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LETTER OF GOVERNART

Progress in Responsible Investment in Latin America and Spain

In 2017 we carried out the first version of the Responsible Investment Study in Latin America, in which we anticipated important opportunities for both companies and institutional investors to converge around the environmental, social, and corporate governance (ASG) approach, for the management of sustainable businesses, and for analysis and responsible investment processes.

In 2020, we published the second version of this Study, in which we showed that there is an increasing interest from investors in responsible investment, and we anticipated this emerging interest in Latin America for being part of this global trend, for example, by becoming PRI (Principles for Responsible Investment) signatories.

Apparently, we were not mistaken, since in this third Annual Study of 2022 on Responsible Investment -in which we assessed the performance of responsible investment in Latin America-, we observed that ESG integration is being consolidated by institutional investors, not only through signing the internationally recognized PRI, but also through the implementation and active management of best practices in this field.

Over the past five years, between 2017 and 2022, on the one hand, we have seen that Latin American and Spanish companies have shown growing interest in publicly disclosing information on their policies, practices, and processes in environmental, social and governance (ESG) matters, to retain and attract responsible investors. This interest has been leveraged and accelerated with the enactment of several regulations raising the legal requirements and standards for disclosure of information on ESG matters, for example, in the Annual Corporate Report.

On the other hand, we observed how institutional investors have begun to actively use this information to implement and publicly disclose information on investment processes, ensuring long-term sustainable returns.

In this context, we make this Study's results available to the community of financial analysts, institutional investors, and to the investor relations and corporate sustainability teams. These results include the assessment of 26 Latin American and Spanish institutional investors who were rated on their investment practices in 2021. This 2022 Study presents the main findings and best practices of institutional investors from Brazil, Chile, Colombia, Spain, Mexico and Peru in terms of responsible investment in Latin America and Spain. To achieve this, we carried out an exhaustive analysis focused on the main challenges faced by these investors in the Latin America and Spain. In particular, a review was carried out of ESG matters' integration in terms of Corporate Governance and strengthening of institutional investors' own governance. Besides, the integration of these matters was also reviewed in investment activities, with a focus on the investment strategy and practices of financial institutions, including the research work done on investment portfolios instruments (the "subject" of their analysis and investments), and on the practices of engagement (stewardship). Moreover, in this Study, quantitative elements related to the effectiveness of the implemented responsible investment measures have been reviewed during the investor's performance assessment process. For this purpose, the results of the responsible investment policy and the related measures implemented by investors were addressed. Moreover, the assets managed under ESG criteria, as a percentage of the total assets managed by the investor, are another aspect that was considered in this assessment.

This document called "Annual Study of 2022 Responsible Investment: Performance of Latin American and Spanish Investors", is the continuation of the pioneering research that we carried out in 2017 and 2020, on this type of investments. This one provides new information on practices in the Latin American and Spain, in addition to giving outstanding examples and high-profile cases in this regard.

I invite you to delve into this Study, to find out what do the institutional investors of Brazil, Chile, Colombia, Spain, Mexico, and Peru do and how do they do it; especially, to get new knowledge of Latin American and Spanish investors and identify the leaders who implement and disclose information on responsible investment best practices.



Germán Heufemann L. Managing Partner **GOVERNART**

LETTER OF PRI

Challenges of responsible investment in Latin America

Since 2018 PRI has been working on its mission to contribute to the expansion of responsible investment in Spanish-speaking Latin America, almost 4 years after starting this process, more and more, we are closer to the possibility of entering a consolidation phase in the matter in at least 4 markets: Mexico, Colombia, Chile and Peru. Also, we are at the edge of being able to continue expanding our presence in other Latin American markets such as Bolivia, Uruguay, Costa Rica, Panama, the Dominican Republic, Argentina and Ecuador.

Now, this positive outlook could be affected by a series of factors, I share the main challenges that responsible investment could face in the region in the coming years:

Future of pension funds in Latin America

Since the arrival of the PRI in Latin America, private pension funds (AFPs, AFAP, AFORES) have been fundamental allies for expansion in the region. Most of them are organizations that understand their responsibility of investing with long-term planning in mind and for the benefit of their members. For these organizations, the integration of Environmental, Social and Governance (ESG) factors in their investment decisions has become a practice that allows them to better manage their members' savings.

It is particularly worrying in Latin America, especially in countries where private pension funds do not operate, because both the capital market's depth and the institutional investors' weight to implement responsible investment practices are very limited.

We will pay attention to the decisions that are made in the coming months and to monitor how possible changes in Latin American pension systems may impact the evolution of responsible investment in the LATAM.

Accelerate ESG engagement

It is increasingly evident that for equity investors in LATAM markets, ESG integration must be accompanied by an individual or collaborative engagement strategy. If not, ESG integration will not have a significant impact on achieving adequate risk-adjusted returns of local portfolios.

The company-investor relationship under the premise of 1) Understanding first-hand the company's ESG management and 2) Motivating the company to strengthen its ESG practices in materially financial matters; they become key elements and in the coming years they will mark the difference between the PRI signatories in LATAM that have better responsible investment practices.

Implementation of ESG regulation in LATAM

The new regulations are the central factor that is accelerating the consolidation of responsible investment in LATAM that require the main institutional investors in the region (pension funds and insurers) to consider the integration of ESG factors in their investment processes.

The implementation of new regulations for the financial markets of Mexico, Chile, Colombia and Costa Rica should give responsible investment an additional boost in 2022.

Surely, hand in hand with allies such as GOVERNART, we will make progress in addressing these challenges and be able to continue working to promote and consolidate responsible investment practices in our region.



Eduardo Atehortua Head of LATAM (ex Brazil) Principles for Responsible Investment (PRI)

GENERAL DIRECTION AND AUTHORSHIP



Anne-Lise Bohaud Ausset ESG Research Analyst **GOVERNART** www.governart.com

ABOUT THE ORGANIZATIONS **AUTHORS OF THE STUDY**

GOVERNART

Think tank & Environmental, Social and Corporate Governance (ESG) advisory services for companies and investors in Latin America and Spain. Its portfolio of services includes legal advice, consulting, ratings, financial and ESG communications, and executive training solutions, along with industry expertise and a track record of innovation. GOVERNART is the first Latin American advisory firm to introduce ESG ratings with expertise by sector, so its clients benefit from the work done by sector teams and from research on multiple industries. GOVERNART is a signatory of the Principles of Responsible Investment supported by the United Nations, PRI, www.unpri.com, an initiative that facilitates the understanding of sustainable development for investments and supports investors to integrate ESG into their decisions, so that they are translated in good proprietary practices. By implementing the Principles, investors contribute to the development of a sustainable financial system.

SUSTAINABLE LEADERS AGENDA - ALAS20

ALAS20 is the only Latin American initiative that comprehensively assesses, qualifies, and recognizes excellence in public disclosure of information on sustainable development practices, corporate governance, and responsible investment by companies and investors in Brazil, Chile, Colombia, Spain, Mexico and Peru. Participation in ALAS20 allows raising the international profile of the community of organizations that promote an agenda in favor of sustainable development in Latin America and Spain; recognizing organizations that achieve excellence in public disclosure of information on best practices in sustainable development, corporate governance, and responsible investment; creating a place for meeting and dialogue for organizations that promote good practices in sustainable development, corporate governance, and responsible investment, in order to share and develop their knowledge and experiences; establishing standards for public disclosure of information on best practices in sustainable development, corporate governance, and responsible investment; promoting an agenda for the future, oriented towards convergence in prosustainable development practices, among companies and investors in the capital market; and having the opportunity for the international investing public to recognize Latin American and Spanish organizations that stand out for their commitment to public disclosure of information on sustainable development. In addition, ALAS20 is a step forward for the creation of new networks for spreading these practices in the capital markets of Latin America and Spain.







RESPONSIBLE INVESTMENT 2022 Annual Study

Performance of Latin American and Spanish Investors

AVERAGE SCORE PER COUNTRY (0-100)



INVESTORS' TOP 5 IN LATIN AMERICA AND SPAIN



PERFORMANCE RATING OF 26 INVESTORS WHO **ACTIVELY PARTICIPATED IN THE ASSESSMENT PROCESS:**



OUTSTANDING: 70 TO 100 POINTS SATISFACTORY: 50 TO 69 POINTS REGULAR: 30 TO 49 POINTS WEAK: 0 TO 29 POINTS

HIGHLIGHTS OF ASSESSED INVESTORS

CATEGORY: CORPORATE GOVERNANCE





of investors declare that their Organization has corporate governance processes to ensure that policies and activities are aligned with its position on sustainable finance and commitment to the 6 UN Principles for Responsible Investment (PRI).



of investors declare that their Organization incorporates climate change into its beliefs and investment policies.



of investors state that they establish internal processes through which the Board or an equivalent function is informed about the climate-change-related risks and opportunities, and/or articulate internal/external roles and responsibilities related to climate change.



of investors in the Corporate Governance Category declare that they have a team dedicated to responsible investment (internal or external) that is in charge of implementing responsible investment.

IMPROVEMENT OPPORTUNITIES



of investors declare that the personnel in charge of implementing responsible investment in their Organizationare senior level executives (e.g., CEO, CIO or COO).



of investors declare that the Board and/or the trustees are in charge of implementing responsible investment in their Organization.



of investors declare that the Investment Committee is in charge of implementing responsible investment in their Organization.



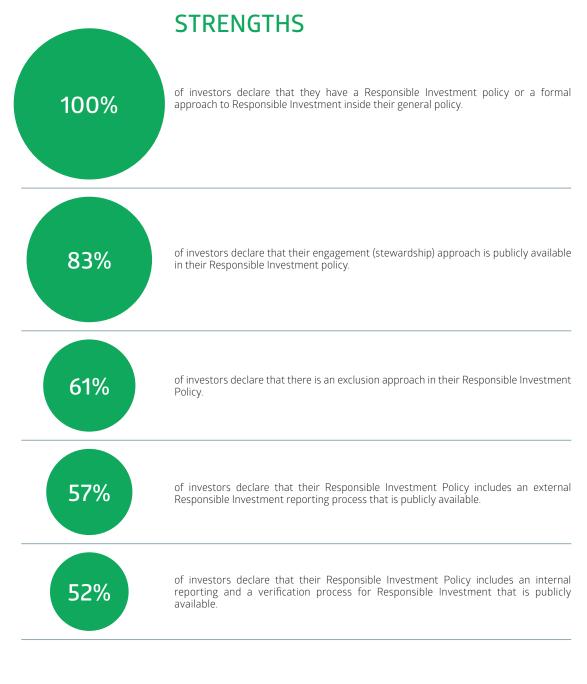
of investors declare they are committed to the beneficiaries of their services/products, to understand how their preferences are evolving with respect to climate change



of investors declare that the Head of the area, who cannot be considered as higherlevel personnel, is responsible for the operational implementation of the responsible investment strategy in the Organization.

HIGHLIGHTS OF ASSESSED INVESTORS

CATEGORY: RESPONSIBLE INVESTMENT



IMPROVEMENT OPPORTUNITIES



of investors declare to incorporate ESG factors in their strategic asset allocation.

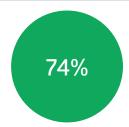
HIGHLIGHTS OF ASSESSED INVESTORS

CATEGORY: SUSTAINABILITY RESEARCH





of investors declare that their Organization provides financial support, or is a member of, or is other wise affiliated with third-party organizations (including trade associations and non-profit organizations) that engage with legislators/regulators.



of investors declare that they have identified internal resources as the most important resource(s) for achieving engagement goals in their organization. Examples of these internal resources are an Engagement team, the Investment team, and the team or personnel specialized in ESG matters.



of investors declare that their Organization is directly related to legislators/regulators.



of investors declare having identified formal collaboration commitments as one of the most important resources to achieve engagement objectives with in their Organization. An example of these kinds of resources is collaborative engagement coordinated by PRI, Climate Action 100+, Initiative Climat International, or similar initiatives.



of investors report using climate scenarios to assess climate change-related risks and opportunities to investments for their organization. Additionally, several investors who do not use climate scenarios declare that they follow recommendations on these matters, or that they are in a process still under way to identify these types of risks.

IMPROVEMENT OPPORTUNITIES



of investors declare that their Organization considers a transition with a scenario of increase in temperature of 2°C or less.



of investors declare that they have identified third-party investment managers, operators and/or property managers as one of the most important resources to achieve engagement goals in their Organization.



of investors declare that their Organization considers a failure in the transition, based on a scenario of 4°C or more.

ABOUT ESG SERIES

GOVERNART have been promoting ESG (Environmental, Social, and Governance) integration by investors and companies in Latin America and Spain for more than 9 years. Thanks to several initiatives led together, like the ALAS20 one, and to the development of ESG ratings in the region, we count today with a broad database of ESG ratings of companies and investors from Latin America and Spain.

