined its decarbonization objectives validated by Science Based Targets (SBTi) in 2022 to align with a scenario of 1.5°C this targets include scope 3. The company has the commitment to be a Net Zero company by 2050. The alignment of this issuer 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 company until 2030 are in line with the Paris Agreement

(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.

Through our partnership commitment with CA+100, we have been able to engage one of the world's leading state-owned oil and natural gas companies, focused on the hydrocarbon sector. Some of the advances that have been achieved collaboratively with the company are:

During 2024, the company published its first Sustainability Plan, published in 2024, marks a notable advancement in its efforts to address climate risks and align with investor expectations., The plan sets a long-term strategic direction to 2050 and demonstrates concrete progress in several key areas:

- GHG Emission Reduction Targets: The company has committed to reaching net-zero Scope 1 & 2 emissions by 2050, accompanied by short-, medium-, and long-term GHG reduction targets.
- Enhanced Disclosures: The company has taken steps to align its reporting practices with international frameworks such as ISSB and TCFD.
- Capital Allocation: The Sustainability Plan outlines actions to develop a climate-aligned capital allocation framework. This initiative will provide investors with greater transparency into how sustainability considerations are integrated into investment decisions.
- Methane Strategy: The company has established a target to reduce methane emissions by 30% and to eliminate routine gas flaring in exploration and production by 2030. Additionally, it has committed to strengthening the quality of its methane emissions data, reflecting progress in emissions management and reporting.

(C) Example 3:

Title of stewardship activity:

Engagement with one of the largest GHG emitting companies in the mining 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.

Together with the CA100+ working group, we participated in the engagement of one of the largest mining and infrastructure companies in Latin America to promote their commitments in three main areas: emissions reduction, climate governance and transparency reporting. During 2024, progress has been made on the following focal topics:

Roughly 1-2 engagement meetings have been held with the company each year, with additional engagement through private letters. The company have made slow progress against the Benchmark, mainly due to a lack of emission reduction targets and concrete commitments. We have also witnessed the firm's CDP score rise from a C to a B during the engagement.

We will be working with companies on the following focal points:

- Improved disclosure on corporate climate governance, including outlining the responsibilities of the Sustainable Development Committee and creation of a new Climate Change Office.

- Development of a Scope 3 emissions reduction strategy in 2023.

Tracking the company's disclosure and implementation strategy of the three new GHG emission reduction targets, to ensure the company is effectively working towards their delivery. Track and encourage progress on Grupo Mexico's upcoming Scope 3 strategy. The CA100+ Net Zero Standard for Diversified Mining will act as useful resource to guide engagement discussions focussed on Grupo México's mining division.

Governance will remain an engagement objective, with particular scrutiny on executive remuneration and Board competency to manage climate-related risks and opportunities

(D) Example 4:

Title of stewardship activity:

Engagement with to one of Mexico's leading airport operators

(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 portfolio company that manages airports in the Pacific and Central Mexico regions, we identified relevant risks and opportunities and through our active engagement applied a formal strategy that resulted in the signing of a Commitment Letter. The status of the following commitments is: Alignment to the UN's net zero emissions scenario, 90% reduction in emissions controlled by the operator. Actually, 12% of its energy consumption comes from clean energy generation. Progress has been made toward ACA Level 3 certification for three additional airports. Three more remain at Level 3, seven at Level 2, and one at Level 1.

2. Assess climate risks for 100% of the airport infrastructure. It concluded with the analysis of decarbonization scenarios for GAP by 2023 and 2050.

3. Use 100% of treated wastewater at Mexican airports. Construction of a wastewater treatment plant and expansion of current projects for wastewater management.

4. Prevent 50% of the waste generated at Mexican airports from being disposed of in landfills. Publication of a procedure for the management of waste from commercial stores. 5. Management plans for 100% of the flora and fauna species identified within the polygons of airports and recognized as being under some category of risk.

6. Analyse the socio-environmental impact of 100% of its operations on communities and develop mitigation plans. Analysis of people potentially affected by noise pollution and installation of sound barriers.

7. Evaluate 100% of its critical suppliers with ESG criteria established for their contracting. Establishment of weighting criteria for determining critical suppliers based on technical, economic, and ESG assessments.
  8. Develop plans to reach 50% of women in positions of responsibility. Obtaining the EDGE (Equity, Diversity, and Gender Equality) certification at the Assess level and establishing an action plan to follow up on the identified areas of opportunity.
  9. Take the necessary actions to ensure that at least 5% of newly created positions are assigned to people with disabilities. Supplier selection for position analysis vs. disability type, both for accessibility and mapping of disability profiles and types.
  10. To implement a program against human trafficking in airports. Generation of a roadmap of recommendations based on information provided by the United Nations Human Rights Council, the Global Report Initiative and the Global Compact, to be integrated into the GAP complaints mechanism
  12. Scope 3. Generate outreach emissions mapping. Completion of the Scope 3 emissions inventory for 2019 (base year) for airports in Mexico.
- As part of our engagement process, we will be following up on the progress and compliance dates of each commitment and disclosing them in upcoming reports

(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.

Throughout 2024, we monitored progress on the commitments established with a Real Estate Investment Trust (REIT) specialized in the acquisition, management, and development of corporate real estate, primarily focused on the office and industrial property segments. By the end of 2024, 70% of the agreed commitments had been completed, representing significant ESG progress for the REIT. Among the achievements are:

- Establishment of GHG emissions reduction targets
- Commitment to Science-Based Targets (SBT)
- Strategy to increase environmental certifications
- Strengthening of the Code of Ethics/Conduct
- 30% of senior management positions held by women
- Remediation of incidents
- ESG training for employees
- Commitment to the Principles for Responsible Investment (PRI)
- Climate-related risk and opportunity reporting (TCFD)

These milestones lay a strong foundation to fulfill the remaining 30% of commitments and continue advancing the REIT's ESG strategy in 2025, while also setting a clear path toward carbon neutrality.

**Additional context to your response(s): (Voluntary)**

Afore XXI Banorte maintain ongoing dialogue with the portfolio's issuers, monitoring 298 commitments related to sustainability risks. We monitor each issuer's progress toward successfully meeting their objectives. This way, Afore XXI Banorte provides comprehensive support to companies.

