



Target Setting Progress Report 2023

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1. Lead by the example: Exchange-focused targets

1.1 Governance

1.1.1 Exchanges should put appropriate governance structures in place to ensure accountability for and oversight of the development and execution of the NZFSPA commitments.

In 2022, BMV established a Sustainability Committee, comprising Senior Executive Management, the Sustainability team, and other key members of the organization. This committee is responsible for overseeing ESG matters, climate action, and net-zero commitments. Each area within the committee has distinct responsibilities, including:

- **BMV Sustainability team:** Responsible for the daily management of ESG factors and climate-related initiatives in operations, as well as for setting and tracking ESG and climate goals across short, medium, and long-term horizons. This team also executes the NZFSPA commitments.
- **BMV Senior Executive Management:** Oversees the impact of the Group's corporate activities, identifying critical factors that may influence operational continuity, performance, and public reputation. This Group oversees the Net Zero Commitments.

The Sustainability Committee reports directly to the Chief Executive Officer, who, in turn, reports to the Board of Directors. Notably, a member of the Board, who also serves as the chairman of the Corporate Practices Committee, monitors the ESG agenda and is responsible for ensuring the proper implementation and execution of the sustainability strategy.

Finally, variable compensation for members of the Sustainability Committee is linked to their performance, including progress on the ESG strategy.

1.1.2 Exchanges should ensure that relevant policies, procedures and training are implemented to support its efforts.

BMV has a comprehensive **sustainability policy** that, among other objectives, addresses climate issues and underscores our commitment to fostering a low-carbon economy. This is achieved through two main pillars:

- **Facilitating funding for sustainable projects** by offering ESG bonds (green, social, sustainable, sustainability-linked, and blue).
- **Implementing a strategy focused on the progressive reduction of GHG emissions**, enabling us to reach our Net Zero goals.

We have developed training courses for employees considering ESG topics. These include, among others, environmental, social, and governance aspects. In 2021, more than 90% of the employees completed the course, and from 2023, it became part of the training program for new hires.

Regarding the environmental approach, the training has focused on how Grupo BMV contributes to tackle climate change, through Sustainable Finance and works towards the achievement of the 2030

Agenda. Additionally, we have implemented internal campaigns to raise awareness about the optimal use of electricity, proper waste management, and sustainable transportation. In 2022, Grupo BMV set up the "Sustainable Development Goals (SDG) Mobile Museum", with the aim of providing staff with detailed information about the SDGs and helping them identify how they can contribute to the initiative.

Furthermore, in 2023, within the framework of COP28, we implemented the Climate Week, during which we held the "Ring the Bell for Climate" event, and reinstalled the SDG Mobile Museum, this time with a climate-focused approach. The museum was open to both employees and general public.

As part of the training plan for the members of Sustainability team, as well as some key areas, there are some mandatory courses that keep them in touch and updated with sustainability and climate-related topics such as new regulations (IFRS S1 and S2).

1.2 Emissions Reduction & Disclosures

1.2.1 Exchanges should publicly disclose their climate actions annually as part of a transition plan.

1.2.2 Exchanges should measure and disclose their Scope 1, 2 and (where material) 3 emissions annually.

1.2.3 Exchanges should commit to Scope 1, 2 and (where material) 3 emission reductions for their own operations.

BMV selected 2019 as the baseline year for comparing its emissions, as it was the year when measurements for Scope 1 and 2 began. We calculate and report our emissions through an international standard, the Greenhouse Gas Protocol. It's worth mentioning that our carbon footprint has been calculated by a third party, (The Carbon Trust).