For the third time, in partnership with the UN PRI, we make publicly available the rating results obtained by institutional investors from Brazil, Chile, Colombia, Spain, Mexico and Peru. The ESG Series are studies that aim to highlight the main strategies, practices, and trends observed in companies and investors from Latin America and Spain, when it comes to integrate ESG aspects in their investment and management strategies. Topics addressed through the ESG Series regard Investor Relations, Corporate Governance, Responsible Investment, and Environmental, Social and Governance (ESG) performance.

THE ESG BUSINESS CASE

The integration of ESG factors in investment decisions is spreading and consolidating in Latin America and Spain, as they are critical issues to be considered by investors and companies in their strategies, to ensure long-term sustainable growth and mitigate risks. The influence of ESG criteria on the valuation of investments is no longer in question and its consideration has become a necessity for investors in the Latin American region and Spain. ESG factors integration, procedures and strategies vary, but all are part of a broader approach towards risk management and sustainable value creation. Integrating ESG factors, in addition to being a great opportunity and innovation, is now essential to optimize the return on investment over time: ignoring them exposes to a series of risks.



METODOLOGY

This study aims to assess the extent to which environmental, social and governance factors are taken into consideration in investment decisions and assessments done by investors. The exhaustiveness of investors' reports, statements and official documents on these matters is also analyzed, as well as the level of public disclosure of the foundations of their responsible investment strategies.

In 2021, within the framework of ALAS20, 104 institutional investors from Latin America and Spain, located in six countries, were invited to participate. All these investors were nominated during a preliminary stage of ALAS20 in 2021. Among these 104 investors, 26 actively participated in the assessment performance process:

- 3 investors from Brazil:
- 6 investors from Chile:
- 6 investors from Colombia;
- 3 investors from Spain;
- 3 investors from Mexico;
- 5 investors from Peru.

This investors' assessment performance process considers two criteria:

The first one refers to the integration of ESG aspects in Corporate Governance and the enhancement of its own Corporate Governance structure. In every organization, the main entity who is in charge of governance and decision-making is the Board of Directors. Therefore, in this study, a special focus was paid to corporate governance practices led by organizations' Boards of Directors, and to the way in which one organization itself empowers its Board to integrate knowledge on ESG issues in order to make successful long-term decisions, in the frame of the

adoption of an ESG strategy. This first criterion is based on that ESG factors are key components of an investor's investment strategy when this one is aware of the relevance of integrating ESG aspects at the highest level of its own organization.

The second criterion refers to the integration of ESG aspects in investment activities, with a focus on the financial institution's investment strategy and practices, and on how ESG factors are transversally integrated into the organization itself. This includes information about research work done on investment portfolios instruments. The fundamental premise of this second criterion is that by addressing environmental, social and governance issues, investors can mitigate related risks. More specifically, as ESG factors represent potential risks to the organization, they should be covered by the organization control internal system to be periodically reviewed along with other financial, legal, and operational risks.

The investors' assessment performance process considers the existence, exhaustiveness, and details of the entity in charge of implementing a sustainable and responsible investment policy across the organization. This consists of a detailed assessment of this investment policy which was formulated and published by the investor. Specifically, it focuses on whether the stated policy explicitly details all the environmental, social, and governance factors covered throughout the investment decision process, and the potential quantitative targets set to fulfill the investor's commitments.

The degree of visibility of the policy is also evaluated, as well as the existence of a clear identification of the entity in charge of its implementation.

The responsible investment practices and strategies that are specifically implemented by the organization at the operational level have also been considered in the assessment performance process of each investor who participated in ALAS20 in 2021. In this case, the analysis done focuses on responsible investment strategies adopted by the investor. In addition, the management processes together with these strategies developed by the organization are evaluated, to ensure their correct implementation and monitoring (e.g., specific personnel training, specific risk assessments, consultation of interested parties, etc.).

Finally, quantitative elements related to the effectiveness of the implemented responsible investment measures have been considered during the investor's performance assessment process. For this, the results of the responsible investment policy and the related measures implemented are addressed. Moreover, the assets managed under ESG criteria, as a percentage of the total assets managed by the investor, is another aspect that is considered in this assessment.

The criteria and elements analyzed in this frame result in a global score in Responsible Investment, for each of the organizations assessed in this Study.

The research workdone for this study has been carried out by GOVERNART, within the framework of the 2021 ALAS20 initiative. The collection of information and performance assessments correspond to 26 of the 104 investment institutions nominated in ALAS20 in 2021. These 26 organizations actively participated in responding to ALAS20 questionnaires, during the period between July and September 2021. The information used to carry out the assessments done for this study comes from questionnaires delivered within the framework of ALAS20 2021, as well as personalized requests sent through direct communications with investors, in addition to the information provided on the investors' websites.

The methodology used in the ALAS20 assessment is aligned with the 6 Principles for Responsible Investment (PRI), specifically with the PRI Reporting Framework, module 2 "Investment and Stewardship Policy, 2021". During the process of collecting information from investors, the following support statement from PRI was shared with each organization:

"The PRI supports its signatory, GovernArt, who leads the Sustainable Leaders Agenda, ALAS20, www.alas20.com, and invites Nominated Institutional Investors in 2021 to actively participate in the consultation process on responsible investment and sustainability research in Brazil, Chile, Colombia, Mexico, Spain and Peru".

INVESTORS INVITED TO PARTICIPATE IN THE STUDY AND NOMINATED IN ALAS20 (2021)

Display of names in alphabetical order for each country.

BRAZIL (17)

- · 1618 INVESTIMENTOS
- · 3J GESTORA
- · 4UM GESTÃO DE RECURSOS
- · ALASKA ASSET MANAGEMENT
- · ALBION CAPITAL
- · AQUA CAPITAL
- · ARIEN INVEST
- BRADESCO ASSET MANAGEMENT(*)
- · BRASIL CAPITAL
- · BRASILPREV
- · BRESCO GESTÃO E CONSULTORIA
- · BTG PACTUAL
- · CAIXA ECONÔMICA FEDERAL VIART
- · CLARITAS ADMINISTRAÇÃO DE RECURSOS
- · GALOP CAPITAL
- INDIE CAPITAL(*)
- ITAÚ ASSET MANAGEMENT(*)

CHILE (19)

- AMERIS CAPITAL AGF(*)
- · ASPOR SEGUROS
- · ASSURANT SOLUTIONS SEGUROS
- · AUSTRAL CAPITAL AGE
- BANCHILE AGF(*)
- · BANCHILE SEGUROS
- BCI ASSET MANAGEMENT AGF(*)
- BICE AGF
- · BNP PARIBAS CARDIF SEGUROS
- · BTG PACTUAL AGF
- · CAPITAL AFP
- · CREDICORP CAPITAL AGF(*)
- CUPRUM AFP(*)
- · FALCOM AGF
- · LARRAINVIAL AGF
- · LIBERTY SEGUROS
- · MODELO AFP
- MONEDA AGF(*)
- · SANTANDER AM AGF

COLOMBIA (16)

- · ALIANZA FIDUCIARIA
- · ALTRA INVESTMENTS
- BANCOLOMBIA FIDUCIARIA(*)
- · BBVA SEGUROS COLOMBIA
- · BNP PARIBAS CARDIF
- · BOGOTÁ FIDUCIARIA
- · CORFICOLOMBIA FIDUCIARIA
- · CREDICORP CAPITAL FIDUCIARIA(*)
- · PROTECCION(*)
- SKANDIA ADMNISTRADORA DE FONDO DE PENSIONES(*)
- · SKANDIA FIDUCIARIA(*)
- SKANDIA SEGUROS(*)
- · SURA FIDUCIARIA
- · SURA SEGUROS
- · TC LATIN AMERICAN PARTNERS
- · ZURICH SEGUROS

SPAIN (24)

- · ABANCA
- · ABE CAPITAL PARTNERS SGEIC
- · ACACIA INVERSIÓN
- · ALANTRA
- · ALTAMAR CAPITAL PARTNERS
- · ANESVAD FOUNDATION
- · ARCANO GROUP(*)
- · ARTA CAPITAL
- · AURICA CAPITAL
- · AXON PARTNERS
- · BANKIA
- · BANSABADELL PENSIÓN
- · BANSABADELL PENTAPENSIÓN
- · BBVA ASSET MANAGEMENT
- · BBVA FONDO DE PENSIONES
- · BBVA SEGUROS ESPAÑA
- · CAJA DE INGENIEROS
- CCOO, FONDO DE PENSIONES(*)
- · CORPFIN CAPITAL
- EDM
- · IBERCAJA ASSET MANAGEMENT
- · MAPFRE
- · Q-ENERGY
- · SANTANDER AM

MEXICO (13)

- · AFORE COPPEL
- AFORE PROFUTURO(*)
- · AFORE SURA
- · AFORE XXI BANORTE(*)
- · AINDA(*)
- · BBVA BANCOMER
- · BEEL INFRASTRUCTURE PARTNERS
- · CITIBANAMEX AFORE
- · FIBRA UNO
- · FONDO DE FONDOS
- · FONDO NACIONAL DE INFRAESTRUCTURA
- · NEXXUS
- · OUALITAS

PERU

- · AFP HABITAT
- · AFP INTEGRA(*)
- · BBVA ASSET MANAGEMENT SAF
- · BNP PARIBAS CARDIF
- · CRECER SEGUROS
- CREDICORP CAPITAL ASSET MANAGEMENT(*)
- · INTERFONDOS SAF
- · INTERSEGURO
- INVERSIONES SURA(*)
- MAPFRE
- · PACIFICO SEGUROS
- PRIMA AFP(*)
- PROFUTURO AFPRIMAC SEGUROS
- W CAPITAL SAFI(*)

^(*) Investor who actively participated in the performance assessment process (through responding to the ALAS20 questionnaires) in one or more categories of ALAS20 (Responsible Investment, Corporate Governance, Sustainability Research)



RESPONSIBLE INVESTMENT:

Performance of Latin American and Spanish investors

2021 RANKING OF INVESTORS ACTIVE PARTICIPANTS IN THE ASSESSMENT PROCESS

Symbology:

● Brazil ● Chile ● Colombia ● Spain ● Mexico ● Peru

#1 AINDA

#2 ITAÚ ASSET MANAGEMENT

#3 BANCOLOMBIA

#4 AFORE XXI BANORTE

#5 AFP INTEGRA

#6 AMERIS

#7 SKANDIA SEGUROS

#8 SKANDIA

#9 SKANDIA FIDUCIARIA

#10 MONEDA ASSET MANAGEMENT

#11 BRADESCO ASSET MANAGEMENT

#12 CREDICORP CAPITAL ASSET MANAGEMENT

#12 CREDICORP CAPITAL ASSET MANAGEMENT

#13 PRIMA AFP

#14 PROTECCIÓN S.A.

#15 SURA

#16 BANCHILE AGF

#17 AFORE PROFUTURO

#18 AFP CUPRUM

#19 ARCANO

#20 SANTANDER ASSET MANAGEMENT

#21 CCOO FONDO DE PENSIONES

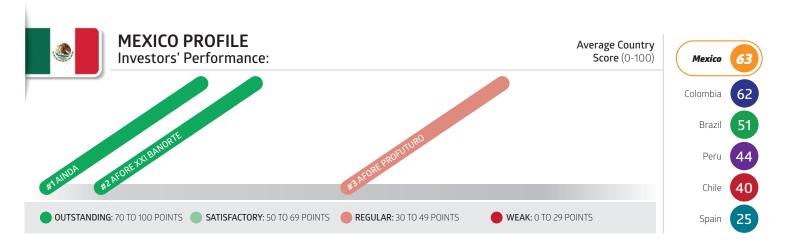
#22 BCI ASSET MANAGEMENT

#23 CREDICORP CAPITAL ASSET MANAGEMENT

#24 INDIE CAPITAL

#25 W CAPITAL SAFI S.A.





3 out of 13 investors invited in Mexico finally participated in this Study. These 3 investors have all already signed the PRI and published responsible investment policies. Two of these investors, AINDA and Afore XXI Banorte, achieved a satisfactory performance in average in the three categories of ALAS20. While Afore Profuturo achieved a regular performance, AINDA occupies first place among the overall ranking of all investors of the six countries of this Study (the organization obtained a score corresponding to an outstanding level of performance both in the Corporate Governance and Responsible Investment categories and achieved a satisfactory level of performance in Sustainability Research). The average score of Mexican investors is 63 out of 100 points, thanks to this score Mexico occupies the first place among the 6 countries of this Study.