## 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 to short and medium-term, each transaction is analysed and classified according to the ESG risk grade it presents. This process considers the risk grade 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 exposed in the exclusion list. As part of the climate change exposure identification process, we identify assets in the portfolio by their level of exposure to events that could sharpen due to climate change (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 Chain.

**(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 our local equity, private equity and private debt portfolios, 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, the carbon price and the estimated financial impact of the carbon tax in different scenarios.

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:

The implementation of our strategy is based on an action plan consisting of the following concrete actions:

1. The adoption of an independent climate change management policy and the definition of a climate strategy.
2. Public support for the Paris Agreement through Our Position on Climate Change.
3. Public support for the Taskforce on Climate-Related Financial Disclosures (TCFD).
4. Joining the Science-Based Goals Initiative (SBTi).
5. Identification and monitoring of sustainability outcomes
6. Investment exclusions for companies involved in carbon extraction and processing to reduce our exposure to high-emission companies.
7. Participation in thematic and impact investments that contribute to climate change mitigation/adaptation.
8. Actions of individual and collective engagement with companies and projects promoted on issues of carbon footprint and vulnerability to climate change.
9. Definition of an ESG roadmap for quantifying operational emissions scope 1 and 2.
10. Identify risks and opportunities to climate change.
11. Using scenario analysis for climate change management
12. Definition and communication of metrics to monitor climate change (exposure to physical risks, funded emissions, WACI, implicit portfolio temperature).
13. Establishment of emission reduction targets by highly polluting sectors.

Therefore, mindful of our fiduciary duty to actively understand and manage environmental, social and governance (ESG) risks as well as their relationship to climate as a component in decision-making, management practices and processes, and aligned with the recommendations of the United Nations Responsible Investment Principles (UNPRI), we have developed a climate strategy that includes:

1. Defining emission reduction targets for highly polluting sectors in the portfolio.
2. Identification of investments that contribute to climate change mitigation/adaptation.
3. Aligning efforts against climate change through the SDGs.

- (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 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 Scenarios Delayed disorderly transition. It sets a limit of 1.7°C on the increase in global average temperature. Mitigation policies are implemented late, but with significant divergence between regions. It assumes that annual GHG emissions remain stable until 2030. Net Zero 2050. With a limit on the increase in global average temperature below 1.5°C. Mitigation policies are implemented immediately, with some divergence between regions. The goal of net-zero emissions is achieved by 2050.

- (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

The climate governance of Afore XXI Banorte is driven from the Board of Directors, the Investments Committee, the Financial Risk Committee and the Audit Committee to key positions in the organization

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 not exposed to restricted activities or sectors on our list, 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 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 ESG questionnaire, which, in the case of companies in active management, asks for the geographic 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.

Afore XXI Banorte's climate-related opportunities and risks are identified within the investment processes and in the investment strategies presented to the Investment Committee. Key findings on climate risks are included, addressing transition and physical risks. Opportunities arising from climate change, which are part of the business model and climate governance of the financed companies, are also considered.

To assess the climate resilience of the financed companies, the Manager has incorporated climate scenarios into its analysis, allowing for stress testing of the portfolio, considering various future trajectories.

**(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 for most 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 for extreme natural phenomena events. If an area of opportunity is identified regarding the issuer's practices, these areas will be requested through an commitment 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 on a semi-annual basis for their knowledge.

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.

- o (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 publicly disclose?**

(A) Exposure to physical risk

(1) Indicate whether this metric or variable was used and disclosed, including the methodology

- o (1) Metric or variable used
- o (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/reporte-riesgos-opportunidades-climaticas-2023.pdf>

(B) Exposure to transition risk

(1) Indicate whether this metric or variable was used and disclosed, including the methodology

- o (1) Metric or variable used
- o (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/reporte-riesgos-opportunidades-climaticas-2023.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/reporte-riesgos-oportunidades-climaticas-2023.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/reporte-riesgos-oportunidades-climaticas-2023.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/reporte-riesgos-oportunidades-climaticas-2023.pdf>

**(F) Avoided emissions**

**(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/reporte-riesgos-oportunidades-climaticas-2023.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/reporte-riesgos-oportunidades-climaticas-2023.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/reporte-riesgos-oportunidades-climaticas-2023.pdf>

**(J) Other metrics or variables**

Specify:

Carbon intensity per \$1 million of revenue, absolute emissions linked to investment portfolio, percentage of assets aligned to TCFD, percentage of assets aligned to 1.5°C, percentage of sustainable 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/reporte-riesgos-oportunidades-climaticas-2023.pdf>

- (K) Our organisation did not use or publicly 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 publicly 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/themes/banorte-xxi/assets/asg/reporte-riesgos-oportunidades-climaticas-2024.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/themes/banorte-xxi/assets/asg/reporte-riesgos-oportunidades-climaticas-2024.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/themes/banorte-xxi/assets/asg/reporte-riesgos-oportunidades-climaticas-2024.pdf>

- (D) Our organisation did not publicly 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:

Mexican 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 potential negative outcomes for people connected to your investment activities?**

**(A) We assessed the country level context of our potential and/or existing investments to understand how this could connect our organisation to negative human rights outcomes**

Explain how these activities were conducted:

At the country level, we monitor human rights performance scores based on MSCI data, focusing on specific dimensions such as:

- Civil Liberties
- Voice and Accountability
- Labor Rights

**(B) We assessed the sector context of our potential and/or existing investments to understand how this could connect our organisation to negative human rights outcomes**

Explain how these activities were conducted:

Our internal ESG assessment model includes a specific component to evaluate the human rights performance of the companies in which we invest. This methodology is grounded in internationally recognized frameworks and tailored to the sector-specific materiality of each industry. Each indicator in the ESG evaluation model is directly linked to:

- The Universal Declaration of Human Rights
- The UN Guiding Principles on Business and Human Rights This linkage is aligned with our model's categories and sector-specific materiality, allowing us to accurately map the human rights performance of each company.

