



Responsible Investment Policy

1. Policy name.

Responsible Investment Policy.

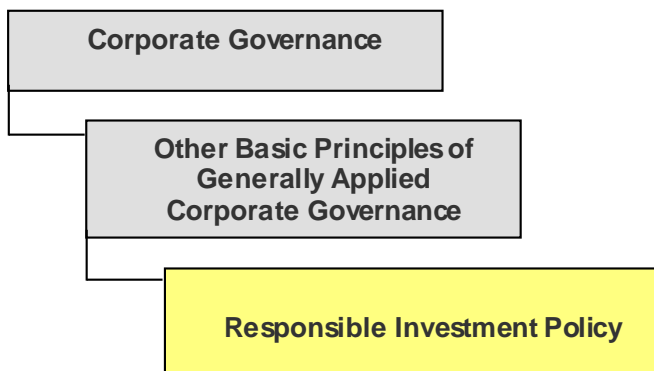
2. Objective.

To establish the reference framework and guidelines to incorporate Environmental, Social and Governance (ESG) factors in investment operations carried out by the personnel in charge of the Asset Management Department.

3. Scope.

Departments	Asset Management Sustainability and Responsible Investment
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4. Hierarchical diagram.



5. General policies associated with the process.

- [Environmental Policy](#)
- [Social Policy](#)
- [Socio-environmental Risk Policy](#)
- [Natural Capital Policy](#)
- [Responsible Investment Processes](#)

6. Procedures associated with the process.

1. ESG Analysis
2. Engagement



Policy

1. Policy name

Responsible Investment Policy

2. Scope

- Asset Management Department
- Sustainability and Responsible Investment Department

3. Content

1. Introduction

- A. GFNorte recognizes the importance of Environmental, Social and Governance (ESG) factors for the global financial sector and has integrated Responsible Investment as a complement to investment processes.
- B. GFNorte has defined Responsible Investment as the incorporation of Environmental, Social and Governance (ESG) factors into the investment processes as they are fundamental for investment's decision-making.
- C. GFNorte has implemented Responsible Investment as part of its fiduciary duty to its clients, identifying risks associated with ESG factors and proposing their mitigation, as well as taking advantage of opportunities that contribute to sustainable development.
- D. GFNorte uses Responsible Investment for its influence in the consolidation of a more stable, efficient and sustainable economic environment that meets the needs of current and future generations.
- E. These guidelines should be integrated into the investment evaluation process by the Departments specified in the scope of this document.

2. Regulatory framework

- A. The Responsible Investment Policy is based on the international agreements and initiatives to which Mexico and GFNorte have adhered on this matter, the current national legal framework and GFNorte's internal regulations. The following is an illustrative, but not limited, list of the main regulatory instruments:
 1. International agreements and initiatives:
 - a. Sustainable Development Goals (ODS)
 - b. Paris Agreement

- c. United Nations Global Compact
- d. Principles for Responsible Investment (PRI)
- e. International Integrated Reporting Council (IIRC)
- f. CDP
- g. Task Force on Climate-related Financial Disclosures (TCFD)
- h. Science based targets initiative (SBTi)

2. Committees that are related to Responsible Investment:

- a. Investment Committee for Managed Portfolios
- b. Sustainability Committee

3. GFNorte Regulations:

- a. ESG Analysis Procedure
- b. Active Ownership Procedure
- c. Mutual Fund Company Operational Manual
- d. Environmental Policy
- e. Social Policy.
- f. Investment Exclusion List (Annex 1)

3. External initiatives and commitments

A. En In March 2017 we became the first Mexican financial group to join the Principles for Responsible Investment (PRI), an initiative of international investors in collaboration with the United Nations Environmental Program Finance Initiative (UNEP FI) and the Global Compact, by committing ourselves to implement the following actions:

- 1. Incorporate ESG factors into our analysis and investment decision-making processes.
- 2. To pioneer the incorporation of ESG factors into our investment management policies and practices.
- 3. Promote appropriate disclosure on ESG factors of the issuers we invest in.
- 4. Promote the acceptance and implementation of the Principles in the Stock Market.
- 5. Work together to improve our effectiveness in implementing the Principles.

6. Report on our activity and progress towards implementing the Principles.
- B. To the extent possible, contribute to the 17 Sustainable Development Goals (SDGs) from the United Nations and the targets established in the Paris Agreement through Responsible Investment.