Leading investors

AINDA was the first Mexican investor to sign the PRI, in 2016. The organization is a member of the Green Finance Advisory Council of Mexico and participates in the largest international initiatives on responsible investment. AINDA has a responsible investment policy, and its investment process includes the identification of ESG risks and opportunities. To do this, AINDA has a professional team that dedicates part of its work to developing and implementing the organization's ESG strategy. Likewise, the organization has Corporate Governance processes to guarantee that its policies and activities are aligned with its position on sustainable finance and commitment to the 6 PRI principles. AINDA declares that it has corporate governance bodies made up of an Internal Audit Committee, a Technical and Investment Committee, with independent members and a Limited Partner (LP), who are also PRI signatories and must approve or not each potential project. Also, the organization stands out for doing itself detailed investment assessments in which ESG criteria are integrated. Moreover, in 2021 the organization carried out a detailed materiality analysis and also obtained a rating of 30/30 in the GRESB assessment for CKD the same year.

Common practices and strategies

Behind Brazil and Spain, Mexico occupies third place among the countries that participated in this Study and have more investors who are PRI signatories. The three Mexican entities assessed in this study are PRI signatories, and AINDA and Afore XXI Banorte were the first investors in Mexico that signed the PRI (in 2016 and 2017, respectively). Consequently, these entities formulated responsible investment policies and incorporated ESG matters into their corporate reporting processes. This means that, among all the investors that participated in this Study'sperformance assessment, the Mexican investors obtained the best average grade in the three categories assessed (satisfactory). AINDA and Afore XXI Banorte share common features, for example, they have several employees specialized in responsible investment, similar advances in corporate governance such as processes for the supervision of climate change-related risks and opportunities. In addition, both investors stand out for disclosing accurate information on ESG practices (in the case of Afore Profuturo, this aspect must be reinforced), and for their contribution to the development of responsible investment, going beyond the commitments they chose to make. It should be noted that in 2021, for the first time AINDA followed the reporting standards of the GRI guidelines and the Sustainability Accounting Standards Board (SASB). Thus, the company declares that it seeks to contribute to the short-term development of an ESG strategy, directed to the financial, road and energy infrastructure sectors, in which the company is currently developing. For its part, Afore XXI Banorte stands out by having formulated several public documents that provide guidelines on responsible investment, covering different asset classes, and tackling the issue of climate change management in portfolios.

AFORE XXI BANORTE

Afore XXI Banorte (pension fund) was the second Mexican investor to sign the PRI (2017) and has an official responsible investment policy. It declares that it has analysts that oversee ESG criteria integration and corporate performance. These analysts are also in charge of conducting ESG training for financial analysts on a regular basis. Afore XXI Banorte is part of the Banorte Group, which has an official Environmental Policy, Social Policy, Human Rights Policy, and Natural Capital Policy, among other instruments. The group participates in the largest international initiatives on responsible investment, as well as in the Green Finance Advisory Council of Mexico and in other local forums. Additionally, Afore XXI Banorte stands out by having multiple publications on responsible investment, in particular responsible investment policies by asset class (equities, balanced mandates, and structured instruments). It also has publications on climate change management in investments, such as its Policy for the management of climate change in the portfolio, and its Posture document on Climate Change. Afore XXI Banorte integrates ESG issues in its annual report, has a Sustainability Committee, and declares having a voting policy, and a shareholder commitment policy.

Main areas of improvement

Although the performance results obtained by the investors from Mexico are higher, on average, than those of the other countries of this Study, there is still room for improvement, for example, in terms of engagement, of disclosure of the exact percentage of assets that are covered by a responsible investment policy or strategy, and regarding climate-change-related risk management. Regarding engagement, although all the investors in Mexico show significant progress in this matter, there is still ample room for them to continue improving in the future, particularly in the connection of existing initiatives, and in the systematization and formalization ofengagement (stewardship) policies initiatives. Regarding responsibly managed assets, although these investors do incorporate ESG matters in their public corporate reporting processes, only one investor accurately reports the percentage of assets managed under responsible investment criteria, and none provides sufficient details by asset class. Additionally, in terms of managing climate change-related risks and opportunities, one of the investors is at the early stage of defining its strategy and commitments on the matter. In this area, this entity has weak corporate governance processes (insufficiently formalized) to face the climate-changerelated issues. Undoubtedly, the most advanced entities can be an example for the rest of the investors based in Mexico, and the framework documents published on the matter are a valuable input and reference to continue improvingin responsible investment. In addition, the challenge at the country level for the coming years will probably be the scaling-up of specific good practices to broader levels, and to continue adapting and extending existing ESG practices to other asset classes not yet covered. With that objective in mind, it will be necessary to amplify efforts in terms of responsible investment strategies.



6 out of 16 investors nominated in Colombia finally participated in this Study. As Chile, Colombia is the country with the largest number of participants. These six investors are PRI signatories and are in the top 15 of the performance assessment of this 2021 ALAS20 edition. Also, 4 of them ranked in the top 10. The best results were obtained in the Corporate Governance and Sustainability Research categories, while lower scores were obtained in the Responsible Investment category. The average score of Colombian investors is 62 out of 100 points, therefore Colombia occupies second place in the top 6 countries assessed in this Study.

Leading investors

BANCOLOMBIA

BANCOLOMBIA was the first Colombian investor to sign the PRI, in 2014. Its responsible investment policy details its commitment to ESG, especially in terms of monitoring the ESG performance of issuers. To do so, the entity uses negative screening, with a public exclusion list, and integrates sustainability factors in its assets' analysis. This approach is based on specialized research of ESG variables carried out by internal teams and providers specialized in ESG ratings. Additionally, BANCOLOMBIA has several publications with information on its alignment with the SDGs, as well as with international protocols and certifications (for example, System B, CDP, TFCD, among others). Also, the entity has an advanced Climate Change Management Strategy, as reflected in its report on climate change management and performance published in 2021 in accordance with the recommendations of the TCFD. This first report demonstrates the organization's progress in terms of integrating the climate component in its investments. Moreover, BANCOLOMBIA publishes an annual integrated report that coversits sustainability performance, and monthly reports on its Sustainable Income Fund performance which combines fixed-income assets, equities, and other investment alternatives, and complies with ESG criteria

SKANDIA SEGUROS

Skandia Seguros signed the PRI in 2020, it is part of the Skandia group who has a responsible investment policy. This official document describes its broad strategy in this area, as well as the processes and gaps that the organization should fill to achieve a successful implementation. Its strategy includes an active involvement approach (engagement), which seeks to convey the importance of sustainability through participation in sustainable investment initiatives within the industry along with local and international trade associations. Also, the organization has a dedicated ESG specialist, and one of the most noteworthy aspects is that Skandia Seguros declares to carry out an ESG analysis process on all asset classesin which it invests or intends to invest, by collecting information from various qualified sources.

Common practices and strategies

In Colombia, one investor's overall performance was evaluated as outstanding in the categories of this Study. In addition, the results highlight the Skandia Group whose subsidiaries achieved a satisfactory performance. Additionally, there are two Colombian investors whose performance was evaluated as regular. Therefore, although there are some responsible investment common practices among the investors evaluated in this Study, there are also significant differences between their approaches. In Colombia, all participants signed the PRI in 2020 or after- some through the Asset Management department of the group to which they belong-, except for Bancolombia that is a PRI signatory since 2014. As a common aspect to all these investors, their responsible investment policies are quite new (all these policies were elaborated shortly before 2020). However, Bancolombia achieved a much better performance compared to the other investors, as the organization obtained a higher overall score as well as outstanding ratings in each ALAS20 category (thisis probably related to the experience acquired as a PRI signatory prior toother investors). Additionally, all Colombian investors achieved satisfactory or outstanding performance in terms of corporate governance practices. In the Responsible Investment and Sustainability Research categories of this Study, contrary to the above, mixed results are observed with performances ranging from outstanding to regular. This could be because the PRI signatories are required to start reporting on their responsible investment activitie two years after the date they signed up. Also, in addition to corporate governance strategies, all Colombian participants declare they incorporate ESG criteria into their reporting processes and/or cover ESG risks through internal control systems. Likewise, these investors address ESG issues at their Board meetings and most of them state that they offer training to Board members on these matters.

Main areas of improvement

Although some of these Colombian investors publicly disclose the percentage of assets managed under ESG criteria, there is still a need to make progress in disclosing and informing about all their investments and asset classes (there are specific aspects in which there is still a significant lack of disclosure of public information). Although all Colombian investors do incorporate ESG factors in their corporate reporting process, there is still a lack of transparency on the scope of their responsible investment policies, and on the percentage of assets managed under ESG criteria in the global portfolio. In addition, only a minority of Colombian entities demonstrate being in an advanced state of climate change-related risks and opportunities monitoring, while the majority of them have insufficient corporate governance processes to deal with these issues. In Colombia, for the less advanced and new PRI signatories, the greatest challenge in the coming years will be to participate in responsible investment and sustainability research local initiatives, to align their practices with the most advanced players operating in the country and in Latin America



In Brazil, 3 out of 17 invited investors actively participated in this Study. The average score obtained by Brazilian investors at the country level is 51 out of 100 points. Among these participants, there are two leading Brazilian investors with responsible investment practices that are outstanding and satisfactory, respectively, and one investor with a weak performance in the area. The most advanced investor is Itaú Asset Management, with outstanding scores in the categories of Corporate Governance, Responsible Investment, and Sustainability Research. In addition, this investor also stands out at the level of Latin America and Spain since it occupies second place in the top 6 of the countries of this Study. Bradesco Asset Management is in turn in the top 15 of all the investors, with satisfactory results in the three ALAS20 categories. It should be noted that both investors are international players and were among the first investors in Latin America to become PRI signatories. In addition to the reporting under the PRI Reporting Framework, both investors regularly publish studies on responsible investment to contribute to the development of public knowledge in Latin America. Moreover, although by this time Indie Capital achieved a lower performance in these matters, this organization is part of the PRI signatories since 2019. Thanks to the average score obtained by the Brazilian investors, Brazil occupies third place in the ranking of the 6 countries assessment in this Study.

Leading investors

ITAÚ ASSET MANAGEMENT

ITAÚ ASSET MANAGEMENT stands out by spreading knowledge on responsible investment and ESG integration techniques for various asset classes, through publicly available studies and methodologies. This investor has its own assessment method, that is adapted to different classes of assets, and integrates ESG risks in the valuation of its assets. It also stands out by having guidelines on voting and shareholder commitment. Besides, one of its most noteworthy initiatives is periodical reporting on its participation in general assemblies, and on the number of stewardship actions done with the aim of improving the ESG practices of organizations in which it invests or wishes to invest. In addition, it is one of the few investors in the Latin American region that reports the percentage of its assets managed under responsible investment criteria (with a coverage of more than 95%). This asset manager was one of the first Latin American investors to become a PRI signatory in 2008, and today participates in the largest international initiatives on responsible investment (CDP, IIRC, INCR, and UN Global Compact, among others).

BRADESCO ASSET MANAGEMENT considers relevant to highlight evidence of the impact of ESG issues on investment processes, as shown in its scenarios which incorporate climate-changerelated risks. BRADESCO AM's investment strategy encompasses a wide range of ESG practices and tools, such as negative and positive screening, the cross-cutting integration of $\overline{\text{ESG}}$ factors, and the implementation of a voting and shareholder commitment policy. It is also one of the few investors in Latin America that reports the percentage of its assets managed under ESG criteria (with a coverage of more than 99%). BRADESCO AM was one of the first Latin American investors to sign the PRI in 2010, and publicly supports other international initiatives such as the CDP and

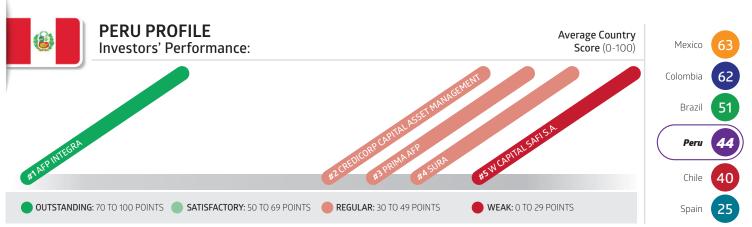
Common practices and strategies

ITAÚ ASSET MANAGEMENT and BRADESCO ASSET MANAGEMENT were among the first investors of this Study to adhere to the PRI since they signed in 2008 and 2010 respectively (many of the other participants signed years later, in 2015 or after). The progress of the most advanced Brazilian investors in responsible investment can be explained by the fact that they are organizations acting at the region or international level, and highly exposed to the context of responsible investment, since more than a decade. There are other Brazilian investors that are not international players that also followed the same trend, and that represent today more than one half of the PRI signatories (investors and asset owners) in Latin America. The creation of the first Latin-American PRI office in Brazil, which was initially completely dedicated to Brazilian investors, showed the great interest for responsible investment that existed earlier in the country. The three Brazilian investors analyzed in this study do have a responsible investment policy, but ITAÚ ASSET MANAGEMENT and BRADESCO AM stands out by their maturity in this matter and improvement over time. Both entities showed that they have worked to broaden their policy's scope to cover a higher percentage of assets, and to find the most appropriate ESG practices for each asset class. Both investors are among the few investors in the Latin American region that publish the percentage of assets managed under responsible investment criteria. Besides, the three Brazilian investors analyzed in this Study have a corporate governance strategy and declare that they have a Board Committee in charge of ESG matters. In addition, they have ESG-specialized personnel, and at least one person in charge of reporting directly to the CEO or the Board on these matters. Moreover, both ITAÚ ASSET MANAGEMENT and BRADESCO AM published studies on responsible investment issues on a regular basis, contributing to the spread of good practices in their own country, but also to research on these issues at an international level. Finally, in terms of supervising the climatechange-related risks and opportunities in corporate governance, both investors are in an advanced state.

