

ESG Information

2023

This report consolidates the main sustainability results achieved by SURA Asset Management during 2023, specifically those related to the topics grouped under the environmental dimension.

The content responds to disclosure requirements aligned with global standards and covers the management of SURA Asset Management S.A. and its affiliates and subsidiaries, providing a detailed view of the actions and strategies implemented by the company for various stakeholders.

Specifics:

- This report includes the SURA Asset Management's economic information in 2023 as a whole and including the parent and its controlled Companies both in Colombia and Latin America, namely: SURA Investment Management, Asulado Seguros S.A., (Colombia), Protección S.A.(Colombia), AFP Capital S.A., (Chile), AFORE Sura S.A. de C.V. (México), AFP Integra S.A. (Perú), AFAP Sura S.A. (Uruguay), AFP Crecer (El Salvador) y qiip.
- When referring to specific initiatives managed by the corporate office or any of the subsidiaries, the company responsible for carrying them out will be mentioned, in order to offer clarity and transparency in the accountability of each entity within the group."
- These indicators are disclosed on an annual basis and their consolidation approach is based on financial control and covers 100% of the Company's revenues.

	2020	2021	2022	2023
Revenues (USD)	764,565,000	839,557,000	771,755	1,140,653
Employees	8,886	8,148	7,189	6,895

1. Environmental Information

1.1. Energy

Total energy consumption	Unit	FY 2020	FY 2021	FY 2022	FY 2023
Total non-renewable energy consumption	MWh	8,996.44	8,440.46	11,442.02	8,9972.57
Data coverage	% of direct employees	100	100	100	99,41

1.2. Waste & pollutants

Waste Disposal	Unit	FY 2020	FY 2021	FY 2022	FY 2023
Total waste recycled/reused	Metric tonnes	35.86	21.56	24.26	39.52
Total waste disposed	Metric tonnes	33.07	24.54	47.27	47.33
Data coverage	% of direct employees	59.31	59.31	67.76	76.8

1.3. Water

Water Consumption	Unit	FY 2020	FY 2021	FY 2022	FY 2023
Water withdrawal	Million cubic meters	0.037	0.029	0.035	0.035
Water discharge	Million cubic meters	0	0	0	0
Total net fresh water consumption	Million cubic meters	0.037	0.029	0.035	0.035
Data coverage	% of direct employees	90	90	90	91.29

1.4. Climate Strategy

Direct Greenhouse Gas Emissions (Scope 1)

Direct GHG (Scope 1)	Unit	FY 2020	FY 2021	FY 2022	FY 2023
Total direct GHG emissions (Scope 1)	Metric tonnes CO2 equivalents	811.41	657.02	734.37	1,246.73
Data coverage	% of direct employees	100	100	90.3	90.3

Indirect Greenhouse Gas Emissions (Scope 2)

IGHG (Scope 2)	Unit	FY 2020	FY 2021	FY 2022	FY 2023
Location-based	Metric tonnes CO2 equivalents	3,181	2,907	4,004.64	2,239.01
Data coverage	% of direct employees	94	100	99.41	99.41

Indirect Greenhouse Gas Emissions (Scope 3)

IGHG (Scope 3)	Unit	FY 2020	FY 2021	FY 2022	FY 2023
Total indirect GHG emissions (Scope 3)	Metric tonnes CO2 equivalents	507.92	440.11	1,109.16	1,454.2

Scope 3 Category	Emissions in the reporting year (Metric tons CO ₂ e)
Purchased Goods and Services	4.18
Waste generated in operations	32.67
Business travel	1,254.73
Employee commuting	162.63

Climate Governance

Climate change is at the forefront of our sustainable investment strategy. For years, Sura Asset Management has been working on the assessment of the risks and opportunities of Climate Change. The Governance and Sustainability Committee reports to the Board of Directors and is the body in charge of maintaining the different policies at the Company. Particularly, the Sustainable Investment Policy focuses on four pillars and a common focus on climate change. The four pillars define our sustainable investment strategy starting with a set of values, preferences and exclusions. Many topics are not easily defined as an exclusion because of interrelated risks in the environmental, social, governance and economic dimensions. When this happens, we have developed a methodology for analyzing controversial issues and after this process, we make decisions of exclusions or engagement. Most of these cases result in engagement processes where we work with different issuers to collaborate in the definition of ESG goals and the respective KPIs. We also integrate ESG factors into all our investment and risk management processes to ensure that, in addition to the traditional financial and economic metrics, we incorporate mid to long-term sustainability assessments for the investment decisions. Finally, we encourage and participate when sustainable investment opportunities arise, not only in Latin America but also in the rest of the world, hence thematic and impact investing is also one of our four pillars.