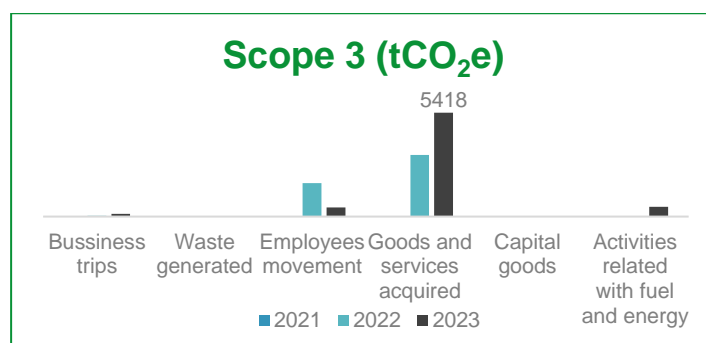
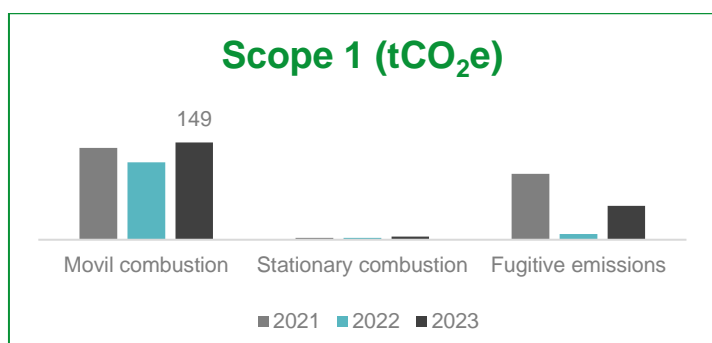
As part of our commitment to achieving net zero, it was essential to first establish a comprehensive measurement of our total emissions. In 2021, we began tracking our Scope 3 GHG emissions, initially focusing on business travel and waste management. By 2023, we successfully measured and reported all relevant categories of our entire carbon footprint, covering Scopes 1, 2 (location-based), and 3, as outlined below:



	2019	2020	2021	2022	2023	2023 VS 2019
Scope 1 (tCO _{2e})	166	167	245	131	206	+24%
Scope 2 (tCO _{2e})	2,360	1,537	1,280	1,415	1,538	-35%
Scope 3 (tCO _{2e})	0	0	11	4,988	6,579	
Income (million MXN)	3,577	3,914	3,924	4,100	3,931	+10%
Scope 1 and 2 emissions (tCO _{2e})	2,526	1,703	1,525	1,546	1,744	-31%
Carbon intensity (S1 + S2 / Income)	0.71	0.44	0.39	0.38	0.44	-38%
Total emissions (tCO _{2e})	2,526	1,703	1,536	6,533	8,323	+226%

From 2019 to 2023, our total emissions increased significantly, as we progressively incorporated Scope 3 categories reaching 100% of the applicable categories by 2023. Notably, Scope 3 emissions now account for 79% of BMW's total GHG emissions.

Despite the overall increase in BMW's emissions from 2019 to 2023, we achieved a 31% reduction in our Scope 1 and 2 emissions. In addition to COVID-19 for the 2020-2021 measurement, the reduction was made possible by implementing an electricity consumption reduction strategy, upgrading our electrical facilities, and selling our alternate site at the end of the year.



A closer look at Scopes 1 and 3 reveals that BMW has opportunities to reduce emissions related to the use of gasoline-powered vehicles and the procurement of goods and services, as these were the highest emission sources within each Scope. With this in mind, we are designing a targeted emission reduction strategy.

Our GHG emissions reduction commitments

Given BMW's responsibility to promote more sustainable and resilient markets, particularly in Mexico, we decided to join GFANZ and commit to achieving net zero GHG emissions across Scopes 1, 2, and 3 by

2050 at the latest. Additionally, in 2023, we joined the Science Based Targets initiative to establish well-structured, realistic, and science-based targets that will support us in fulfilling our net zero commitment.

Overall, our current commitments are:

1. Reducing our CO2 emissions by at least 50% by 2030
2. Establish science-based targets (SBTi)
3. Broaden the measurement of our Carbon footprint by measuring 95% of our overall emissions
4. Achieving net zero GHG emissions, from Scopes 1, 2 and 3, before 2050.

We are currently setting targets to submit for approval by the Science Based Targets initiative, which will be published in the first quarter of 2025.

With the information we have gathered so far from our carbon measurement, we have developed an emission reduction strategy that has enabled us to create tangible initiatives both within our organization and in our role in the market.

Thanks to the implemented actions since 2019, so far, we have achieved:

- Progressively increasing our carbon footprint measurement, reaching the 100% of the applicable categories for measuring our carbon footprint.
- Reducing our Scope 2 emissions by 35% through an energy reduction strategy, including replacing lighting with LED.
- Measuring our climate risks and opportunities and reporting them according to TCFD recommendations.
- Developing the Guide to Carbon Neutrality for both listed and unlisted companies.

It's important to note that we are actively developing a transition plan, which will be ready by the first quarter of 2025 at the latest.

2. Exercise influence: Market-focused targets

2.1 Transparency & Education

2.1.1 Exchanges should actively promote availability of high-quality climate information by producing guidance for issuers or undertaking initiatives that encourage climate-related disclosure (as may be relevant to the market).