Main areas of improvement

BRADESCO ASSET MANAGEMENT

While some of the Brazilian organizations who participated in this Study are among the regional leading investors in responsible investment, others who do not show the same level of progress in this matter. For example, few Brazilian investors publicly disclose the percentage of assets managed under ESG criteria. In addition, regarding the incorporation of ESG factors, among the three Brazilian investors of this Study there is one investor whose investment policy does not include guidelines on how ESG integration is implemented by asset class. Additionally, in terms of corporate governance, there is still ample room for improvement, particularly in the case of Indie Capital, which does not have voting guidelines (2021). Furthermore, in terms of engagement activities, in certain cases, procedures should be defined or specified so that investors can really contribute to improving ESG practices in implementation in the organizations in which they invest. The greatest challenge at the country level for the coming years for Brazilian investors is to keep improving their individual and collaborative engagement (stewardship), their management of climate change-related risk and opportunities, and to inspire other Brazilian investors to define and implement their own responsible investment strategies.



In Peru, 5 out of 15 investors actively participated in this Study. All these participants signed the PRI between 2019 and 2021. The average score of the Peruvian investors is 44 out of 100 points, therefore Peru occupies fourth place in the top 6 countries of this Study. They obtained mixed results from one investor to another, and from one category to another. At the country level, for all categories most Peruvian investors got a score corresponding to a regular level of progress in responsible investment. At the category level, only one investor, AFP Integra, achieved a satisfactory or outstanding performance, while other investors achieved a regular or weak performance (some of them are recent PRI signatories, such as W Capital SAFI who signedthe PRI in 2021 and was nominated in only one ALAS 20 category, Sustainability Research).

Leading investors

AFP Integra formally signed the PRI in 2020 and has a Sustainable Investment Policy that describes its sustainable investment framework, foreclosure strategies, ESG integration, active ownership, and thematic investment with ESG focus. Its exclusion approach excludes all sectors, activities, or investments that are not in line with the Responsible Investment Framework Policy of Grupo SURA to which AFP Integra belongs, and its subsidiaries (this applies only for internal management investments). Furthermore, AFP Integra has an official document on the "Assessment of ESG controversies" that details the procedures for assessing investment projects in activities or economic sectors that could generate challenges in terms of corporate governance due to their potential impacts on the environment, climate change or society (in those cases these are considered sensitive and will require additional considerations during the investment decision process). Besides, AFP Integra implemented the code of conduct of Grupo SURA, which applies to all entities of the group. This code provides guidelines and defines requirements, for example, regarding the prevention of money laundering and the financing of terrorism, as well as regarding conflicts of interest. AFP Integra also has a strategy for integrating ESG criteria into the investment process, based on financial materiality assessment and a series of factors, as well as on an engagement (stewardship) approach based on active ownership. Finally, AFP Integra uses specific ESG criteria when assessing entities or projects from the electricity generation sector. For example, to measure the risk exposure of these activities, the investor considers indicators such as the percentage of installed capacity to generate electricity from coal burning out of the total installed capacity, for a specific issuer or project. To do so, AFP Integra follows an assessment procedure that considers how "close" would be its investment to the activity itself, evaluates if there is any transition plan and consults information on the emissions measurement. Also, the organization takes into consideration the existence of environmental compensation and mitigation impacts programs and plans, and look at the alignment of incentives, in addition to carrying out a complete evaluation of ESG criteria.

CREDICORP CAPITAL ASSET MANAGEMENT

The Organization formally signed the PRI in 2020, and has a Responsible Investment Policy, an Exclusion Policy, and a Voting Policy. Credicorp Capital AM Peru declares that its objective is to improve the risk profile and enhance the return on its investments. The organization considers that companies's ustainability is one of the foundations of their financial performance. In this frame, Credicorp Capital AM Peru implemented an exclusion strategy through which it seeks to avoid sectors that are not consistent with its position as a responsible investor. Also, the entity explicitly and systematically incorporates ESG factors in its investment analysis and decision process. In addition, in terms of engagement (stewardship), the Organization adopted a collaborative relationship approach which consists of interacting with companies to contribute to improve the management of their ESG issues (including ESG reporting). Likewise, Credicorp Capital AM Peru's voting policy outlines the commitments in terms of proxy voting, for the shareholders to express their approval or disapproval through voting during meetings. Finally, the organization stands out by disclosing information on its internal management and ESG initiatives, for example, regarding the use of an externally provided tool for sustainable corporate management.

Common practices and strategies

In Peru, while most of the investors obtained a moderate or medium global performance rating, two investors obtained diametrically opposed grades, one with an outstanding global performance and one with a weak overall performance in responsible investment. Therefore, although some common practices are observed among Peruvian investors, there are also great differences among themselves. All these investors signed the PRI in 2019 or after (in specific cases, investors signed through a parent company based in another country), with W CAPITAL SAFI being the last to sign these principles in 2021. Moreover, all these investors have a public responsible investment policy (except for W CAPITAL SAFI who was working on its formulation in 2021). Besides, the most advanced investors implemented specific responsible investment procedures and carried out actions in terms of engagement. For example, at least one Peruvian investor, AFP Prima, formally tackled engagement (stewardship) through its "Política de relacionamiento". This policy is formalized in an official document that describes all the commitments made in terms of "relacionamiento" (e.g., the document gives information on collaborative shareholder engagement, and describes the investor's approach regarding conflicts of interest, etc.). Although AFP Integra does not have a comprehensive engagement policy, it is well-advancedin terms of knowledge on the matter and shows robustness in related-internal implemented procedures. Furthermore, regarding climate change-related risks and opportunities management, all participants actively participate in instances related to the subject.

Main areas of improvement

The evaluated investors in Peru signed the PRI after 2019, this may explain in part why the average performance in responsible investment is regular (the related strategies have been recently developed or are under development in the case of various investors for which various aspects are still incomplete). For example, one investor iscurrently defining its responsible investment policy and other related strategies (e.g., its positions on climate change). Additionally, although the investors are working to deliver and report details on assets under management (AUM) that are covered by a responsible investment policy and/or by guidelines on ESG factors, only one investor fully disclosed the percentage of coverage by assets class. In addition, in terms of climate change management and information disclosure, there is ample room for improvement for all the investors evaluated in Peru. For example, only one investor declares having set a goal at its organization level to face climate change impacts (namely, reducing the carbon intensity of the portfolio). Also, there is only one investor who declares to be using climate scenario analysis to assess climate change-relatedrisks and opportunities to investments. Regarding the disclosure of information on this matter, in the case of all investors it is considered weak. The main challenges for investors in Peru is to keep progressing in the current key issues (these are engagement and climate risk management) and drawing inspiration from best practices implemented in the area by other Latin American leaders, and by Peruvian players. Another key issue is periodical reporting on responsible investment policies that are already implemented. This will allow to attract new investors from Peru who want to become PRI signatories.



Apart from Colombia, Chile is the country with the largest number of ALAS20 participants: 6 out of the 19 investors invited to participate in this Study answered the assessment questionnaires. The results show that overall performance observed in Chile is mixed, by category, these results are equally distributed between satisfactory, regular, and weak performance. For three of the four investors evaluated in the ALAS20 categories, the highest scores were obtained in Corporate Governance and Sustainability Research, and only one investor obtained high scores in the three categories. In the Responsible Investment category in which the four investors were assessed, they achieved mixed levels of performance, qualified as weak, regular, and satisfactory, alternatively. All Chilean participants signed the PRI between 2018 and 2020, which could explain some of the weak levels of performance displayed in terms of several aspects of responsible investment and sustainability research. The average score of Chilean investors is 40 out of 100 points, therefore Chile occupies the fifth place in the top 6 of countries assessed in this Study.

Leading investors

AMERIS

Ameris signed the PRI in 2020, and since then has made progress on different fronts in responsible investment. It has a sustainability policy that, in addition to being focused on responsible investment, includes strategies of corporate conduct and sustainability involvement, whose purpose is to continuously improve the environmental, social, and economic performance of companies. Ameris' sustainability policy describes the team dedicated to sustainability and ESG investing, which includes a Sustainability Committee, an ESG Head, and ESG focal points. Furthermore, in terms of disclosure, in addition to reporting annually to the PRI, Ameris is committed to publish in its Sustainability annual report the processes and activities it carries out in terms of responsible investment. This report should detail the performance of the company's impact investment area (FIS Ameris), created in 2010 with the launch of the first impact fund in Chile, among other activities. Its purpose is to provide solutions to social and environmental challenges at the bottom of the pyramid, through financing projects that need capital to grow. After the closing of this first fund that financed 7 Chilean projects of that type, Ameris opened a second FIS 2.0 fund whose operation is optimized compared to the first version. In this regard, Ameris publicly reports the estimated contributions of its FIS funds to the 17 Sustainable Development Goals (SDGs). Finally, in terms of engagement, although it is an aspect that is under development, Ameris stands out by its active participation in Boards, this commitment is in line with one of the main challenges that the organization identified for the future, namely awareness and capacity building in the business sector.

MONEDA ASSET MANAGEMENT

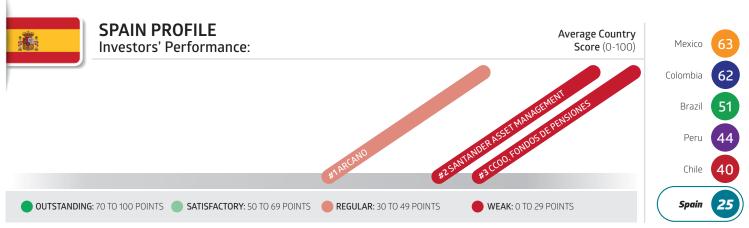
It was the first investor to sign the PRI in Chile in 2018. It stands out by having a team completely dedicated to ESG matters. In addition to having an ethics policy like several other investors, Moneda defined a detailed engagement strategy publicly available in its ESG policy. This document describes what has been done in this area, for example, in terms of collaborative engagement (relationships with companies) and the goals and procedures in various aspects, such as proxy voting, scaling up strategies ("escalamiento") to be implemented in case of unsuccessful collaborations. In terms of ESG voting strategies, Moneda set an annual goal corresponding to 100% of voting at the general and extraordinary meetings of its shareholders. Finally, the ASG team of Moneda helps give portfolio managers recommendations for any element related to ESG matters, with the aim of guaranteeing that companies are correctly managing ESG factors and including these matters in their long-term strategy

Common practices and strategies

In Chile, three groups of investors with three different degrees of progress are observed: two investors obtained a satisfactory overall performance, two were rated as regular, and two achieved a weak performance on average in the three categories of this Study. Therefore, although some common practices are observed, there are also great differences in responsible investment among the Chilean investors who participated in this Study. The number of participants from Chile, compared to other countries, demonstrates that responsible investment is an important issue for a significant part of the investors operating in the country. As in the previous version (year 2020) of this Study, investors confirm their willingness to share information regarding their progress in responsible investment, although they do not always have the most advanced ESG practices in comparison with the other five countries. According to the information disclosed, investors still have a strong interest in improving their performance to be able to publish their progress in the reports in the following years. All Chilean participants are PRI signatories, and most of them signed the principles in 2018 (when the Latin American PRI office opened) or after. All these entities have a responsible/sustainable investment policy published in a separate document, or within their general investment policy. These official documents define at least the objectives, the scope of the responsible investment policy and who is responsible for its implementation. Most investors have in their staff one person in charge of reporting directly to the CEO or the Board on ESG matters, and several investors declare that they have analysts who dedicate a significant part of their work to integrate ESG criteria into their financial analysis and investment recommendations.