4. Internal initiatives and commitments

- A. In line with the Principles above and seeking to be part of the solution to global problems and the generation of value to the business, the Sustainability and Responsible Investment Department with the support of the Asset Management Department must coordinate the implementation of the following actions:
1. Through an internal methodology, analyze the ESG performance and disclosure, as well as the controversies media exposure, in order to identify non-financial risks to incorporate them into investment decision-making and measure their positive and negative impacts on society and the environment.
 2. Quantify greenhouse gas (GHG) emissions associated with investments using the methodology defined by the GHG Protocol and identify physical and transition risks related to climate change, in order to establish GHG emission reduction targets through engagements, as well as mitigating risks and taking advantage opportunities of climate-related issues in a long-term horizon.
 3. To engage individually or collectively with issuers that meet the profile defined in the Active Ownership Procedure to mitigate non-financial risks, improve their ESG performance and disclosure and, subsequently, add value to the issuer.
 4. Inform, train and sensitize GFNorte employees on Responsible Investment issues in order to promote the integration of ESG factors in business processes.
 5. Promote ESG disclosure in the stock market, as well as the adoption of Responsible Investment within our stakeholders.
- B. Sustainability and Responsible Investment Department must communicate the results of the ESG analysis and the controversies identified to the Asset Management and the Investment Committee for Managed Portfolios, same that can be integrated into the investment decision-making.

- C. GFNorte, committed to Responsible Investment, through the Sustainability and Responsible Investment Department with the support of the Asset Management Department, generally considers the following guidelines:
1. Responsible Investment at GFNorte is based on the implementation of the Principles for Responsible Investment (PRI), which must be considered in the definition of policies, strategies and action plans in accordance with the particularities of the business areas that manage investments.
 2. The overall strategy for Responsible Investment is made up of a mixed methodology that includes the type of asset, positive/negative screening, ESG integration and thematic investment.
- D. The implementation of these actions may encourage Mexican financial market to adopt better practices, contributing to the transformation of the market to have a positive impact on the society, businesses and the environment.
- E. Directors, officers and employees must adhere to the GFNorte [Code of Conduct](#) at all times, which includes, among other points, matters relating to conflict of interest.

5. Communication

- A. These policies are subject to updates in line with changes in national and international regulations and initiatives, the performance of GFNorte's investment processes and feedback from stakeholders.
- B. GFNorte recognizes that disseminating the relevance of incorporating ESG factors into investment processes is essential for stakeholder's engagement in investment management processes.
- C. The Sustainability and Responsible Investment Department and the Asset Management Department are responsible for:
1. Keep the regulations related to Responsible Investment updated and manage their disclosure on the institution's website.
 2. Manage an annual training program aimed at the areas involved in the matter.

3. Answer to comments and questions of the issuers through the following e-mail:
inversionresponsable@banorte.com.
4. Report results in the Integrated Annual Report and on the Principles for Responsible Investment platform on progress in implementing ESG factors.

Annex

1. Name of Annex

01) Investment Exclusion List.

2. Image

GFNorte, committed to implementing the Principles for Responsible Investment in the investment decision-making, through the Sustainability and Responsible Investment Department has created a list of economic activities and countries excluded from investment. The list has been authorized by the Asset Management Department.

The economic activities excluded¹ and countries excluded are:

1. Nuclear energy
2. Production and/or commercialization of radioactive materials (including storage and treatment of radioactive waste), asbestos and polychlorinated biphenyls (PBC's)
3. Production and/or commercialization of industrial chemicals, pesticides, organic pollutants
4. Tobacco.
5. Production and / or commercialization of chemical weapons, firearms and nuclear weapons²
6. Mining of uranium for weapons
7. Land mines
8. Artisanal mining
9. Production and / or commercialization of cluster combas
10. Pornography and / or prostitution
11. Gambling related businesses
12. Companies involved in Iran or Sudan
13. Corporate bonds of issuers whose activities or sectors are mentioned above
14. Sovereign bonds of countries that are sanctioned by the United Nations Organization³

¹ Applies only in the event that the referred activity represents 10% or more of the issuer's income.

² We support and subscribe to the Treaty on the Prohibition of Nuclear Weapons (TPNW), ratified by the Mexican government on January 21, 2021 under which we reiterate our commitment that "never, under any

circumstances, develop, test, produce, manufacture or acquire, possess or store nuclear weapons or other types of nuclear devices” in our country.