Based on these strategic guidelines, all the companies in Sura Asset Management develop local policies that are more specific and design plans for the implementation of each particular investment process. There are local government bodies such as Investment Committees, Risk Committees, Audit Committees, Governance Committees and Boards of Directors that also participate in ensuring an aligned implementation.

Strategy

Across these four pillars, a common focus of our strategy is Climate Change. We believe in the science behind climate change and there are two main topics that we apply to the longer-term investment strategy and its risk management.

One is related to assessing the risks that arise because of climate change, not only associated with climate variability and extreme natural events but also the economic and energy transition implications that may come in the next 25 years. The other one is related to the set of investment opportunities emerging due to this transition and how to help in the orderly financing to reach the climate goals defined by science.

The greatest challenges may come from identifying stranded assets in our portfolios, i.e. companies that could lose a lot of value given the energy transition or the impact of more severe natural phenomena.

The greatest opportunities we have identified for Latin America come from:

New investment opportunities in renewable forms of generating energy (Solar PV and Wind).

Batteries for renewable projects and electric vehicles.

Grid redesign and reconstruction.

Materials needed for the energy transition (mining and refining of materials such as copper, aluminum and lithium).

Traditional new energy demand to make an orderly transition.

Relocation of Infrastructure and Real Estate to maintain living standards of the population in certain areas.

Latin America is a region that could contribute a lot to the solution of global climate change and at the same time, provide a substantial portion of the materials required for the global energy transition that is required to meet the global goals on temperature change.

Risk Management:

Several phases have been taken to properly assess the risk and opportunities of climate change and the associated energy transition. First, we established the focus at the policy level, then we adhered to different initiatives worldwide where institutional investors declared alignment with COP and UN SDGs, we also embarked on an internal initiative to measure the CO₂ emissions associated with our investment activity and periodically determine the CO₂ emissions of the

portfolios we manage. We expect to reach coverage levels around 80-90% by the end of 2025. In Latin America we still lack a common set of reports from the companies and the governments and reaching 80-90% coverage is a great effort in this part of the planet. As we progress on this measurement initiative, we have been developing our reporting standards based on commonly adopted frameworks such as TCFD and ISSB. The next phase in this initiative is to determine the future scenarios based on the science around the transition to lower carbon economies and global COP goals on average temperature change by years 2050 and 2100. Only until we work out our temperature trajectories, will we be able to establish our decarbonization goals and the path that is aligned with the transition. To achieve this goal, we are starting to implement the SBTi framework into our initiative. Finally, we are implementing methodologies to measure and manage climate risks. Physical risks that could potentially impact the assets in the portfolios and Transition risks that could potentially affect the future expected returns of the investments. As we advance with these new risks that are emerging, we will gradually integrate them in a new dimension of investment risk management.

The most important challenge is to be able to shape the structure of the portfolios in such a way that we could avoid losses associated with climate change and at the same time, identify new investment opportunities.

Below is the progress in implementing the TCFD recommendations to assess and adapt its activities to face the challenges posed by the global transition to a low-carbon economy.

AFP Integra:

Published its Climate Change Management Policy for pension funds, which implements the four pillars of the TCFD recommendations.

Governance:

A structure for managing climate change risks and opportunities (R&O) has been defined, as described below:

- **Corporate Governance Committee of the Board:** Oversees the management of Climate Change R&O of the Pension Funds through the review of periodic reports on Climate Change management ("TCFD Reports") prepared jointly by the Investments and Investment Risk Areas and previously approved by the Risk Committee.

- **Risk Committee:** Reviews the status of Climate Change R&O reflected in the TCFD Reports and approves the proposed management of such R&O and Climate Change metrics and targets.
- **Investments Committee:** Reviews the status of Climate Change R&O reflected in the TCFD Reports previously approved by the Risk Committee.
- **Investments Area:** Jointly with the Investment Risk Area:
 - Periodically identifies Climate Change R&O.
 - Updates metrics and progress on Climate Change targets.
 - Prepares the TCFD Report and elevates it to the Risk Committee. Additionally, calculates the absolute emissions and emissions intensity of the Pension Funds.
- **Investment Risk Area:** Jointly with the Investments Area:
 - Periodically identifies Climate Change R&O.
 - Updates metrics and progress on Climate Change targets.
 - Prepares the TCFD Report and elevates it to the Risk Committee.
- **Audit:** Reviews compliance with the Climate Change Policy for Pension Funds.