Main areas of improvement

Because several Chilean entities are recent signatories of PRI, the results show that the integration of ESG matters in the investors' corporate reporting processes is still weak or regular, and that few of them monitor the percentage of their AUM managed under ESG criteria. Although several investors declare that they have analysts who dedicate a significant part of their work to integrate ESG criteria into their financial analysis and investment recommendations, what is evident is that in several entities there is still room to mobilize more people on responsible investment priorities (e.g., giving more importance to ESG criteria analysis in the workload). Additionally, in terms of corporate governance, most participating entities show that they are in an advanced state in terms of monitoring climate change-related risks and opportunities, while only a minority of investors have commensurate corporate governance processes to face the challenges associated with climate change. In the coming years, the main challenge for the investors in Chile will be to go beyond the responsible investment commitments and the simple disclosure of ESG policies and information. Investors will have to initiate or accelerate the implementation of ESG concrete practices, reinforcing what already exists and extending the scope of such initiatives, measuring and reporting their progress, at least on an annual basis.



All the Spanish investors assessed in this Study are PRI signatories, and ARCANO is PRI signatory since 2009. 3 out of 24 investors invited to participate in this Study answered the ALAS20 questionnaire. This low participation of Spanish investors can be related to the fact that this study is the first edition of ALAS20 that includes Spain, unlike the other five countries in which the Study has been carried out previously, and therefore where the Study has a higher level of recognition among investors. Despite the above, it is interesting to note that the levels of performance achieved by the Spanish investors are whether satisfactory or outstanding. Two investors obtained satisfactory and outstanding scores respectively in the responsible investment category, and one of them got a satisfactory score in corporate governance. The average score of Spanish investors is 25 out of 100 points, therefore Spain occupies the sixth place in the top 6 countries evaluated in this Study.

Leading investors

ARCANO: Nominated in a single category of ALAS20

ARCANO was one of the first investors to sign the PRI in Spain (2009). In this Study, the entity only obtained a regular overall grade (weighted average of the three categories of ALAS20), however, in the only category in which it was assessed, the Responsible Investment category, ARCANO achieved an outstanding performance, which corresponds to a very advanced levelof responsible investment. ARCANO has a formal responsible investment policy that describes its commitments in the matter, including information regarding integration of major ESG concerns into its investment decision-making process to manage risk and foster sustainable growth. The organization stands out by its commitment in these matters, with actions carried out for more than 10 years, and more steadily since 2015 when its internal team dedicated to ESG analysis was created. In addition, in 2018 the group became the first Spanish fund manager to become a member of the ESG benchmark GRESB, and in the same year launched a fixed-income fund in line with LuxFLAG ESG criteria. ARCANO seeks to promote impact investment through different initiatives, such as comprehensive support for social entrepreneurs and signed the Operating Principles for Impact Management in 2020. Additionally, in 2020 ARCANO improved its performance in terms of climate change action and involvement by providing support to the TCFD.

Common practices and strategies

Although most Spanish entities achieved an overall weak performance corresponding to a low score, all of them obtained a high score in the category in which they were nominated and respectively assessed. Therefore, although there are common practices, particularly in the case of organizations who were nominated in the same category, there are also significant differences between them. ARCANO signed the PRI prior to the rest, in 2009, while CCOO, FONDOS DE PENSIONES and Santander Asset Management signed these principles in 2015 and 2020, respectively. These three entities have a responsible/sustainable investment policy, but only two of them have it published in a formal and specific document. Within the framework of their respective policies, the three entities have defined objectives, scopes and roles that are responsible for their implementation. These organizations declare that they also have roles that have formal objectives to contribute to the development of the organization's ESG integration approach or have analysts who are in charge to integrate and analyze ESG criteria for investment decision-making. Moreover, the two most advanced entities in their categories declare integrating sustainability risks in the investment decision-making process, and the third entity demonstrates to be in a process of learning and identifying these types of risks. In addition, this investor, CCOO FONDOS DE PENSIONES, is working on the integration of climate change into its investment beliefs and policies, and demonstrates a real concern and commitment to the management of climate change-related risks, acknowledging that the organization is currently in a learning phase. Within this framework, this entity indicated to be aware of the global environmental performance and carbon footprint of its investment funds, as it required in 2021 from its asset manager to incorporate the TCFD recommendations into its reporting process. Such practices are also observed in the case of the two most advanced Spanish investors, for example, through their participation in various recognized instances and reporting initiatives on these issues, such as TCFD and CDP.

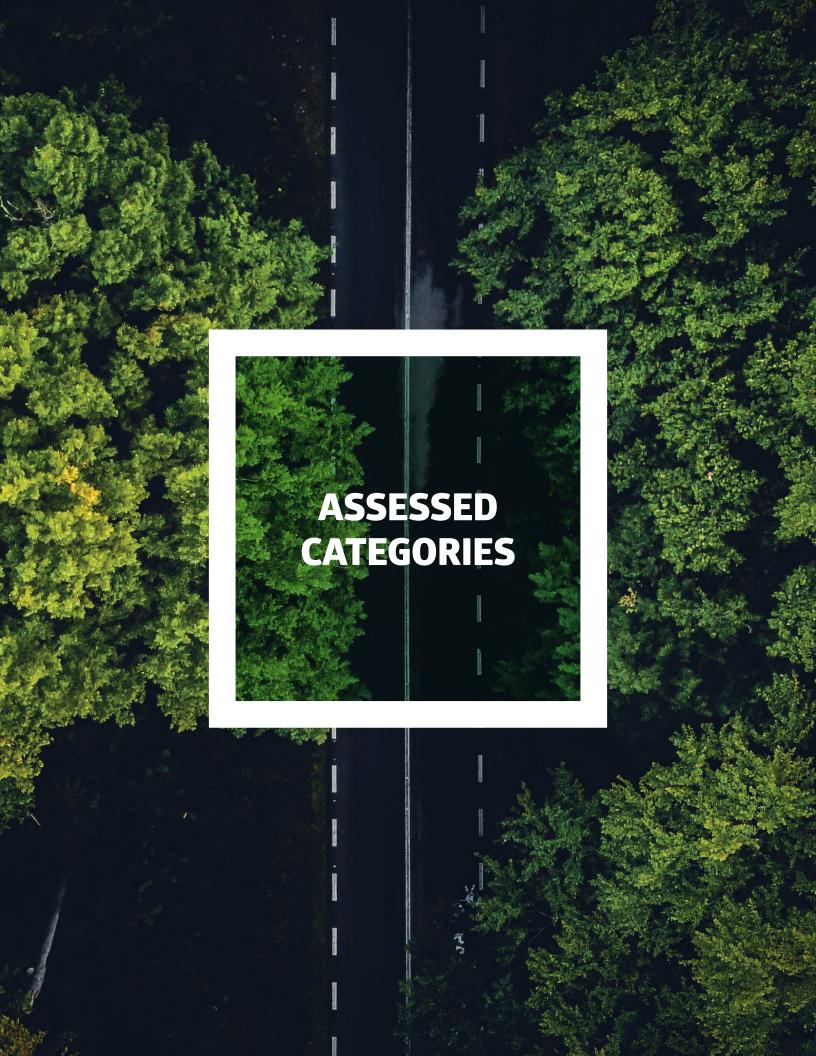
SANTANDER ASSET MANAGEMENT: Nominated in a single category of ALAS20

Santander Asset Management signed the PRI in 2020. In this Study this investor obtained a weak global grade (weighted average of the three categories of ALAS20); however, in the Responsible Investment category where it was evaluated, Santander Asset Management achieved a satisfactory performance. The entity has a Sustainable and Responsible Investment Policy, an Engagement Policy and a Climate Change and Environmental Management Policy. Its engagement policy applies to listed and unlisted companies with equity and fixed-income instruments in all the sectors and countries in which the entity invests. To carry out individual engagement activities, the investor elaborated a selection process according to a prioritization framework to identify those that could generate the greatest impacts. In addition, this investor carries out collaborative engagement through initiatives that bring together different investors. Additionally, its Climate Change and Environmental Management Policy describes the group's internal environmental management and its commitments to carry out the analysis of social and environmental risk in credit, equity, and advisory services operations. This official document also lists the numerous initiatives and organizations in which the group actively participates in the search for solutions to climate change-related risks, such as the United Nations Global Compact, UNEP FI, WBCSD, WRI, AFME, CDP, among others.

Main areas of improvement

The two Spanish investors with advanced performance in responsible investment, ARCANO and Santander Asset Management, can continue to improve in the areas that are least developed, for example, in terms of concrete engagement, implementation and monitoring of the best ESG practices beyond commitments. While these two investors demonstrated they made great progress in engagement (stewardship), only one investor makes adequate public disclosure of such practices and processes. This investor has a formalized and public engagement policy, where procedures are defined and various engagement strategies are covered (collaborative engagement, prioritization of engagement activities, and resolution of conflicts of interest). In the case of the two other Spanish entities, there is insufficient disclosure on these matters, with one organization whose initiative is mainly collaborative engagement. Additionally, for more than 10 years, one investor has implemented multiple responsible investment practices, and since 2015, as a result of the creation of its internal ESG team, this organization is significantly increasing its level of commitment. These initiatives are replicable for other investors who wish to continue advancingin terms of responsible investment and beyond the simple commitments. Such progress may consist of expanding the scope of social and environmental risk assessment to more asset classes, providing training courses to all internal and external collaborators on climate and socio-environmental issues. Regarding the challenges for the coming years in terms of responsible investment in Spain, progress in the spread and formalization of engagement strategies are important aspects that should be addressed in the coming years. To this end, it will be crucial for investors who achieved a weak performance in this Study to learn from the most advanced players in this matter, relying on the guidance documents that are made available to them. In addition, progress is needed in corporate governance for the management of climate change-related risks which is a key area that should be improved, in which Spanish investors must keep working and collaborating, to pass and/or consolidate the implementation and monitoring phase of the chosen strategy.

(*) None of the investors from Spain was evaluated in the three categories of this Study because there were no nominees in these three categories at the same time. ARCANO and Santander Asset Management were assessed in the Responsible Investment category, while CCOO, FONDOS DE PENSIONES was assessed in the Corporate Governance category. This means that the global score obtained by each investor in this Study is negatively affected. It is expected that for the next Study, each Spanish investor will be Nominated in the three ALAS20 categories and may be evaluated in these three categories, in order to reduce and/or eliminate the negative impact on the score, described above.



RESPONSIBLE INVESTMENT CATEGORY

One of the main aspects addressed in this Study is public disclosure of information on active approach to the use of responsible investment criteria.

The category is relevant because it gives information on the environmental, social, and corporate governance (ESG) criteria used by the institutional investors, either in decision making or in their investment recommendations.

This category assesses how institutional investors make publicly available to their stakeholders the information on the sustainability criteria they use to assess their investments, for example, in the companies in which they invest or wish to invest.

The leading responsible investment institutions were assessed based on the 6 Principles for Responsible Investment (PRI), specifically according to the PRI Reporting Framework and its module 2 called "Investment and Stewardship Policy 2021".

These principles consider the following aspects:

Investment analysis and decision making

The institutional investor must publicly disclose information on the integration of the environmental, social, and corporate governance matters in its investment analysis and decision making.

Institutional investor's policies and practices

The institutional investor must publicly disclose information on the integration of the environmental, social, and corporate governance matters in its policies and practices.

Information of the entities in which it invests

The institutional investor must publicly disclose information on how it requests information on the environmental, social, and corporate governance matters from the entities in which it invests.

Promotion of responsible investment

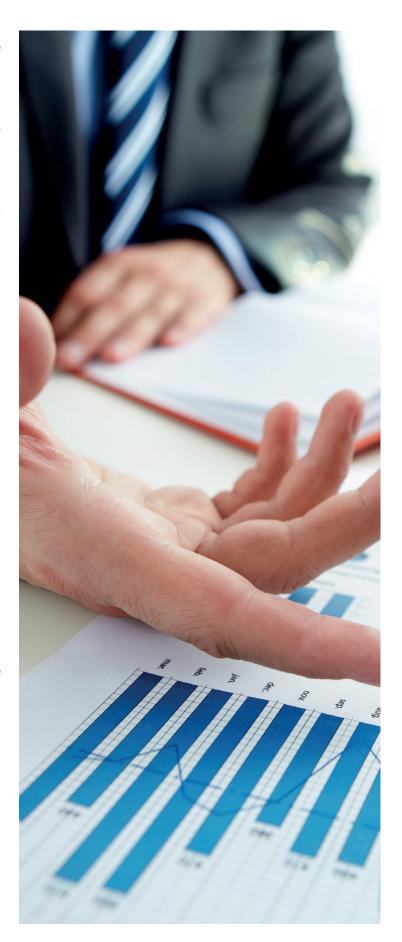
The institutional investor must publicly disclose information on how it promotes the acceptance and implementation of responsible investment in the industry.