**(C) We assessed the human rights performance of our potential and/or existing investments to understand how this could connect our organisation to negative human rights outcomes**

Explain how these activities were conducted:

To implement our Human Rights Strategy, we have developed a due diligence process applied both at the pre-investment and post-investment stages. This process begins with our ESG performance assessment and is embedded within our evaluation model. If we identify that a company or asset manager in our portfolio lacks a strong corporate culture or is involved in human rights violations, we take appropriate action.

**(D) We monitored severe and emerging human rights controversies to understand how this could connect our organisation to negative human rights outcomes**

Explain how these activities were conducted:

Our strategy is based on three core responsibilities:

1. Complying with international human rights standards
2. Preventing and mitigating actual and potential negative impacts from our investments
3. Strengthening the management of financial risk This approach allows us to align our investment practices with the growing expectations of beneficiaries, clients, and regulators regarding ESG issues.

(E) We took other steps to assess and manage the actual and potentially negative outcomes for people connected to our investment activities

(F) 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 potential 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 potential 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 and validate that investee companies disclose into their annual sustainability reports related with DEI, labor practices, percentage of safety & security, forced, environmental strategies. In general social and environmental responsibility in order to assess their human rights performance.

**(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 in different information media

(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
<b>Organisation</b>						
(A) Commitment to and experience in responsible investment	<input checked="" type="checkbox"/>					
(B) Responsible investment policy(ies)	<input checked="" type="checkbox"/>					
(C) Governance structure and senior-level oversight and accountability	<input checked="" type="checkbox"/>					
<b>People and Culture</b>						
(D) Adequate resourcing and incentives	<input checked="" type="checkbox"/>					
(E) Staff competencies and experience in responsible investment	<input checked="" type="checkbox"/>					
<b>Investment Process</b>						
(F) Incorporation of material ESG factors in the investment process	<input checked="" type="checkbox"/>					

(G) Incorporation of risks connected to systematic sustainability issues in the investment process	<input checked="" type="checkbox"/>					
(H) Incorporation of material ESG factors and ESG risks connected to systematic sustainability issues in portfolio risk assessment	<input checked="" type="checkbox"/>					
<b>Stewardship</b>						
(I) Policy(ies) or guidelines on stewardship	<input checked="" type="checkbox"/>					
(J) Policy(ies) or guidelines on (proxy) voting	<input checked="" type="checkbox"/>					
(K) Use of stewardship tools and activities	<input checked="" type="checkbox"/>					
(L) Incorporation of risks connected to systematic sustainability issues in stewardship practices	<input checked="" type="checkbox"/>					
(M) Involvement in collaborative engagement and stewardship initiatives	<input checked="" type="checkbox"/>					
(N) Engagement with policy makers and other non-investee stakeholders	<input checked="" type="checkbox"/>					
(O) Results of stewardship activities	<input checked="" type="checkbox"/>					
<b>Performance and Reporting</b>						
(P) ESG disclosure in regular client reporting	<input checked="" type="checkbox"/>					
(Q) Inclusion of ESG factors in contractual agreements	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(R) We do not consider any of the above responsible investment aspects important in the assessment of external investment managers	<input type="radio"/>					

## 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   | Afore XXI Banorte considers key aspects when assessing the external investment manager's responsible investment policies and practices. At this phase we have 3 basic processes: 1) Identification of a preliminary list of potential fund managers/funds, 2) Request for information, and 3) Detailed due diligence. Among the ESG aspects that are reviewed into the DDQ process are the following categories: Organisation, People and Culture, Investment Process and Transparency of Information. These considerations ensure that the external managers or funds selected by the Afore are aligned with our responsible investment objectives and meet the highest ESG management standards. |
| (B) Appointment | Once the assessment is available, the CIO must present the investment vehicle and sponsor to the Investment Committee, for approval.   |
| (C) Monitoring  | Investment management practices are monitored periodically, through an ESG questionnaire. In addition, we monitor the ESG rating provided by the ESG rating agency, score distribution, trends, carbon risk and sectoral exclusion list.   |

# 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, OO 21, 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, OO 21, 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, OO 21	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
<b>Organisation</b>						
(A) Commitment to and experience in responsible investment (e.g. commitment to responsible investment principles and standards)	<input checked="" type="checkbox"/>					
(B) Responsible investment policy(ies) (e.g. the continued alignment of their responsible investment policy with the investment mandate)	<input checked="" type="checkbox"/>					
(C) Governance structure and senior level oversight and accountability (e.g. the adequacy of their governance structure and reported conflicts of interest)	<input checked="" type="checkbox"/>					
<b>People and Culture</b>						
(D) Adequate resourcing and incentives (e.g. their team structures, operating model and remuneration structure, including alignment of interests)	<input checked="" type="checkbox"/>					

(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	<input checked="" type="checkbox"/>
(B) How the external investment managers rebalanced the products as a result of changes in ESG rankings, ratings or indexes	<input checked="" type="checkbox"/>
(C) Evidence that ESG passive products and strategies meet the responsible investment criteria and process	<input checked="" type="checkbox"/>
(D) Other	<input checked="" type="checkbox"/>
(E) We did not monitor ESG passive products and strategies	<input type="checkbox"/>
(F) Not applicable; we do not invest in ESG passive products and strategies	<input type="checkbox"/>

**(D) Other - Specify:**

For all ESG investments, we developed an ESG questionnaire to obtain additional information on the external investment manager's sustainable strategy, proxy voting process, screening strategy, ESG issues controversies, climate change policy, engagement process, etc. For mandate managers we monitored the external investment manager's engagement (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 has ESG clauses already defined for inclusion in the investment external management agreements (IMAs). The clauses are intended to clearly state the importance of ESG factors, are aligned with PRI guidelines and are legally binding once they are included in the IMA. Non-compliance with these clauses will give rise to an early warning that will require the external manager to compliance during a reasonable period of time; 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. For Mandate managers we have incorporated a reporting process with different periodicity depending on the ESG information requirement. In the case of external passive managers, we have a check list of initial documents for the DDQ that seek to evaluate the advance in terms of responsible investment practices of the managed companies. Finally, according our decarbonization objectives, we incorporate into the calculation of portfolio's carbon footprint the assets managed by external investment managers.