Strategy:

Following the TCFD Recommendations, a framework was built with the objective of identifying the potential material financial impact on the investment strategy in different time horizons and, based on this, evaluating the resilience of the strategy under climate scenarios. In this sense, it was decided to assess climate change risks during 2023.

As a result of this assessment, it was concluded that, in the local portfolio (local corporate issuers), the level of risk by sector (GICS Categories) is low and medium (with no sectors at a high risk level). Similarly, for the international portfolio (excluding sovereign bonds and alternative assets), the evaluation system of a global ESG information provider was used, which projects the long-term economic impact on the portfolio for a climate transition risk scenario given a 2-degree Celsius increase in the planet, as well as an average physical risk scenario. As a result of this evaluation, a potential long-term effect was estimated. However, it is important to highlight that this evaluation was limited to only 30.37% of the portfolio (given the available information from the ESG information provider), and that it is an estimate that assumes a significant number of assumptions whose probability of occurrence is variable, especially in the long term.

Given the results obtained, the climate governance instances approved as a management plan the strengthening of the local portfolio evaluation process, as well as a deeper analysis of the results obtained for the international portfolio, according to the availability of the system. Notwithstanding the foregoing, it was concluded that, currently, the investment strategy does not require significant modifications, given the identified climate risks.

Risk Management:

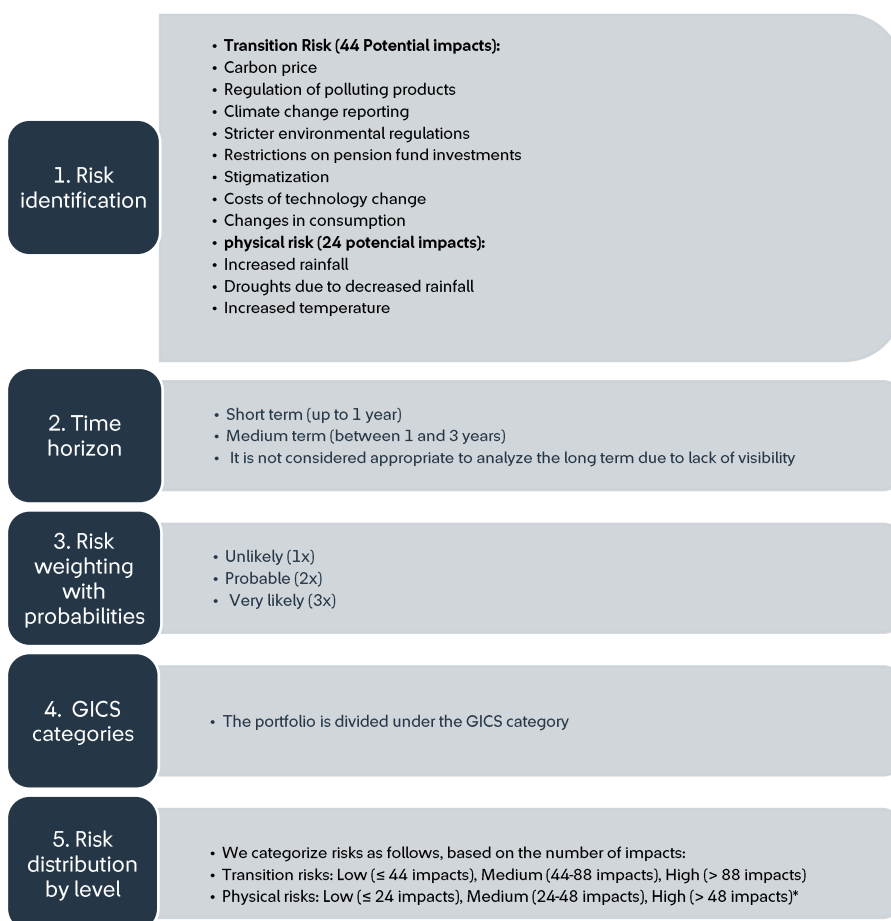
The process of identifying climate change risks begins with the identification of risks through an Internal Process and an External Process that has a general scope over portfolio assets.