Improvement of the effectiveness of responsible investments

The institutional investor must publicly disclose information on how it promotes joint work with other investors, to improve the effectiveness of responsible investment implementation.

Report on responsible investments

The institutional investor must publicly disclose information on the reporting of activities and progress regarding the implementation of responsible investments.



HIGHLIGHTS OF THE RESPONSIBLE INVESTMENT CATEGORY



All investors assessed in the Responsible Investment category (23) declare that they have a responsible investment policy or a formal approach to Responsible Investment included in their Organization's policy.



19 of the 23 investors declare that their Organization's engagement approach is publicly available in its Responsible Investment policy.



9 of the 23 investors declare that they have an exclusion approach in their Responsible Investment Policy.



11 of the 23 investors declare that their Responsible Investment policy includes an internal reporting and verification process for Responsible Investment, and that it is publicly available.



10 of the 23 investors declare that their Responsible Investment policy includes an external Responsible Investment reporting process, which is publicly available



9 of the 23 investors declare that their Responsible Investment policy covers the management of conflicts of interest in Responsible Investment, and that this information is publicly available.



Only 7 of the 23 investors declare that their Organization integrates ESG factors in its strategic asset allocation.

CORPORATE GOVERNANCE CATEGORY

One of the main aspects addressed in this Study is public disclosure of information on corporate governance.

The category is relevant because it gives information on institutional investors' corporate governance practices, making available to their stakeholders the information on how the Organization is directed and controlled, in favor of sustainable development.

The criteria for assessing the institutional investors' publicly available information in this category are:

Scope and Depth

The institutional investor's public information must allow its stakeholders to understand the meaning and value created by the corporate governance policies and practices adopted.

Relationship with Interest Groups

The institutional investor's public information must demonstrate how the firm conveys to its stakeholders the adoption of best corporate governance practices, beyond minimum legal and regulatory compliance.

Functionality

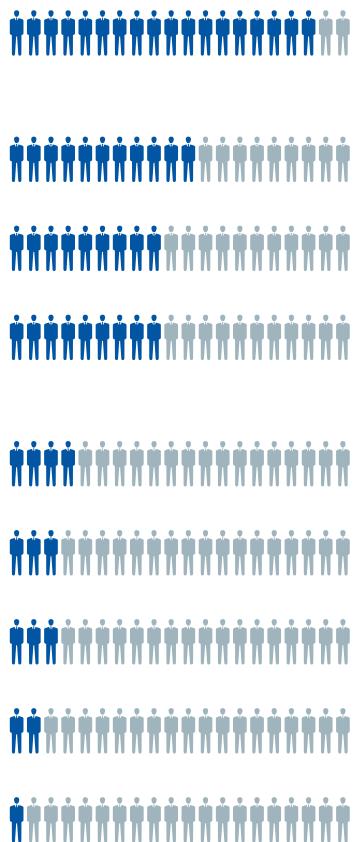
The institutional investor's public information must allow its stakeholders to measure the state of the art and corporate governance progress made so far and make comparisons with the practices and policies adopted in previous years.

Empirical Evidence

The institutional investor's public information must demonstrate its understanding of the benefits of transparency in the disclosure of information on corporate governance practices for its stakeholders, through providing evidence on the adoption of best practices in this matter.



HIGHLIGHTS OF THE CORPORATE **GOVERNANCE CATEGORY**



18 of the 20 investors assessed in the Corporate Governance category declare that their Organization has Corporate Governance processes to ensure that policies and activities are aligned with its position on sustainable finance and its commitment to the 6 PRI principles.

11 of the 20 investors declare that they include climate change in their investment beliefs and policies.

9 of the 20 investors declare that they have a team dedicated to responsible investment (internal or external) that is responsible for implementing responsible investment.

9 of the 20 investors declare to establish internal processes through which the Board or equivalent function is informed about the climate change-related risks and opportunities, and/or declare to articulate internal or external roles and responsibilities related to climate change.

4 of the 20 investors declare that the personnel in charge of implementing responsible investment in their Organization are senior level executives (e.g., CEO, CIO or COO).

3 of the 20 investors declare that the Board and/or the trustees are in charge of implementing responsible investment in their Organization.

3 of the 20 investors declare that the Investment Committee is in charge of implementing responsible investment in their Organization.

Only 2 of the 20 investors declare they are committed to the beneficiaries of their services/products, to understand how their preferences are evolving with respect to climate change.

Only 1 of the 20 investors declares that the Head of the area, who cannot be considered as higher-level personnel, is responsible for the operational implementation of the responsible investment strategy in the Organization.

SUSTAINABILITY RESEARCH CATEGORY

The public disclosure of information on studies and research related to sustainability and responsible investment provides new and valuable empirical evidence to facilitate the decisionmaking process for the investment community; it is one of the main aspects addressed in this Study.

The criteria for assessing the institutional investors' publicly available information in this category are:

Deep understanding of the impact of sustainability for markets

The public information on institutional investor's sustainability research must reflect its in-depth knowledge of the impact of sustainability on the financial markets, as well as satisfy the information requirements on this matter from its stakeholders. The institutional investors must demonstrate that it reported information about the main aspects of sustainability research, which are of interest to capital market stakeholders.

Credibility of sustainability research

The public information on institutional investor's sustainability research must translate into credibility among the capital market stakeholders, through consistent and well-founded research

Independence and objectivity of sustainability research

The public information on institutional investor's sustainability research must demonstrate independence and objectivity, through a systematic analysis that impartially contributes to companies and organizations' understanding that are the subject of research.

Empirical evidence from sustainability research

The public information on institutional investor's sustainability research must be supported by valuable empirical evidence, namely, it must be taken into account and contribute to decision-making processes and investment recommendations. The institutional investor must demonstrate how its sustainability research consistently contributes to capital market development.



HIGHLIGHTS OF THE SUSTAINABILITY RESEARCH CATEGORY



14 of the 19 investors eassessed in the Sustainability Research category declare that they have identified internal resources as the most important resource(s) for achieving engagement goals in their Organization. Examples of these internal resources are an Engagement team, the Investment team, and the team or personnel specialized in ESG matters.



11 of the 19 investors declare that they do not use climate scenario analysis to assess investment climate change-related risks and opportunities for their Organization; however, several of them declare that they follow recommendations on the matter, or that they are still in the process of identifying these risks.



10 of the 19 investors declare that their Organization has direct contact and coordination with the legislators/regulators.



10 of the 19 investors declare that their Organization provides financial support to, is a member of, and/or is otherwise affiliated with third-party organizations, including trade associations and not-for-profit organizations, that engage with the legislators/ regulators.



9 of the 19 investors declare having other types of resources to achieve engagement objectives, among which formal collaboration commitments stand out, such as collaboration commitments coordinated by PRI, Climate Action 100 +, Initiative Climat International, or similar initiatives.



7 of the 19 investors declare that their Organization considers an orderly transition scenario of 2°C or less.



Only 2 investors declare that they have identified third-party investment managers, operators and/or property managers as one of the most important resources to achieve engagement goals in their Organization.



Only one of the 19 investors declares that its Organization considers a failure in the transition, based on a scenario of 4°C or more.



RESPONSIBLE INVESTMENT BEST PRACTICES

EXISTENCE OF A RESPONSIBLE INVESTMENT POLICY

100% of the investors evaluated in the Responsible Investment Category declare that they have a Responsible Investment policy or a formal approach to Responsible Investment included in their Organization's policy. Despite this positive figure, not all the Organizations have established mechanisms to guarantee the implementation of their policy in an integrated and consistent manner throughout the entity.

AINDA (Mexico)

This Mexican investor declares that "to ensure that its decision-making process, including about the approval and success of investments, is implemented in a responsible manner, the Organization relies on its corporate governance structure through its Investment Committee, Investment Committee, Technician of the Trust and/or Board of Directors, in order to protect the investors' interests. Once AINDA completes the ESG analysis of a given project, it presents the results to the governing bodies for discussion and approval of the investment, if applicable. The investment decision-making process is carried out by previously mentioned AINDA'S governing bodies, which are made up as follows:

- I. An Investment Committee, with three independent members, which acts as the first filter of the opportunities analyzed in this frame, which are then presented to the Technical Committee or, as applicable, to the Holders' Meeting.
- II. A Technical Committee, with the participation of AINDA's key officials, and six independent members with relevant experience in the energy and infrastructure sectors and investors (LP) who are represented by a third party that oversees any relevant decision made in relation to investments.

In addition, in the governing bodies of AINDA, Proeza participates as a proprietary member. Proeza is an international conglomerate that brings extensive local and global experience in social and environmental risk management, participating in the discussion on best practices in sustainability and potential ESG issues in AINDA's process."

66 To ensure that its decisionmaking process, including about the approval and success of investments, is implemented in a responsible manner, the Organization relies on its corporate governance structure through its Investment Committee, Investment Committee. Technician of the Trust and/or Board of Directors. in order to protect the investors' interests 11



AFP CUPRUM (Chile)

This Chilean investor shares the existing responsible investment mechanisms in AFP CUPRUM, where "there is a working group that continuously monitors compliance with the responsible investment policy and the implementation plan for ESG + C variables in all asset classes. Above this instance there is the Responsible Investment Table (Mesa de Inversión Responsable), which is a committee where the progress of the Organization's ESG plan is presented to senior management. Lastly, the Investment and Resolution of Conflicts of Interest Committee also monitors compliance with the policy and associated actions".

f There is a working group that continuously monitors compliance with the Organization's responsible investment policy and the implementation of ESG + C variables in all asset classes 77.

EXISTENCE OF AN ENGAGEMENT APPROACH

83% of the investors assessed in the Responsible Investment category declare that their Organization's engagement approach is publicly available in their Responsible Investment policy. The Organizations show different degrees of progress in terms of engagement, where the highest level of progress correspond to investors who, in addition to disclosing information on their engagement approach in detail, already have a formalized and publicly available Engagement (Stewardship) policy. They take varied and relatively comprehensive approaches, including active ownership practices (propiedad activa), proxy-voting, collaborative engagement, and scaling strategies. Among the least advanced ones in the matter, there are some investors who demonstrate to be newly involved in the subject, which is evidenced by the brief or non-existent mention of engagement in their official documents about relationships with other companies. Also, in some cases, there are practices that fall under the concept of engagement, but that the investors have not identified as such.



PROFUTURO (Mexico)

In its Responsible Investment policy, Profuturo declares that "Profuturo's approach to engagement practices benefits from a collaborative guide, which allows interaction with issuers, regulators, information providers and other participants in the Mexican financial system." In addition, Profuturo defines engagement as "practices that will allow its Organization to improve communication between stakeholders in the Mexican financial system with the aim of having a greater understanding of ESG practices in public companies." For Profuturo, "engagement efforts may help to promote greater disclosure of information on ESG matters in financial markets." In the event that these efforts are not successful, Profuturo does not have restrictions on the use of scaling measures within its investment process. In addition, for Profuturo, the assets subject to investment covered by the engagement activities, namely equity, corporate credit, and, government fixed income and alternative instruments, are subject to different engagement guidelines.

66 Profuturo's approach to engagement practices benefits from a collaborative guide that allows interaction with issuers. regulators, information providers and other participants in the Mexican financial system 11.

INDIE CAPITAL (Brazil)

Indie Capital shares its progress in terms of stewardship and engagement: in 2021 the Organization became a signatory to the Brazilian Stewardship Code of the Association of Capital Markets Investors (AMEC), and within this framework, Indie Capital declares that it will have a new Stewardship policy. This official document will include an ESG factors prioritization approach and the link between these factors and engagement issues and goals, as well as a collaborative engagement approach, and a description of how efforts and investment outcomes should be communicated across the Organization to feed investment decision-making and vice versa.



66 Indie Capital declares that it will have a new Stewardship policy. which will include an ESG factors prioritization approach and the link between these factors and engagement issues and goals ??.