In 2016 BMV released the “Sustainability Guide”, which enables companies to identify, implement, and measure their ESG strategies; in 2023, we launched an updated version that incorporates new elements (ESG reporting and ratings).

In 2022, BMV launched its “Carbon Neutral Guide” to provide listed and unlisted companies with a practical framework for analysis, implementation and dissemination of a carbon neutrality process for both, companies listed on the Mexican Stock Exchange and companies that are interested in reducing and/or offsetting greenhouse gas emissions. This document begins with an overview of the current global climate situation and then outlines BMV’s commitments to align with GFANZ requirements and its ongoing efforts to help mitigate climate change.

The guide covers the following topics:

- SDGs and Climate Change
- Net zero as an integral alternative in the fight against climate change
- Key steps for achieving net zero:
 - Measure your carbon footprint
 - Identify climate related risks, potential scenarios and opportunities
 - Establish an emission reduction strategy
 - Disclosure of ESG information

Grupo Bolsa Mexicana de Valores is convinced that including these initiatives in companies’ business plans will boost sustainable growth through the development of effective and efficient processes throughout the value chain. It is essential to consider these actions as a priority in the business strategy and BMV will encourage all the actors to join climate action.

2.1.2 Exchanges should offer climate disclosure training at least annually.

Grupo BMV has consistently remained close to its stakeholders, and ESG is no exception. With the aim of contributing to the Sustainable Development Goals and addressing climate change challenges, one of our key pillars is to promote transparency and strengthen ESG capacities. In this context, we are committed to supporting the development of greener and more resilient financial markets.

In 2021, BMV designed the “Sustainable Accompaniment Program” (PAS Program), that aims to support companies by providing training on environmental, social, and governance (ESG) criteria to help them integrate these principles within their organizations through expert-led conferences. The program runs for six weeks and has been taught in collaboration with experts from organizations such as the UN Compact, PRI, S&P, IFRS, Pension Funds, MéxiCO2, Deloitte, KPMG, among others.

This Program allows participants to learn:

- The current and future landscape of sustainability
- Materiality Assessment and its importance in ESG management (Including Doble Materiality)
- Best practices for implementing strong corporate governance
- Global initiatives that exist to address climate change and identify how, within their sector, they can develop strategies and initiatives
- Net Zero
- Structure and purpose of thematic bonds
- Effective methods for communicating and reporting ESG information
- How investors incorporate ESG information and sustainability data into their decision-making

The target audience are executives and staff from finance, investor relations, sustainability, legal, and other relevant areas and it is provided annually.

This program has evolved, and in 2023, we introduced an edition focused on supply chains (large companies and SMEs) to provide guidance on ESG criteria and advance on the Scope 3. The goal is to provide them tools to create a sustainability strategy and, with a deeper focus on environmental issues, provide them the knowledge to measure their environmental impact, identify climate-related risks and opportunities, and communicate effectively with their stakeholders.

Impact of PAS: 280 companies | 684 participants

Additionally, through the *Mexican Carbon Platform, MÉXICO₂*, BMV strengthens ESG and climatic capabilities in the financial markets by participating in some forums to talk about international trends, best practices in green and sustainable finance, progress on green, social and sustainable bond market, as well as indicators for measuring the impact of investment and infrastructure projects.

Some of these events:

- **Development of Mexico Carbon Forum 2023:** With the objective of boosting the national climate agenda, this event calls the most important parts in the decision-making process and emission reduction initiatives development at state, national and international levels. We had the participation of more than **2,000 people**.
- **Diploma in Carbon Markets:** For training different performers from the public and private sector.
- **Diploma in Nature-Based Solutions:** Calling actors from the public and private sector.
- **Compensation for the Subnational Emissions Tax:** Trainings and support to multi-sector companies focused on helping them compensate their emissions with the aim of fulfilling their tax obligations in a better way.

2.2 Products & Services

2.2.1 Exchanges should work to raise visibility for climate-themed products.

Fostering sustainable markets is fundamental to our purpose. At BMV, we facilitate financing as an adaptation measure for Climate Change by promoting the mobilization of capital for sustainable projects (Green, Social and Sustainable Bonds), as well as supporting companies in their ESG objectives through Sustainability-Linked Bonds.

In 2023, we reached a record figure of MXN 131 billion distributed in the issuance of 40 ESG bonds, representing the 40% of the total amount of long-term debt. It is worth noting that the three most frequently issued types of bonds include: Sustainable at 39%, Sustainability-Linked at 32% and green Bonds at 17%.