³ Countries sanctioned by the United Nations (UN): Iraq, Libya, Mali, Central African Republic, Republic of Guinea, Democratic Republic of North Korea, Democratic Republic of the Congo, Somalia, Sudan, South Sudan and Yemen. This list is updated annually.

Reference: <https://www.un.org/securitycouncil/>

It does not apply to portfolios that replicate the composition of indices (e.g. ETFs and index funds).

* The exclusion list comes into force as of its publication date in this manual and on the website of <https://investors.banorte.com/es/sustainability/resources/policies-and-procedures>, the holdings of bonds existing prior to publication can be held until maturity.

Glossary of terms

Sec.	Concept	Description
1.	Paris Agreement	Agreement within the framework of the United Nations Framework Convention on Climate Change whose objective is to reinforce the global response to this threat, establishing measures for the reduction of greenhouse gas (GHG) emissions and for the mitigation, adaptation and ecosystem resilience to global warming effects.
2.	Controversy	A public controversy regarding a specific issue, for the purposes of this policy the specific issues are: Environmental, Social and Governance (ESG).
3.	Issuers	<p>Generic name given to those who issue property titles (shares), credit and/or participation certificates.</p> <p>Legal entity that requests and, if applicable, obtains and maintains the registration of its securities in the National Securities Registry (RNV) or in the International Quotation System (SIC). Likewise, trust institutions shall be included when they act with the referred character, only with respect to the corresponding trust patrimony.</p>
4.	ESG specialist	Sustainability Analyst
5.	ESG factors	<p>They correspond to Environmental, Social and Governance (ESG) factors, evaluated according to their relevance to the sector.</p> <p>Environmental Factors: Eco-efficiency, environmental policy and management systems, climate strategy, risks associated with water, raw materials, among others.</p> <p>Social Factors: Labor practices, human capital development, talent attraction and retention, occupational health and safety, human rights, citizenship and philanthropy, among others.</p> <p>Governance factors: Corporate governance, code of conduct, information security, data privacy, marketing practices, value chain management, among others.</p>

6.	Sustainability and Responsible Investment Manager	Sustainability Manager
7.	Stakeholders	Employees, investors, sector activities and union, clients, community, media, government entities, NGOs and suppliers.
8.	Responsible Investment	<p>An investment approach that recognizes the relevance of environmental, social and governance (ESG) factors to the investor, as well as the stability and health of the markets as a whole over the long term.</p> <p>Responsible Investment integrates ESG factors to better manage risk and generate better returns over the long term. It is based on an active ownership approach and the belief that these aspects can have an impact on the financial performance of investments.</p>
9.	Engagement	<p>Practice that focuses on having an approach with the issuers that comply with the engagement profile (see Engagement Manual) to dialogue and establish joint commitments individually or collectively, in order to improve the performance and disclosure of the ESG factors.</p> <p>Individual Engagement: Engagement measure in which dialogue and commitments are established directly between GFNorte and the analyzed issuer.</p> <p>Collective Engagement: Measure of engagement given a scenario in which the same interests have been identified with other stakeholders such as regulators, union agents and investors, or as an escalation alternative.</p>
10.	Investment Exclusion List	It defines the exclusion in investments, directly or indirectly, of activities, sectors and countries not aligned with sustainable development.
11.	Sustainable Development Goals (SDGs)	The SDGs, also known as the Global Goals, are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.

		There are 17 Goals based on the achievements of the Millennium Development Goals, which include new areas such as climate change, economic inequality, innovation, sustainable consumption, peace and justice, among other priorities.
12.	Principles for Responsible Investment (PRI)	The Principles for Responsible Investment (PRI), is an initiative of international investors in collaboration with the United Nations Environment Programme Finance Initiative (UNEP FI) and the Global Compact.
13.	Reputational Risk	Possibility that an event impacts the corporate image of the company due to positive or negative public perception. GFNorte defined that in terms of socioenvironmental risk, reputational risk is a function of the negative perception of a project by the general community, government authority and nongovernmental organisations (NGOs) as well as its exposure in the media.
14.	ESG disclosure	The practice of corporate governance of a company, aimed at informing stakeholders about its activities, results and contributions in the environmental, social and corporate governance fields, with the aim of strengthening communication, trust and the value of the company.