CREDICORP CAPITAL ASSET MANAGEMENT GROUP (Chile, Peru, Colombia)



This investor declares that the relationship (engagement) practices "begin with an analysis of the companies in which the Organization invests, as well as those in which [the Organization] could be interested", adding that "ESG analysis allows to identify specific issues that will be the subject of specific engagement initiatives. "The Engagement section of CREDICORPAM's Responsible Investment" and the section of CREDICORPAM's Responsible Investment (CREDICORPAM's Responsible Investment) and the section of CREDICORPAM's Responsible Investment (CREDICORPAM's Responsible Investment) and the section of CREDICORPAM's Responsible Investment (CREDICORPAM's Responsible Investment) and the section of CREDICORPAM's Responsible Investment (CREDICORPAM's Responsible Investment) and the section of CREDICORPAM's Responsible Investment (CREDICORPAM's Responsible Investment) and the section of CREDICORPAM's Responsible Investment (CREDICORPAM's Responsible Investment) and the section of CREDICORPAM's Responsible Investment (CREDICORPAM's Responsible Investment) and the section of CREDICORPAM's Responsible Investment (CREDICORPAM's Responsible Investment) and the section of CREDICORPAM's Responsible Investment (CREDICORPAM's Responsible Investment) and the section of CREDICORPAM's Responsible Investment (CREDICORPAM's Responsible Investment) and the section of CREDICORPAM's Responsible Investment (CREDICORPAM's Responsible Investment) and the section of CREDICORPAM's Responsible Investment (CREDICORPAM's Responsible Investment) and the section of CREDICORPAM's Responsible Investment (CREDICORPAM's Responsible Investment) and the section of CREDICORPAM's Responsible Investment (CREDICORPAM's Responsible Investment) and the section of CREDICORPAM's Responsible Investment (CREDICORPAM's Responsible Investment) and the section of CREDICORPAM's Responsible Investment (CREDICORPAM's Responsible Investment) and the section of CREDICORPAM's Responsible Investment (CREDICORPAM's Responsible Investment) and the section of CREDICORPAM's Responsible Investment (CREDICORPAM's Responsible Investment) and the section of CREDICORPAM's Responsible Investment (CREDICORPAM's Responsible Investment) and the section of CREDICORPAM's Responsible Investment (CREDICORPAM's Responsible Investment) and the section of CREDICORPAM's Responsible Ipolicy describes the elements related to engagement, and in particular its engagement objective, with a focus on positively influencing companies to improve their performance in terms of ESG, in accountability, and in disclosure of information. Regarding the above, the Organization declares: "We believe that the positive impact of engaging in a constructive dialogue with firms that present a sub-optimal ESG performance is greater than that which we would generate through an immediate divestment of some of our assets". Additionally, CREDICORP AM's engagement elements include strategies and escalation, where "engagement initiatives can take different forms depending on the issue addressed, and the company's response (for example, direct conversations with executives and directors on calls or visits to the company)", but also communication for decision-making and collaborative engagement. Regarding this last point, CREDICORP AM recognizes "the positive effect that collaboration with government entities, stock exchanges, and regulatory agencies has in promoting greater transparency and ESG best practices for companies listed on stock markets." As a responsible investor, CREDICORP AM seeks to engage with government associations and other investors to encourage responsible investment and spreading of information on ESG matters in the region's capital markets. Likewise, CREDICORP AM will collaborate with local regulators and organizations to promote responsible investments in the countries in which it operates".

66 We believe that the positive impact of engaging in a constructive dialogue with firms with sub-optimal ESG performance is greater than that which we would generate through an immediate divestment of our positionss 11.

Additionally, SANTANDER ASSET MANAGEMENT (Spain) stands out for having a formalized Engagement Policy available in a specific and public document, as well as ITAÚ ASSET MANAGEMENT (Brazil) and MONEDA ASSET MANAGEMENT (Chile), for their comprehensive engagement approaches, which demonstrate what the Organizations have implemented so far, beyond the formal commitments they took within the framework of international organizations such as PRI.



INTEGRATION OF ESG FACTORS IN STRATEGIC ASSET ALLOCATION

30% of the investors assessed in the Responsible Investment Category declare to integrate ESG $factors\ in\ their\ strategic\ asset\ allocation.\ Although\ most\ investors\ still\ do\ not\ integrate\ ESG\ factors$ in their strategic asset allocation, several Latin American and Spanish investors do integrate these factors in at least part of their investment activities or are making efforts in this regard.

MONEDA ASSET MANAGEMENT (Chile)

MONEDA AM declare that "the ESG analysis process is carried out both at the issuer level and in the performance assessment and composition of the different funds that they manage. At the issuer level, a company's analysis is carried out based on an internal ESG questionnaire that assesses the company's performance on material issues for its industry, supported by an internal materiality matrix. Besides, the analysis is also supported by an external ESG rating provider, MSCI ESG Research". The final product of this analysis is an ESG Report of the company, which contains the following points and is presented to Portfolio Managers (PM) at the investment committee meetings:

- 1. ESG Score
- 2. Warning signs
- 3. Overall performance in each ESG pillar
- 4. Specific performance on critical ESG matter
- 5. Study of events for significant controversies and analysis of energy transition and climate change for industries affected by these issues
- 6. Comparison with industry peers
- 7. KPIs in ESG matters for the evaluation of trends

Additionally, Moneda Asset Management points out that "at the fund level, its ESG Team has developed an internal database that contains the ESG ratings and KPIs of the companies in its portfolios. On a quarterly basis, the team develops an ESG Fund Report based on this data, which is sent and discussed with the PM, presenting the composition of the fund, the risks and opportunities that could affect the companies in the fund, and the trajectory that their ESG ratings and KPIs have had over time."

66 The ESG analysis process is carried out both at the issuer level and in the performance assessment and composition of the different funds that they manage. At the issuer level, a company's analysis is carried out based on an internal ESG questionnaire that assesses the company's performance on material issues for its industry, supported by an internal materiality matrix. Besides, the analysis is also supported by an external ESG rating provider, MSCI ESG Researchs 11.

BCI ASSET MANAGEMENT (Chile)

EBCI Asset Management is making efforts to integrate ESG factors into its investment and evaluation process and demonstrates that the Organization is making progress on this matter. To this end that, the Organization has defined ESG criteria analysis mechanisms applicable for example to local and Latin American fixed income assets. This information is detailed in BCI AM's Sustainable Investment Policy where the Organization declares that, in addition to using the scoring obtained through an ESG questionnaire internally developed by its teams, "the investment process for local fixed income is complemented by the ranking done by an external provider. Regarding the investment process for Latin American fixed income assets, various tools are used to help find investment opportunities". For example, "the Fair Value Model (FVM) is one of these, which incorporates market prices and allows fair spreads to be estimated at a given time, and Fundamental Scoring, which allows issuers to be ordered by their fundamental value within of an industry; this considers a series of variables, both quantitative (70% of the indicator) and qualitative (30%). The combination of both indicators, FVM and Scoring Fundamental, allows finding investment ideas, and thus prioritizing the in-depth analysis of the respective issuers. Regarding the integration of ESG variables, these are part of the Fundamental Scoring, and have a weight of 30% in the indicator corresponding to qualitative variables. In this frame, 5 areas are addressed: Management, Regulation, Environmental and Social, Corporate Governance and Friendliness"



f The Fair Value Model (FVM) is one of these, which incorporates market prices and allows fair spreads to be estimated at a given time, and Fundamental Scoring, which allows issuers to be ordered by their fundamental value within of an industry; this considers a series of variables, both quantitative (70% of the indicator) and qualitative (30%). The combination of both indicators, FVM and Scoring Fundamental, allows finding investment ideas, and thus prioritizing the in-depth analysis of the respective issuers. Regarding the integration of ESG variables, these are part of the Fundamental Scoring, and have a weight of 30% in the indicator corresponding to qualitative variables. In this frame, 5 areas are addressed: Management, Regulation, Environmental and Social, Corporate Governance and Friendliness 37.

CORPORATE GOVERNANCE BEST PRACTICES

EXISTENCE OF TEAMS DEDICATED TO RESPONSIBLE INVESTMENT

45% of the investors assessed in the Corporate Governance Category declare that they have a team dedicated to responsible investment (internal or external) that is in charge of implementing responsible investment.

AFPIntegra Una empresa SUCO

AFP INTEGRA (Peru)

AFP INTEGRA declares that "the Organization's Investment Committee ensures the implementation and compliance with the ESG Policy established to this effect. Notwithstanding this, by internal procedure, the policy is approved by the Board of Directors, and depending on the issues that are assessed when carrying out the ESG integration approach, certain decisions require the opinion of the Board prior to implementation".

11 The Organization's Investment Committee ensures the implementation and compliance with the ESG Policy established to this effect 11.

MONEDA ASSET MANAGEMENT (Chile)

MONEDA AM declares that its Organization has a team exclusively dedicated to ESG matters. "In 2018, to strengthen the implementation of their ESG Policy and ESG process, they created their ESG Team, with analysts dedicated full time to research and analysis on these issues. That same year, they became the first Chilean asset manager to sign the internationally recognized UN Principles for Responsible Investment (PRI)", an initiative with which they have actively collaborated in these matters. In this context, "Juan Luis Rivera, partner and leader of the ESG unit at MONEDA AM, participated in one of the annual conference panels, PRI in Person (Paris, France), which is considered one of the most important responsible investment conferences in the world".

66 MONEDA AM has a team exclusively dedicated to ESG matters. "In 2018, to strengthen the implementation of their ESG Policy and ESG process, they created their ESG Team, with analysts dedicated full time to research and analysis on these issuess 77.

AINDA (Mexico)

AINDA declares that "its Organization was one of the first investor to become a PRI signatory in Mexico, and that considering the long-term scope of its fund (15 years), its fiduciary duty is to make long-term sustainable investments. The main ESG factors of its strategy are based on a solid internal corporate governance structure that allows AINDA to explicitly consider ESG factors throughout the investment process. AINDA's Code of Conduct and Ethics (CCE) protects the investors' interests because it is based on the PRI. All employees must sign the CCE and thus formally accept the implementation and compliance with these principles. In addition, AINDA has an internal performance assessment that includes identifying ESG risks and opportunities. AINDA's Compensation Policy establishes that each collaborator must be assessed according to its performance in each of the investment processes in which it participates. Also, AINDA has a solid corporate governance at the General Partner (GP) level that is replicated in the Special Purpose Vehicles (SPVs). In accordance with the terms of its investment contracts, AINDA makes all the necessary efforts, research, and analysis of available information to ensure that the investments it decides to make are solid. AINDA oversees the feasibility of each project in accordance with the best international practices of the private capital sector. Once AINDA has



66 AINDA's Code of Conduct and Ethics (CCE) protects the investors' interests because it is based on the PRI. All employees must sign the CCE and thus formally accept the implementation and compliance with these principles. In addition, AINDA has an internal performance assessment that includes identifying ESG risks and opportunities 11.

completed all its analysis, it presents the results to the corporate governance bodies, which decide whether to approve the investments. AINDA's corporate governance bodies include an Internal Audit Committee, a Technical and Investment Committee, with independent members and a Limited Partner (LP) that are PRI signatories. Therefore, the ESG risks and opportunities in AINDA's projects are subject to other independent assessment and monitoring."

Protección

PROTECCIÓN S.A. (Colombia)

PROTECCIÓN S.A. is a PRI signatory since January 2020 that declares that "responsible investment is part of the strategic guidelines of the Organization, which were defined by the Board of Directors. [...]Short and long-term plans were developed in line with the best international standards, including the commitment to the 6 PRI principles. To this end, interdisciplinary teams are in charge of carrying out the plan of work in line with the Organization's established strategic guidelines. These activities are to be carried out in collaboration with the personnel responsible for the implementation of this process, whose progress must be periodically reviewed and reported to different instances of the Organization, namely, Vice Presidencies and Directorates involved in the investment process, and the Risk Committee as a support body to the Board of Directors. Moreover, in line with the principle of active ownership, PROTECCIÓN S.A. formed an internal body made up of the Vice Presidency of Investments, the Vice Presidency of Risks, the Legal Vice Presidency, and the Presidency, which is responsible for reviewing controversial cases, regardless of their origin (incidents or cases linked to controversial economic activities) and defining the course of action. Regarding the outcomes of this process, the higher corporate governance bodies are informed, namely, the Risk Committee and the Board of Directors, as well as the Investment Committee when relevant and appropriate for PROTECCIÓN S.A.'s activities. Finally, the Organization's Internal Audit is also responsible for reviewing compliance with the responsible investment process and the policies that have been adopted on the matter. The Board of Directors is aware of the result of these supervisory functions through the Audit Committee".

66 PROTECCIÓN S.A. is a PRI signatory since January 2020 and responsible investment is part of its strategic guidelines which were defined by the Board of Directors. Short and long-term plans were developed in line with the best international standards, including the commitment to the 6 PRI principles 11.



BANCHILE AGF (Chile)

BANCHILE AGF declares that it has "biannual ESG management and ESG investment committees in which compliance with the Organization's responsible investment policy and advances in ESG analysis carried out by the corporation are assessed". In addition, in its Responsible Investment Policy, BANCHILE AGF declares that it reports annually to PRI its status and progress related to responsible investment, through the Public Transparency Report.