We also facilitate the listing of ESG instruments, such as green or sustainable Exchange Trade Funds (ETF's) and make the good ESG performance of listed companies visible through sustainability indexes: S&P/BMV Total Mexico ESG index, S&P/BMV IPC CompMx Profitable ESG Tilted and S&P/BMV IPC ESG Tilted.

Finally, we foster the development of carbon markets in Mexico and Latin America by offsetting CO2 emissions through our MéxiCO2 Carbon Platform. Since 2015, we have managed to get companies to offset nearly 500,000 CO2 tons by supporting social and environmental projects through the Voluntary Carbon Market. In 2023, 15 enterprises were able to compensate about 400,000 CO2 tons.

2.2.2 Exchanges should incorporate climate-related considerations into the development processes for products and services.

BMV will closely monitor new climate-related regulations to incorporate them into the development of future products. At the same time, it will explore new instruments for other markets, such as derivatives.

2.3 Policy Persuasion & Engagement

2.3.1 Exchanges should actively engage with local and global policy makers and standard setters to stay informed of and promote net zero aligned policies.

We actively collaborate with local institutions and regulators, engaging in regular dialogues on sustainable finance and emerging financial regulations related to climate and sustainability.

With the creation of the International Sustainability Standards Board (ISSB) and the introduction of IFRS S1 and S2 Standards, we have been a bridge between issuers and the CNBV (National Banking and Securities Commission) to ensure optimal adoption. We participate in working groups and offer workshops and conferences with experts to help companies understand the implications of these new standards.

Additionally, in collaboration with the Mexican Council of Financial and Sustainability Reporting Standards, we also promote the NIS A-1 and B-1 standards. Starting in January 2025, companies following Mexican financial standards will include 30 qualitative and quantitative indicators in their financial statements, with over half of them focused on environmental issues. This marks a milestone in Mexico by enhancing certainty and traceability, paving the way for increased investment and financing opportunities.

We also participate in the promotion of responsible financial practices related with ESG matters with the Mexican Sustainable Finance Council.

Furthermore, we collaborate with international organizations, such as the World Wildlife Fund (WWF) and the British Embassy in Mexico City, on projects and events focused on climate change mitigation and the advancement of sustainability.

At BMV, we remain up-to-date with government ESG regulations and actively support listed companies by providing relevant information that may impact their operations. We facilitate open dialogues between regulators, global and local policymakers, and issuers to foster transparency and alignment on ESG matters.

An example of this is our active role in providing our facilities and inviting listed companies to a workshop organized by the Ministry of Finance to introduce the new Mexican sustainable taxonomy. During its development, we also facilitated dialogue sessions with participants to provide feedback and strengthen the taxonomy prior to release it.

2.3.2 Exchanges should work towards mandatory climate-related disclosure in their markets.

Currently, BMV Group does not mandate the disclosure of ESG criteria for a company to be listed. However, we have provided companies with access to the Sustainability Guide and a self-assessment tool that helps identify ESG gaps and take action. Additionally, we offer continuous support and capacity-building in ESG through guides and workshops. An example of this is the Sustainable Accompaniment Program, which was addressed earlier.

Furthermore, we have partnered with AMAFORE (Mexican Association of Pension Funds), one of the main institutional investors association in Mexico. Our collaboration with them has focused on developing an ESG diagnostic platform for listed companies, allowing them to assess their maturity level and develop sustainability strategies. The results have been positive; by the end of 2023, we identified that 81% of the listed companies have disclosed their ESG strategy, as well as information related to climate and progress through public tools, whether in a sustainability report, annual report, or specific sections on their website.

In addition to this, on May 13, 2024, CINIF published the first two Sustainability Reporting Standards (SRS), which will come into effect in 1Q2025. that will be applied the next year, 2025. We believe that this will affect positively the number of companies approaching us for support and guidance.

2.3.3 Exchanges should proactively engage with market participants, including through market awareness programmes, to promote the adoption of net zero commitments and transition plans among market participants.

Proactively, at BMV, we are engaging with the market, promoting a low-carbon economy and a path towards Net Zero. We are doing this through training programs on one hand, and through ESG products and services that accelerate the transition on the other hand. We involve all stakeholders to collectively promote the sustainable development of the financial markets.

We participate in the development of greener and more resilient markets by creating capabilities for public and private sector companies in Mexico through the Sustainable Support Program for Companies and their Supply Chain and the MéxiCO2 Carbon Platform training program MéxiCO2.

Additionally, through the Carbon Neutrality Guide, we deep dive into the Net Zero commitments, importance and implementation of the strategy.