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	<input checked="" type="checkbox"/>					
(B) Less than once a year	<input type="checkbox"/>					
(C) On an ad hoc basis	<input checked="" type="checkbox"/>					

## 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)	(2) Listed equity (passive)	(3) Fixed income (active)	(5) Private equity	(6) Real estate	(7) Infrastructure
(A) Any changes in their policy(ies) or guidelines on stewardship	<input checked="" type="checkbox"/>					
(B) The degree of implementation of their policy(ies) or guidelines on stewardship	<input checked="" type="checkbox"/>					
(C) How they prioritise material ESG factors	<input checked="" type="checkbox"/>					
(D) How they prioritise risks connected to systematic sustainability issues	<input checked="" type="checkbox"/>					
(E) Their investment team's level of involvement in stewardship activities	<input checked="" type="checkbox"/>					
(F) Whether the results of stewardship actions were fed back into the investment process and decisions	<input checked="" type="checkbox"/>					
(G) Whether they used a variety of stewardship tools and activities to advance their stewardship priorities	<input checked="" type="checkbox"/>					
(H) The deployment of their escalation process in cases where initial stewardship efforts were unsuccessful	<input checked="" type="checkbox"/>					

(I) Whether they participated in collaborative engagements and stewardship initiatives	<input checked="" type="checkbox"/>					
(J) Whether they had an active role in collaborative engagements and stewardship initiatives	<input checked="" type="checkbox"/>					
(K) Other	<input type="checkbox"/>					
(L) We did not monitor our external investment managers' stewardship practices during the reporting year	<input type="radio"/>					

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?**

	(1) Listed equity (active)	(2) Listed equity (passive)
(A) Any changes in their policy(ies) or guidelines on (proxy) voting	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(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	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Whether their (proxy) voting decisions were consistent with their stated approach on the prioritisation of risks connected to systematic sustainability issues	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Whether their (proxy) voting track record was aligned with our stewardship approach and expectations	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(E) The application of their policy on securities lending and any implications for implementing their policy(ies) or guidelines on (proxy) voting (where applicable)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(F) Other	<input type="checkbox"/>	<input type="checkbox"/>
(G) We did not monitor our external investment managers' (proxy) voting practices during the reporting year	<input type="radio"/>	<input type="radio"/>

## 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.

We worked with external investment managers in multiple dialogues to negotiate the incorporation of ESG clauses into legally binding documents (side letters or IMA's), considering the incorporation of our exclusion list. In addition, we have a clause of "knowledge transfer" with the most advanced investment managers to learn about their best practices and thus strengthen our processes. We annually conduct a verification process on the information provided by our external managers regarding their responsible investment practices. For most of our externally managed assets in each asset class, we require them to provide: ESG reports, validate their data through random audits, request documentary evidence to support the claims made, conduct structured interviews with management teams, and verify consistency between established commitments and implemented actions.

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	<input checked="" type="checkbox"/>					
(B) Notification about their placement on a watch list or relationship coming under review	<input checked="" type="checkbox"/>					
(C) Reduction of capital allocation to the external investment managers until any concerns have been rectified	<input checked="" type="checkbox"/>					
(D) Termination of the contract if failings persist over a (notified) period, including an explanation of the reasons for termination	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(E) Holding off selecting the external investment managers for new mandates or allocating additional capital until any concerns have been rectified	<input checked="" type="checkbox"/>					
(F) Other	<input checked="" type="checkbox"/>					
(G) Our organisation does not have a formal escalation process to address concerns raised during monitoring	<input type="radio"/>					

**(F) Other - Specify:**

In case of insufficient or inadequate reporting or results, or any violation of established policies, AXXIB has a process of escalation with three actions and their respective measures that could be considered to improve dialogue and mitigate the lack of information or attention to commitments. We also make timely and formal commitments to external 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	<input checked="" type="checkbox"/>					
(B) We checked that the information reported was verified by an independent third party	<input checked="" type="checkbox"/>					
(C) We checked for evidence of internal monitoring or compliance	<input checked="" type="checkbox"/>					
(D) Other	<input type="checkbox"/>					
(E) We did not verify the information reported by external investment managers on their responsible investment practices during the reporting year	<input type="radio"/>					

### Additional context to your response(s): (Voluntary)

In our ESG assessment for DDQ and periodic monitoring, we incorporate a section called "Confidence-building measures" where we request that external managers inform us about any internal quality audits carried out or any independent third-party assurance of their responsible investment processes and/or data received, as well as whether an independent third party verified specific responsible investment processes/data and issued a formal conclusion, among other elements.

# 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

Health and safety

(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
- Diversity and inclusion
- (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 efficiency
- (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

Green certifications

(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

Women on board

(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

Renewable Energy Generated

(4) Number of targets set for this outcome

- (1) No target
- (2) One target
- (3) Two or more targets

(G) Sustainability outcome #7

(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

Climate change

(4) Number of targets set for this outcome

(1) No target

(2) One target

(3) Two or more targets

(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:	Health and safety
(1) Target name	Accident Reduction Target
(2) Baseline year	2023
(3) Target to be met by	

(4) Methodology

The sustainability performance measurement process consists of five stages: 1) priority sectors are identified to focus resources and maximize impacts, based on portfolio relevance, pollution and carbon use, resulting in five key sectors: Energy, Real Estate, Consumer Staples, Materials and Industrial. 2) an internal catalog of ESG indicators aligned with the Sustainable Development Goals (SDGs) is created. 3) internal indicators are determined to measure the results of the portfolio, from ESG questionnaires, fact sheets and public information, all linked to the SDGs. 4) sustainability results are mapped through a dashboard that shows the SDGs related to each commitment, allowing the progress and impact of the commitments to be monitored. Finally, sustainability targets are defined to positively influence companies or projects, identifying sectors and material issues where investors can increase positive outcomes and reduce negative ones. In the case of this indicator, only industrial, real estate, basic consumption, materials and energy sectors are considered for its high materiality

(5) Metric used (if relevant)

Percentage of assets that have an accident reduction goal

(6) Absolute or intensity-based (if relevant)

(1) Absolute

(7) Baseline level or amount (if relevant):

18% of the assessable portfolio

(8) Target level or amount (if relevant)

Increase this outcome annually

(9) Percentage of total AUM covered in your baseline year for target setting

9%

(10) Do you also have a longer-term target for this?