66 BANCHILE AGF declares that it reports annually to PRI its status and progress related to responsible investment, through the Public Transparency Report 77.

SUSTAINABILITY RESEARCH BEST PRACTICES

INTERNAL RESOURCES FOR ENGAGEMENT

74% of the investors assessed in the Sustainability Investing Category declare that they have identified internal resources (for example, engagement team, investment team, ESG team or staff) as the most important resource to achieve the engagement objectives in their Organization.

Additionally, 47% of the investors declare to use other types of resources to achieve their engagement objectives, such as formal collaboration commitments with PRI, Climate Action 100+, Initiative Climat International, or similar initiatives.

The consideration of external investment managers, external operators and/or external property managers as important resources to carry out engagement processes was valued by only 15% of the investors assessed in the Study.

Itaú Asset Management

ITAÚ ASSET MANAGEMENT (Brazil)

ITAÚ AM declares that, in the frame of its engagement approach, "the Organization's participation and proxy voting activities are coordinated and executed by the internal ESG Unit. In some cases, proxy voting service providers and ESG service providers may interact with companies on behalf of ITAÚ AM to request additional information about their analysis. Formal collaborative engagement, such as PRI or similar engagements, is also coordinated by the ESG Unit."

These examples of engagement activities are considered very important by ITAÚ AM Brazil, since, according to the Organization itself, "they have a high impact on companies and the market as a whole".

66 ITAÚ AM's participation and proxy voting activities are coordinated and executed by the internal ESG Unit. In some cases, proxy voting service providers and ESG service providers may interact with companies on behalf of ITAÚ AM to request additional information about their analysis 11.

SKANDIA GROUP (Colombia)

All the entities of the Skandia Group that were assessed in this Study declare that "as they are relatively young responsible investors, [their] experience in engagement is limited, so [they are] still in a process of building [their] protocols and policies in this matter" in which their internal resources are key. To achieve this objective, Skandia declares that it uses its own resources, those of its risk team and the ESG specialist. In addition, in terms of engagement, Skandia declares that it has made progress thanks to formal collaboration initiatives with PRI, for example, through the LATAM Investor Climate Initiative (ICIL, for its acronym in Spanish), and in terms of ESG information. As a result of the work carried out by the different Skandia teams together with other companies in terms of engagement, the initiative "Request for disclosure of environmental, social and corporate governance (ESG) information to public issuers in Colombia" stands out, whose purpose is to have public and comparable ESG information that makes it possible to analyze the sustainability practices of companies and integrate them into the investment decisions.

N skandia **66** Skandia declares that it uses its own resources, those of its risk

team and the ESG specialist. In addition, in terms of engagement, Skandia declares that it has made progress thanks to formal collaboration initiatives with PRI, for example, through the LATAM Investor Climate Initiative (ICIL, for its acronym), and in terms of ESG information 11.



AMERIS (Chile)

In terms of engagement, AMERIS declares that it has internal resources that vary according to the asset class. For example, in the case of alternative assets, the Organization relies exclusively on its internal team, mainly the Head of ESG and focal points. In addition, for its impact investments, AMERIS declares that these are carried out primarily through the participation of members of the Organization in boards, by its impact investment team, members of the investment committee, or other third parties which can be a contribution to the entity. Additionally, to advance in terms of engagement in the case of equity, AMERIS declares that it has chosen to approach it together with other investors, given its minority participation in the companies it invests in this category. The Organization declares that it is currently working on collaborative engagement processes for the PRI for large caps, for their investments in Chile.

f In the case of alternative assets, the Organization relies exclusively on its internal team, mainly on the Head of ESG and focal points 11.



BRADESCO ASSET MANAGEMENT (Brazil)

Like most of the investors assessed in the Study, BRADESCO AM indicates that in its organization, to achieve its engagement objectives, the most important resources are internal resources, followed by formal collaboration commitments. In addition, in a unique way, Bradesco Asset Management indicates that it has identified the following engagement objectives, in order of priority: the importance of informal or unstructured collaborations with peers, paid external services or initiatives that are not investment managers, external operators and/or third-party property managers, and third-party investment managers, third party operators and/or third-party property managers.

66 BRADESCO AM indicates that in its Organization, to achieve its engagement objectives, the most important resources are internal resources, followed by formal collaboration commitments 11.

EXISTENCE OF RELATIONSHIPS WITH REGULATORS AND OTHER STAKEHOLDERS

53% of the investors assessed in this Study declare that their Organization is directly related to legislators/regulators, while 74% of investors declare that their Organization provides financial support, is a member and/or is otherwise affiliated with third-party organizations, including trade associations and non-profit organizations, that engage with legislators/regulators.



Itaú Asset Management

ITAÚ ASSET MANAGEMENT (Brazil)

The Organization notes that it "began collaborating with legislators and policymakers exclusively to address deforestation in Brazil. In addition, he joined the Investors Policy Dialog on Deforestation (IPDD) engagement as a Brazilian lead in order to contribute to the group of international institutional investors in engaging with Brazilian policy makers on reducing deforestation to zero in Brazil." The group has been successful in addressing this concern with several members of Congress and in promoting the importance of zero deforestation for local and international investors." Regarding the above, this investor adds that "the Brazilian Congress is expected to vote on several regulations that may affect deforestation and it is of great importance that investors join forces to communicate the relevance of the issue to congressmen before such matters are discussed and become law."

66 The group has been successful in addressing this concern with several members of Congress and in promoting the importance of reducing deforestation to zero for local and international investors **!!**

Protección

PROTECCIÓN S.A. (Colombia)

PROTECCIÓN S.A declares that "the relationship with the regulator is important to design a more stable financial system that allows the effective integration of ESG criteria into investment decisions." This Colombian investor has been in contact with the regulator on ESG matters through responses to queries on draft decrees (e.g., Decree 1393 of 2020 and Decree 1207 of 2020 of Colombia), by submitting comments to guides best responsible investment practices. This investor has also had direct contact with the legislator in the frame of regulations related to green investments, through offsite visits with an emphasis on responsible investment processes, and through meetings facilitated by Asofondos (Colombian Association of Pension and Unemployment Fund Administrators) with the Regulator to share responsible investment practices among organizations. Also, PROTECCIÓN S.A provided comments on the agenda and projects of its country's regulator in this matter, in addition to attending meetings facilitated by PRI with the Regulator, to address queries on specific issues such as investor expectations regarding the disclosure of information on ESG matters from issuers.

66 The relationship with the regulator is important to design a more stable financial system that allows the effective integration of ESG criteria into investment decisions 11



AFORE PROFUTURO (Mexico)

Regarding relationships with legislators, in its Responsible Investment policy, AFORE PROFUTURO mentions that it will be able to attend collaborative engagement sessions with other institutional investors and regulators to attend and foster best practices related to responsible investment.

66 AFORE PROFUTURO mentions that it will be able to attend collaborative engagement sessions with other institutional investors and regulators to address and foster best practices related to responsible investment !!



AFP INTEGRA (Peru)

This Peruvian investor declares that "it has a proactive approach, both at a direct and indirect level, to foster the sustainability of the financial system. This is done through regular communications with financial regulators. Likewise, at a collective level, as members of the Responsible Investment Program (PIR), the Superintendence of the Securities Market (SMV) made questionnaires with ESG matters a disclosure requirement that applies to companies under its supervision".

66 AFP Integra has a proactive approach, both at a direct and indirect level, to foster the sustainability of the financial system. This is done through regular communications with financial regulators 11.

SKANDIA GROUP (Colombia)



Skandia Group declares that its Organizations prefer communication through the Asofondos, Fasecolda and Asofiduciarias guilds to centralize concerns, doubts and initiatives, and thus communicate indirectly with institutional entities such as Congress; however, in addition to the above, Skandia Group declares having direct meetings with the Financial Superintendence and with the financial regulation unit, collaboration throughout which "the issue of responsible investment has been essential to advance and bring the ESG criteria to the entire financial system." For Skandia Group, the fact that these unions are part of the Task Force for Responsible Investment, a multistakeholder space that promotes sustainable finance in the country, allows greater progress in these matters.

66 Skandia Group declares having direct meetings with the Financial Superintendence and with the financial regulation unit, collaboration through which the issue of responsible investment has been essential to advance and bring ESG criteria to the entire financial system 77.

AFORE XXI BANORTE (Mexico)



Although AFORE XXI BANORTE does not have public information related to market regulators, it does declare that "through [its] coordination in the Responsible Investments Subcommittee of AMAFORE, Afore XXI Banorte manages to have a rapprochement with the regulators. Additionally, through [its] participation in the Green Finance Advisory Council, it manages to participate in different forums that, for example, address the taxonomy related to green/sustainable emissions."

II Through [its] coordination in the Responsible Investments Subcommittee of AMAFORE. Afore XXI Banorte manages to have a rapprochement with the regulators 11.

RISK MANAGEMENT REFERRED TO CLIMATE TRANSITION

37% of the investors assessed in the Study declare that their Organization considers an orderly transition scenario of 2°C or less, while only one investor declares that their Organization considers a failure in the transition, based on a scenario of 4°C or more. Although 57% of the investors declare that they do not use the analysis of climate scenarios to assess the investment risks and opportunities related to climate change in the case of their Organization, several of them declare that they follow recommendations on the matter, or find themselves in a process still underway to identify these risks.

Protección

PROTECCIÓN S.A. (Colombia)

PROTECCIÓN S.A. declares that as an Organization it recognizes the importance of managing climaterelated risks, and that it has defined climate change mitigation as a strategic guideline within its portfolios. To this end, this Organization declares that it is in a stage of building capacities and designing its medium and long-term plan, highlighting that "with respect to the risk management process, climate change is part of the factors to be analyzed in investment opportunities, so PROTECCIÓN S.A. tries to take it into account in the investment decisions. Additionally, it has materialized some short-term plans such as participation in Low Carbon instruments, and the transformation of some voluntary investment portfolios that seek to be more efficient from an ESG rating or an intensity of carbon emissions point of view. Also, regarding the analysis of scenarios, the regulator recently carried out a study with the 2° Investing Initiative (2DII) in order to assess the alignment of the portfolios of the Pension Funds in Colombia with the different scenarios under the PACTA methodology, which [...] allowed to acquire bases to establish future plans in this matter".

66 Climate change is part of the factors to be analyzed in investment opportunities, so PROTECCIÓN S.A. tries to take it into account in its investment decisions 11

MONEDA AM (Chile)



MONEDA AM declares that its ESG team has implemented analysis of energy transition scenarios and transition to a low-carbon economy, based on the scenario assumptions of the IEA (International Energy Agency), SDS (accelerated transition) and STEPS (moderate transition) for the assessment of risks and opportunities by companies in the energy sector.

Its ESG Team has implemented analysis of energy transition scenarios and transition to a lowcarbon economy.



AINDA (Mexico)

AINDA declares that it does not currently perform scenario analysis to assess climate changerelated investment risks; however, during its Due Diligence processes on ESG matters, the Organization assesses vulnerability to climate change considering Greenhouse Gas (GHG) emissions, biodiversity and impacts on the land, among others.

During its Due Diligence processes on ESG matters, AINDA assesses vulnerability to climate change considering GHG emissions, biodiversity, and impacts on the land, among others.

W CAPITAL SAFI (Peru)



W CAPITAL SAFI declares that its Organization is in a process under the leadership of the Responsible Investment Program (PIR in Spanish) and the PRI, to achieve adequate valuation methodologies and indicators for the sector to which the Organization belongs. Within the framework of this process, the Organization actively participated in various activities during 2021, for example, its members attended a course on the financial risks and opportunities of climate change.

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INITIATIVES AND COLLABORATING ORGANIZATIONS



ALAS20

The Sustainable Leaders Agenda, ALAS20, is the only Latin American initiative that comprehensively assesses, qualifies, and recognizes excellence in public disclosure of information on sustainable development practices, corporate governance, and responsible investments of companies and investors in Brazil, Chile, Colombia, Spain, Mexico, and Peru.



PRI

Investors initiative in association with the UNEP finance initiative and the UN Global Compact. The PRI works towards establishing a sustainable global financial system by encouraging the adoption of the Principles and collaboration on their implementation by fostering good corporate governance, integrity and accountability, and by addressing obstacles to establish it as the basis of the market practices, structures and regulation.



GOVERNART

Think tank & ESG advisory firm that provides Environmental, Social and Corporate Governance (ESG) services to companies and investors in Latin America. Its portfolio of services includes legal advice, consulting, ratings, financial and ESG communications, and executive training solutions, along with industry expertise and a track record of innovation.