- Internal Process: This is an internal process applicable to local direct assets, through which Transition Risks and Physical Risks are identified and the level of risk by industrial sector is obtained.
- External Process: A global external ESG data provider is used, which can cover most types of portfolio assets and provides an analysis of the total impact of climate change risks, taking into account projections of Transition Risk and Physical Risk scenarios.

Based on the results obtained from the identification of climate change risks, the Investments Area, together with the Investment Risk Area, defines a risk management proposal, which is included in the TCFD Report and elevated for review and approval to the Risk Committee. Subsequently, this report is elevated to the Corporate Governance Committee of the Board for the supervision of the management of climate change risks and opportunities (R&O).

The process of identifying climate change risks is part of and is aligned with the objectives and functions of the Investment Risk Unit related to identifying, measuring, analyzing, monitoring, and controlling the investment risks incurred by the managed portfolio and comprehensively informing the Investment Risk Committee about their existence and providing it with the necessary tools to fulfill its objectives.

Transition and Physical Risks were analyzed separately. More types of Transition Risks (8) were identified compared to Physical Risks (3), and the following parameters were used:



As a result of this assessment, we obtained the following results, highlighting the alignment of the portfolio with low and medium climate risk levels. In accordance with the management plan approved by the climate governance bodies, during 2024 we will seek to strengthen this assessment and compare the product with the results obtained in 2023.

Transition Risks

High	
Medium (S/ 6,922 MM)	<ul style="list-style-type: none"> • Industrials (including machinery and construction) (51) • Materials (including mining) (51) • Energy (including Oil & Gas) (50) • Utilities (49)
Low (S/ 6,050 MM)	<ul style="list-style-type: none"> • Consumer Discretionary (including tourism) (42) • Communication Services (40) • Health Care (40) • Financials (32) • Consumer Staples (including Agriculture) (27)) • Information Technology (27) • Real Estate (25)

Physical Risks

High	
Medium (S/ 12,764 MM)	<ul style="list-style-type: none"> • Utilities (48) • Consumer Discretionary (including tourism) (45) • Consumer staples (including Agriculture) (42) • Financials (42) • Industrials (including machinery and construction) (42) • Energy (including Oil & Gas) (42) • Materials (including mining) (36) • Communication Services (30) • HealthCare (30)
Low (S/ 207 MM)	<ul style="list-style-type: none"> • Information Technology (24) • Real State (247)

Goals and Metrics

Based on the results obtained, the following monitoring metrics and goals for climate change risks and opportunities for the managed portfolio were established at the climate governance levels:

- Metrics
 - Absolute and intensity-based carbon footprint.
 - Periodic identification of local portfolio risks (Semiannual).
 - Periodic identification of international portfolio risks (Semiannual).
- Goals
 - Increase carbon footprint coverage.
 - Improvements in the process of identifying and managing climate change risks and opportunities.

Protección

Governance

In 2020, the company established the following corporate governance functions to address environmental matters, including climate change:

- Risk Committee: Discusses and approves general aspects related to the incorporation of ESG criteria (including climate change) across different risk types in the investment process.
- Investment Committee: Reviews technical analyses of ESG and climate risk assessments in relation to their return. For investment opportunities, it reviews performance on ESG factors.
- Corporate Governance and Sustainability Committee: Oversees policies, programs, tools, reports, compliance, and performance related to ESG aspects, including climate change. Ensures alignment of the strategy with best practices.
- Nominations, Remuneration, and Development Committee: Selects and validates the incentive and evaluation program for the board and senior management, considering performance in advancing responsible investment and managing ESG risks, including climate change.
- Audit Committee: Verifies that the Corporate Governance and Sustainability Committee complies with ESG factors, including those related to climate change.

Strategy

During 2023, an exercise was conducted to identify climate change risks that could affect portfolios managed by Protección. Various information sources were used, such as the guidelines of the Colombian Climate-Related Disclosure Initiative (CCADI), the third climate change communication of the IDEAM, and studies from the National Planning Department (DNP), UNEP FI, and the national government within the framework of the long-term climate strategy for Colombia E2050, created in 2019.