(2) No

**(B1) Sustainability Outcome #2: Target details**

(B1) Sustainability Outcome #2:

Diversity and inclusion

(1) Target name

Women Senior Management

(2) Baseline year

2023

(3) Target to be met by

(4) Methodology

The sustainability performance measurement process consists of five stages: 1) priority sectors are identified to focus resources and maximize impacts, based on portfolio relevance, pollution and carbon use, resulting in five key sectors: Energy, Real Estate, Consumer Staples, Materials and Industrial. 2) an internal catalog of ESG indicators aligned with the Sustainable Development Goals (SDGs) is created. 3) internal indicators are determined to measure the results of the portfolio, from ESG questionnaires, fact sheets and public information, all linked to the SDGs. 4) sustainability results are mapped through a dashboard that shows the SDGs related to each commitment, allowing the progress and impact of the commitments to be monitored. Finally, sustainability targets are defined to positively influence companies or projects, identifying sectors and material issues where investors can increase positive outcomes and reduce negative ones. In the case of this indicator, only industrial, real estate, basic consumption, materials and energy sectors are considered for its high materiality

(5) Metric used (if relevant)

Percentage issuers with top management positions with 30% of women

(6) Absolute or intensity-based (if relevant)

(1) Absolute

(7) Baseline level or amount (if relevant):

9% of stations with top management positions with 30% of women

(8) Target level or amount (if relevant)

Increase this outcome annually

(9) Percentage of total AUM covered in your baseline year for target setting

9%

(10) Do you also have a longer-term target for this?

(2) No

**(C1) Sustainability Outcome #3: Target details**

(C1) Sustainability Outcome #3:

Water efficiency

(1) Target name

Water saving

(2) Baseline year

2023

(3) Target to be met by

(4) Methodology

The sustainability performance measurement process consists of five stages: 1) priority sectors are identified to focus resources and maximize impacts, based on portfolio relevance, pollution and carbon use, resulting in five key sectors: Energy, Real Estate, Consumer Staples, Materials and Industrial. 2) an internal catalog of ESG indicators aligned with the Sustainable Development Goals (SDGs) is created. 3) internal indicators are determined to measure the results of the portfolio, from ESG questionnaires, fact sheets and public information, all linked to the SDGs. 4) sustainability results are mapped through a dashboard that shows the SDGs related to each commitment, allowing the progress and impact of the commitments to be monitored. Finally, sustainability targets are defined to positively influence companies or projects, identifying sectors and material issues where investors can increase positive outcomes and reduce negative ones.. In the case of this indicator, only industrial, real estate, basic consumption, materials and energy sectors are considered for its high materiality

(5) Metric used (if relevant)

Average water saving target of the assets

(6) Absolute or intensity-based (if relevant)

(1) Absolute

(7) Baseline level or amount (if relevant):

21% average water savings

(8) Target level or amount (if relevant)

Increase this outcome annually

(9) Percentage of total AUM covered in your baseline year for target setting

9%

(10) Do you also have a longer-term target for this?

(2) No

**(D1) Sustainability Outcome #4: Target details**

(D1) Sustainability Outcome #4:

Green certifications

(1) Target name

Total area of certified assets (m2)

(2) Baseline year

2023

(3) Target to be met by

(4) Methodology

The sustainability performance measurement process consists of five stages: 1) priority sectors are identified to focus resources and maximize impacts, based on portfolio relevance, pollution and carbon use, resulting in five key sectors: Energy, Real Estate, Consumer Staples, Materials and Industrial. 2) an internal catalog of ESG indicators aligned with the Sustainable Development Goals (SDGs) is created. 3) internal indicators are determined to measure the results of the portfolio, from ESG questionnaires, fact sheets and public information, all linked to the SDGs. 4) sustainability results are mapped through a dashboard that shows the SDGs related to each commitment, allowing the progress and impact of the commitments to be monitored. Finally, sustainability targets are defined to positively influence companies or projects, identifying sectors and material issues where investors can increase positive outcomes and reduce negative ones. In the case of this indicator, only Real Estate sector is considered for its high materiality.

(5) Metric used (if relevant)

Certified percentage with respect to the ARB

(6) Absolute or intensity-based (if relevant)

(1) Absolute

(7) Baseline level or amount (if relevant):

12% certified with respect to the ARB

(8) Target level or amount (if relevant)

Increase this outcome annually

(9) Percentage of total AUM covered in your baseline year for target setting

3%

(10) Do you also have a longer-term target for this?

(2) No

**(E1) Sustainability Outcome #5: Target details**

(E1) Sustainability Outcome #5:

Women on board

(1) Target name

Women in governing bodies

(2) Baseline year

2023

(3) Target to be met by

(4) Methodology

The sustainability performance measurement process consists of five stages: 1) priority sectors are identified to focus resources and maximize impacts, based on portfolio relevance, pollution and carbon use, resulting in five key sectors: Energy, Real Estate, Consumer Staples, Materials and Industrial. 2) an internal catalog of ESG indicators aligned with the Sustainable Development Goals (SDGs) is created. 3) internal indicators are determined to measure the results of the portfolio, from ESG questionnaires, fact sheets and public information, all linked to the SDGs. 4) sustainability results are mapped through a dashboard that shows the SDGs related to each commitment, allowing the progress and impact of the commitments to be monitored. Finally, sustainability targets are defined to positively influence companies or projects, identifying sectors and material issues where investors can increase positive outcomes and reduce negative ones. In the case of this indicator, only industrial, real estate, basic consumption, materials and energy sectors are considered for its high materiality

(5) Metric used (if relevant)

Percentage of assets with women in their governing bodies

(6) Absolute or intensity-based (if relevant)

(1) Absolute

(7) Baseline level or amount (if relevant):

47% of assets have women in their governing bodies

(8) Target level or amount (if relevant)

Increase this outcome annually

(9) Percentage of total AUM covered in your baseline year for target setting

9%

(10) Do you also have a longer-term target for this?

(2) No

**(F1) Sustainability Outcome #6: Target details**

(F1) Sustainability Outcome #6:

Renewable Energy Generated

(1) Target name

MWH of renewable energy generated

(2) Baseline year

2023

(3) Target to be met by

(4) Methodology

The sustainability performance measurement process consists of five stages: 1) priority sectors are identified to focus resources and maximize impacts, based on portfolio relevance, pollution and carbon use, resulting in five key sectors: Energy, Real Estate, Consumer Staples, Materials and Industrial. 2) an internal catalog of ESG indicators aligned with the Sustainable Development Goals (SDGs) is created. 3) internal indicators are determined to measure the results of the portfolio, from ESG questionnaires, fact sheets and public information, all linked to the SDGs. 4) sustainability results are mapped through a dashboard that shows the SDGs related to each commitment, allowing the progress and impact of the commitments to be monitored. Finally, sustainability targets are defined to positively influence companies or projects, identifying sectors and material issues where investors can increase positive outcomes and reduce negative ones. In the case of this indicator, only Industrial and Energy sector are considered for its high materiality

(5) Metric used (if relevant)

MWH of renewable energy generated

(6) Absolute or intensity-based (if relevant)

(1) Absolute

(7) Baseline level or amount (if relevant):

5,792,224 WHh of renewable energy generated

(8) Target level or amount (if relevant)

Increase this outcome annually

(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

**(G1) Sustainability Outcome #7: Target details**

(G1) Sustainability Outcome #7:

Climate change

(1) Target name

Alignment to the Paris Agreement

(2) Baseline year

2023

(3) Target to be met by

(4) Methodology

The sustainability performance measurement process consists of five stages: 1) priority sectors are identified to focus resources and maximize impacts, based on portfolio relevance, pollution and carbon use, resulting in five key sectors: Energy, Real Estate, Consumer Staples, Materials and Industrial. 2) an internal catalog of ESG indicators aligned with the Sustainable Development Goals (SDGs) is created. 3) internal indicators are determined to measure the results of the portfolio, from ESG questionnaires, fact sheets and public information, all linked to the SDGs. 4) sustainability results are mapped through a dashboard that shows the SDGs related to each commitment, allowing the progress and impact of the commitments to be monitored. Finally, sustainability targets are defined to positively influence companies or projects, identifying sectors and material issues where investors can increase positive outcomes and reduce negative ones. In the case of this indicator, only industrial, real estate, basic consumption, materials and energy sectors are considered for its high materiality

(5) Metric used (if relevant) Percentage of assets with a theoretical alignment to the Paris Agreement

(6) Absolute or intensity-based (if relevant) (1) Absolute

(7) Baseline level or amount (if relevant): 13% of assets with a theoretical alignment to the Paris Agreement

(8) Target level or amount (if relevant) Increase this outcome annually

(9) Percentage of total AUM covered in your baseline year for target setting 9%

(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

## 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: Health and safety

Target name: Accident Reduction Target

Does your organisation track progress against your nearest-term sustainability outcome targets? (1) Yes

#### (B1) Sustainability outcome #2:

(B1) Sustainability outcome #2: Diversity and inclusion

Target name: Women Senior Management

Does your organisation track progress against your nearest-term sustainability outcome targets? (1) Yes

#### (C1) Sustainability outcome #3:

(C1) Sustainability outcome #3: Water efficiency

Target name: Water saving

Does your organisation track progress against your nearest-term sustainability outcome targets? (1) Yes

**(D1) Sustainability outcome #4:**

(D1) Sustainability outcome #4: Green certifications

Target name: Total area of certified assets (m2)

Does your organisation track progress against your nearest-term sustainability outcome targets? (1) Yes

**(E1) Sustainability outcome #5:**

(E1) Sustainability outcome #5: Women on board

Target name: Women in governing bodies

Does your organisation track progress against your nearest-term sustainability outcome targets? (1) Yes

**(F1) Sustainability outcome #6:**

(F1) Sustainability outcome #6: Renewable Energy Generated

Target name: MWH of renewable energy generated

Does your organisation track progress against your nearest-term sustainability outcome targets? (1) Yes

**(G1) Sustainability outcome #7:**

(G1) Sustainability outcome #7: Climate change

Target name: Alignment to the Paris Agreement

Does your organisation track progress against your nearest-term sustainability outcome targets? (1) Yes

**Additional context to your response(s): (Voluntary)**

In order to achieve positive results and achieve objectives, Afore XXI Banorte is committed to working to increase the positive results of the SDGs by continuing to establish specific commitments with issuers in priority sectors. The ESG team monitors indicators to formally follow up on the established objectives. These objectives are also shared with new investment proposals to seek engagement from the outset and influence investment decisions.

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:	Health and safety
(1) Target name	Accident Reduction Target
(2) Target to be met by	
(3) Metric used (if relevant)	Percentage of assets that have an accident reduction goal
(4) Current level or amount (if relevant)	22% of the assessable portfolio in the industrial and energy sectors
(5) Other qualitative or quantitative progress	% of issuers with commitments related to the target
(6) Methodology for tracking progress	Through our commitment tracking and monitoring process we will monitor the percentage of progress on the targets.

**(B1) Sustainability Outcome #2: Target details**

(B1) Sustainability Outcome #2:	Diversity and inclusion
(1) Target name	Women Senior Management
(2) Target to be met by	
(3) Metric used (if relevant)	Percentage issuers with top management positions with 30% of women
(4) Current level or amount (if relevant)	30% of stations with top management positions with 30% of women in CKDS
(5) Other qualitative or quantitative progress	% of issuers with commitments related to the target

(6) Methodology for tracking progress Through our commitment tracking and monitoring process we will monitor the percentage of progress on the targets.

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**(C1) Sustainability Outcome #3: Target details**

(C1) Sustainability Outcome #3: Water efficiency

(1) Target name Water saving

(2) Target to be met by

(3) Metric used (if relevant) Average water saving target of the assets

(4) Current level or amount (if relevant) Reduction of 19 million liters

(5) Other qualitative or quantitative progress % of issuers with commitments related to the target

(6) Methodology for tracking progress Through our commitment tracking and monitoring process we will monitor the percentage of progress on the targets.