Portfolio Climate Risk Level:

	2023	2030	2050	2100
Physical Risks	*	High moderate	High	High
Transition risks	Moderate	High moderate	High moderate	Moderate

Based on the climate scenario used (RCP 4.5), increased rainfall is projected over the next 80 years, increasing the likelihood of landslides, mudslides, and floods. Additionally, with a projected increase in global temperature of up to 2.3°C, dry periods will be longer, which could also affect energy generation and food production. Under these conditions, a potential increase in long-term physical risk is identified.

Transition Risks

Regarding transition risks, a peak risk is foreseen between the 2030s and 2050s as these will be the years for meeting the national target for reducing greenhouse gas emissions. By 2030, Colombia will have to reduce greenhouse gas emissions by half, and by 2050, it will need to achieve carbon neutrality. In this context, it is expected that during these years, policies to mitigate greenhouse gas emissions will be tightened, putting pressure on various industries to invest in programs to transition to decarbonization. Mitigation actions can also generate opportunities in sectors such as housing construction, commerce, infrastructure, and energy, which can sustainably exploit the demand for products in their segment and/or make adjustments to their current assets to make them sustainable.

Risk Management

To mitigate the identified risks, Protección has three main actions:

- Integration of Climate Change Risks (CCRs)
- Relationship-building processes
- Development of the identification exercise

Goals and Metrics

- Continue investing in emitters committed to the transition to carbon neutrality.

- Utilize Proteccion's influence through relationship-building processes to bring more emitters and funds into the energy transition.
- Obtain carbon neutrality certification for Proteccion's operational emissions in 2024.

1.5. Decarbonization Strategy

Scope 3 Financed Emissions

Scope 3 Financed Absolute Emissions	FY 2023
Total Scope 3 financed absolute emissions <i>(metric tonnes CO2 equivalents)</i>	38,266,423.08
Total Scope 3 emission intensity <i>(Ton CO2 equi / MM USD invested.)</i>	408.5
Portfolio coverage <i>(% of Assets under management)</i>	71.46

Sustainable Investment Policy

At Sura Asset Management, we frame sustainable development within a long-term perspective, considering both financial and Environmental, Social, and Governance (ESG) aspects in the way we conduct our business. Our corporate purpose includes the retirement savings business, where the Pension Fund Administrators and Retirement Savings Fund Administrators in which we have a stake manage investment portfolios on behalf of their affiliates, with whom they have a fiduciary duty to seek the best return on their resources, at a reasonable risk, under standards of excellence and industry best practices.

Taking into account the sustainable investment framework disclosed in our sustainable investment policy, where one of the criteria in investment management processes is to avoid and exclude investment in certain assets with a significantly negative impact on sustainability objectives.

Accordingly, in internally managed investments, Companies will refrain from investing in companies, projects, and/or vehicles that are directly linked to the following businesses or activities:

- Pornography production and/or commercialization business.
- Tobacco planting, production, manufacturing, and/or commercialization business.
- Coal extraction and sale business.
- Production and/or commercialization of controversial weapons business.
- Production or trade of any product or activity considered illegal or unlawful under local laws.

- Sovereign debt issued by countries subject to general embargoes, for the sale of arms to their governments or the freezing of their international assets, by the United Nations.

On the other hand, the sustainable investment policy defines our approach to the evaluation of investments in activities or economic sectors that, due to their potential impacts on the environment or close link to factors that contribute negatively to climate change, are considered sensitive and require additional considerations in investment decisions, including the following:

- **Thermal energy generation from coal combustion:**

Considering that coal-fired power generation accounts for around 40% of global CO₂ emissions, and that this gas accounts for approximately 74% of global greenhouse gas emissions, it is understood that this is a key activity for the success or failure of efforts to achieve the goals of the Paris Agreement. Consequently, efforts by various actors from both the public and private sectors have focused on addressing energy transition plans towards lower-emission energy sources, through mechanisms that include regulations that may pose risks to the operation and economic viability of coal-fired power assets.

To measure exposure to this activity, the indicator used will be the participation of the installed capacity to generate electricity from coal combustion in the total installed capacity of the company or project, and it will be considered controversial if it is greater than 10%.

- **Use of coal in cement production:**

In line with the above, we also identify that there are productive activities that use coal as a fuel in their industrial processes. For example, coal is a widely used fuel in cement production, accounting for 70% of total fuel consumption for this purpose worldwide.