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**(D1) Sustainability Outcome #4: Target details**

(D1) Sustainability Outcome #4: Green certifications

(1) Target name Total area of certified assets (m2)

(2) Target to be met by

(3) Metric used (if relevant) Certified percentage with respect to the ARB

(4) Current level or amount (if relevant) 13,654,834 m2 of surface area with certified assets

(5) Other qualitative or quantitative progress % of issuers with commitments related to the target

(6) Methodology for tracking progress Through our commitment tracking and monitoring process we will monitor the percentage of progress on the targets.

### (E1) Sustainability Outcome #5: Target details

(E1) Sustainability Outcome #5:	Women on board
(1) Target name	Women in governing bodies
(2) Target to be met by	
(3) Metric used (if relevant)	Percentage of assets with women in their governing bodies
(4) Current level or amount (if relevant)	16 % of women in governing bodies
(5) Other qualitative or quantitative progress	% of issuers with commitments related to the target
(6) Methodology for tracking progress	Through our commitment tracking and monitoring process we will monitor the percentage of progress on the targets.

### (F1) Sustainability Outcome #6: Target details

(F1) Sustainability Outcome #6:	Renewable Energy Generated
(1) Target name	MWH of renewable energy generated
(2) Target to be met by	
(3) Metric used (if relevant)	MWH of renewable energy generated
(4) Current level or amount (if relevant)	38% of issuers with Waste generation analysis or measurement
(5) Other qualitative or quantitative progress	% of issuers with commitments related to the target
(6) Methodology for tracking progress	Through our commitment tracking and monitoring process we will monitor the percentage of progress on the targets.

### (G1) Sustainability Outcome #7: Target details

(G1) Sustainability Outcome #7:	Climate change
(1) Target name	Alignment to the Paris Agreement
(2) Target to be met by	

(3) Metric used (if relevant)	Percentage of assets with a theoretical alignment to the Paris Agreement
(4) Current level or amount (if relevant)	6% issues with a theoretical alignment to the paris agreement
(5) Other qualitative or quantitative progress	% of issuers with commitments related to the target
(6) Methodology for tracking progress	Through our commitment tracking and monitoring process we will monitor the percentage of progress on the targets.

## 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:  
Health and safety

(D) Sustainability-linked bonds

(B) Sustainability Outcome #2:  
Diversity and inclusion

(D) Sustainability-linked bonds

(C) Sustainability Outcome #3:  
Water efficiency

(A) Green/climate bonds  
(C) Sustainability bonds  
(D) Sustainability-linked bonds

(D) Sustainability Outcome #4:  
Green certifications

(A) Green/climate bonds  
(C) Sustainability bonds  
(D) Sustainability-linked bonds

(E) Sustainability Outcome #5:  
Women on board

(F) Sustainability Outcome #6:  
Renewable Energy Generated

(A) Green/climate bonds  
(C) Sustainability bonds

(G) Sustainability Outcome #7:  
Climate change

(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	We have entered into formal commitments with managers and companies in the applicable sectors, monitoring progress on a quarterly basis
(2) Stewardship tools or activities used	(1) Engagement
(3) Example	Of the total universe of our commitment matrix, we determined its alignment with the indicators of the goals established by the Global Framework for Sustainable Development Goals.

### (B) Sustainability Outcome #1:

(B) Sustainability Outcome #1:	Health
(1) Describe your approach	We have entered into formal commitments with managers and companies in the applicable sectors, monitoring progress on a quarterly basis.
(2) Stewardship tools or activities used	(1) Engagement
(3) Example	Certain portfolio companies have committed to: Establishing goals for reducing accidents (ifatalities) in operations.

### (C) Sustainability Outcome #2:

(C) Sustainability Outcome #2:	Equality
(1) Describe your approach	We have entered into formal commitments with managers and companies in the applicable sectors, monitoring progress on a quarterly basis.
(2) Stewardship tools or activities used	(1) Engagement

(3) Example Certain portfolio companies have committed to: Establishing a minimum of 30% women in senior management positions.

---

**(D) Sustainability Outcome #3:**

(D) Sustainability Outcome #3: Water

(1) Describe your approach We have entered into formal commitments with managers and companies in the applicable sectors, monitoring progress on a quarterly basis.

(2) Stewardship tools or activities used (1) Engagement

(3) Example Certain companies in the portfolio have committed to: Defining water consumption reduction strategies at the sites with the highest consumption in their operations.

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**(E) Sustainability Outcome #4:**

(E) Sustainability Outcome #4: Industry

(1) Describe your approach We have entered into formal commitments with managers and companies in the applicable sectors, monitoring progress on a quarterly basis.

(2) Stewardship tools or activities used (1) Engagement

(3) Example Certain companies in the portfolio have committed to: Creating of a strategy to increase the number of environmental certifications in its properties. Considering within the sustainable certifications: LEED, BREEAM, GRESB, EDGE, or any international/national sustainable certification.

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**(F) Sustainability Outcome #5:**

(F) Sustainability Outcome #5: Inequality

(1) Describe your approach We have entered into formal commitments with managers and companies in the applicable sectors, monitoring progress on a quarterly basis.

(2) Stewardship tools or activities used (1) Engagement

(3) Example Certain portfolio companies have committed to: Generate initiatives or policies to confirm its commitment to inclusion and diversity by promoting the incorporation of vulnerable groups in the staff

**(G) Sustainability Outcome #6:**

(G) Sustainability Outcome #6:	Renewable Energy Generated
(1) Describe your approach	We have entered into formal commitments with managers and companies in the applicable sectors, monitoring progress on a quarterly basis.
(2) Stewardship tools or activities used	(1) Engagement
(3) Example	Certain companies in the portfolio have committed to: Generate investments, projects or initiatives to increase renewable energy consumption.

**(H) Sustainability Outcome #7:**

(H) Sustainability Outcome #7:	Climate
(1) Describe your approach	We have entered into formal commitments with managers and companies in the applicable sectors, monitoring progress on a quarterly basis.
(2) Stewardship tools or activities used	(1) Engagement
(3) Example	Certain portfolio companies have committed to: Align themselves with the UN's net-zero 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.

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:

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:

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:

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

Actually, the mapped sustainability outcomes do not include data from externally managed assets. However, we actively use our influence over external managers to promote the achievement of sustainability outcomes across all investments. This includes ongoing engagement on ESG integration, target setting, and transparency around sustainability performance.

Although these externally managed outcomes are not currently counted in our internal measurements, we continuously monitor their progress and encourage alignment with our sustainability objectives and net-zero commitments. As part of our stewardship strategy, we request that external managers report on ESG-related metrics, demonstrate alignment with frameworks such as TCFD and SBTi, and support sustainability outcomes consistent with our own.

Going forward, we aim to enhance our data collection processes and methodologies in order to progressively incorporate externally managed assets into our outcome reporting framework.

### (B) Sustainability Outcome #1:

(B) Sustainability Outcome #1:

Health

(1) Describe your approach

### (C) Sustainability Outcome #2:

(C) Sustainability Outcome #2:

Equality

(1) Describe your approach

### (D) Sustainability Outcome #3:

(D) Sustainability Outcome #3:

Water

(1) Describe your approach

**(E) Sustainability Outcome #4:**

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(E) Sustainability Outcome #4: Industry

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(1) Describe your approach

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**(F) Sustainability Outcome #5:**

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(F) Sustainability Outcome #5: Inequality

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(1) Describe your approach

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**(G) Sustainability Outcome #6:**

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(G) Sustainability Outcome #6: Renewable Energy Generated

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(1) Describe your approach

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**(H) Sustainability Outcome #7:**

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(H) Sustainability Outcome #7: Climate

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(1) Describe your approach

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## 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 through or 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	As we are honored to be the first pension fund in our local market to integrate ESG factors and practice responsible investment practices, we are also challenged to promote these activities both among investee companies and other investors (including asset managers). We are very interested in the industry's progress towards ESG factors, as a result, we are an active member of national organizations such as president of the Consejo Mexicano de Finanzas Sostenibles (CMFS), which seeks greater disclosure by companies of ESG factors; collaborating member in the development of an information bank carried out by the Mexican Stock Exchange and, most recently, president of the Responsible Investment subcommittee of the Asociación Mexicana de Administradoras de Fondos para el Retiro (AMAFORE) to improve and promote responsible investment practices among the association's members. Meanwhile, the local market is gaining strength and experience in the matter, Afore XXI Banorte participating in collaborative engagements with foreign and more experienced investors through the Climate Action 100+ initiative. This not only allowed us to collaborate for the first time with leading investors in an engagement, but also allowed us to check that our practices and processes were adequate and to look for inadequacies in them. We are convinced and looking forward to further collaborations with local and foreign investors.

### (B) Sustainability Outcome #1:

(B) Sustainability Outcome #1:	Health
(1) Describe your approach	

(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

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**(C) Sustainability Outcome #2:**

(C) Sustainability Outcome #2: Equality

(1) Describe your approach

(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

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**(D) Sustainability Outcome #3:**

(D) Sustainability Outcome #3: Water

(1) Describe your approach

(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

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**(E) Sustainability Outcome #4:**

(E) Sustainability Outcome #4: Industry

(1) Describe your approach

(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:**

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(F) Sustainability Outcome #5: Inequality

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(1) Describe your approach

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(2) Engagement tools or activities used

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(3) Example(s) of policies engaged on

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**(G) Sustainability Outcome #6:**

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(G) Sustainability Outcome #6: Renewable Energy Generated

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(1) Describe your approach

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(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

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(3) Example(s) of policies engaged on

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**(H) Sustainability Outcome #7:**

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(H) Sustainability Outcome #7: Climate

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(1) Describe your approach

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(2) Engagement tools or activities used

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(3) Example(s) of policies engaged on

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## 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 TCFDF 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	<p>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.</p> <p>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.</p> <p>We recently participated in the Working Group with Afores interested in implementing a sustainable taxonomy. The expectation is that the participating Pensions Funds will work together to collectively develop viable proposals for capturing available information in regulatory reports.</p>

### (D) Initiative #4

(1) Name of the initiative	Regional climate initiative "Diálogos por el clima LATAM"
(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 (E) We supported the coordination of the initiative (e.g. facilitating group meetings) or provided other administrative support (G) We were part of an advisory committee or similar (H) We contributed to the development of the initiative's materials and/or resources (e.g. co-authored a report)
(3) Provide further detail on your participation in this collaborative initiative	<p>In response to the need to strengthen engagement with the highest GHG-emitting companies in the region, we launched the "Climate Dialogues Latam" initiative. This initiative aims to decarbonize the economy and address the challenges of climate change in the region through direct collaboration with companies that are advancing toward sustainability.</p> <p>The initiative was developed as part of a proposal by signatories to the Principles for Responsible Investment (UNPRI), encouraging regional investors to engage with the most carbon-intensive companies, strengthen their commitment to climate action, and adopt mitigation measures.</p>

# 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) Our responses in selected sections and/or the entirety of our PRI report were internally reviewed before submission to the PRI
- (F) 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 Internal Audit Department incorporates periodic ESG assessments as established in the internal audit plan, providing a systematic and disciplined approach to evaluate and help improve the effectiveness of the responsible investment process. The purpose is to enhance the Afore's accountability and verify that its responsible investment policies and methodologies are aligned with the highest international standards and best practices, thereby improving the credibility of related processes and disclosures. Internal Audit assessed whether the internal control mechanisms related to the Afore's responsible investment process were functioning as intended. As a result of this evaluation, recommendations were issued and have been implemented during the current year.

## INTERNAL REVIEW

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

**Who in your organisation reviewed the responses submitted in your PRI report this year?**

- (A) Board, trustees, or equivalent
- (B) Senior executive-level staff, investment committee, head of department, or equivalent
  - Sections of PRI report reviewed
    - (1) the entire report
    - (2) selected sections of the report
  - (C) None of the above internal roles reviewed selected sections or the entirety of the responses submitted in our PRI report this year