

FONDO_{DE}FONDOS

Climate Risk and Opportunity Report

TASK FORCE ON CLIMATE-RELATED
FINANCIAL DISCLOSURES 2024

At Fondo de Fondos, we report based on:



Fondo de Fondos Profile

Administradora CMIC, S.A. de C.V. is a company established to provide financial, administrative, and accounting consulting services in the field of private equity investments and alternative asset management. It is responsible for managing the investments of Corporación Mexicana de Inversiones de Capital, S.A. de C.V. (CMIC or Fondo de Fondos), an institution dedicated to fostering the private equity industry in Mexico through specialized investment vehicles (private equity funds) with a risk-adjusted return approach.

The Fondo de Fondos corporate group comprises Corporación Mexicana de Inversiones de Capital, S.A. de C.V. (CMIC or Fondo de Fondos) and Administradora CMIC, S.A. de C.V., which is a signatory to the Principles for Responsible Investment and the United Nations Global Compact.

Fondo de Fondos serves as the investment vehicle of Mexico's Financial Promotional Scheme (Sistema Financiero de Fomento), channeling resources from national and international investors—both public and private—into private equity funds. These funds, in turn, invest in companies to drive their growth and consolidation, with the aim of achieving a strategic exit, while contributing experience and know-how throughout the process.

The mission of Fondo de Fondos is to promote productive investment in Mexico and to strengthen the competitiveness of the country's key economic sectors.



We serve as the Federal Government's vehicle for promoting the **development of the private equity industry** in Mexico.

Some of our main activities include:



Promoting investment and growth in Private Equity, Venture Capital, Energy, Infrastructure, and Impact Funds.



Establishing strategic alliances with other funds to participate in co-investments across a wide range of sectors, including energy and infrastructure, services, consumer goods, information technology, software and IT services, financial and credit services, agriculture, and food production, among others.



Managing alternative assets in accordance with the highest international standards, with the objective of generating long-term value for our investors.



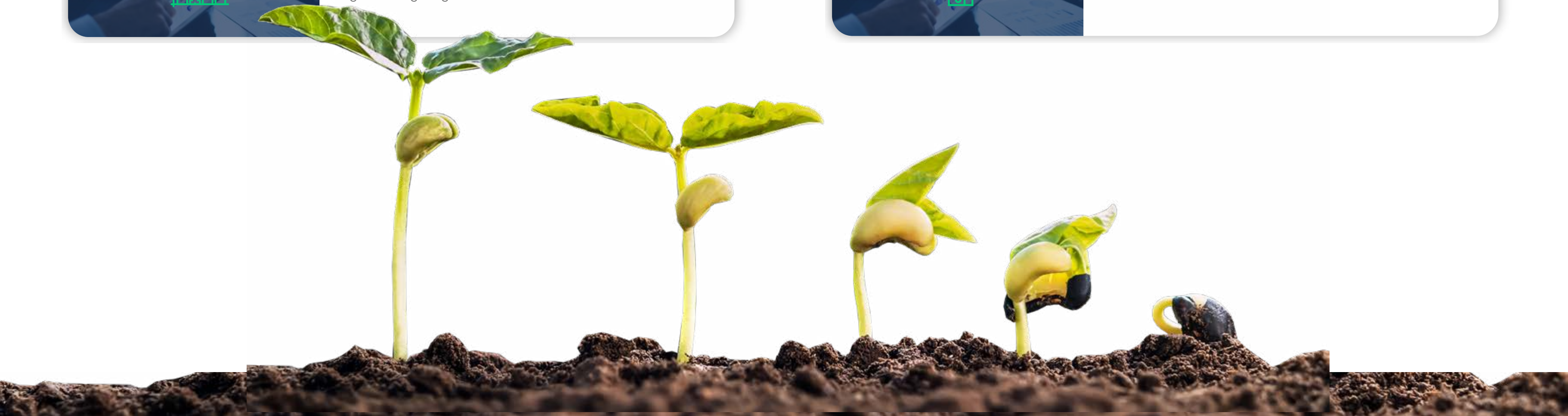
Supporting the development of innovative, disruptive, and high-growth potential companies.



Promoting social and environmental impact funds at both national and regional levels, encompassing a variety of sectors, investment strategies, and stages.



Contributing to the development and expansion of the private equity industry in Mexico.





The Fondo de Fondos group of companies is backed by development banks as its shareholders, as outlined in the corporate structure presented below:



Corporación Mexicana de
Inversiones de Capital, S.A. de C.V.

Administradora CMIC,
S.A. de C.V.

Despite the political, social, economic, and environmental challenges of a globalized world, we develop strategies to fulfill our fiduciary responsibilities and create optimal investment opportunities for our investors and stakeholders. At Fondo de Fondos, we remain committed to promoting responsible investment practices, with the goal of mobilizing resources toward projects that generate positive economic, social, and environmental impact.





Business Model

At Fondo de Fondos, our core strategy revolves around diversification, a fundamental element in maximizing value and mitigating risks within our portfolio. Over time, we have built a robust and diversified portfolio, encompassing investment theses in Private Equity, Venture Capital, Energy, and Impact Capital. Our investments span a wide range of sectors, including services, information technology, software and IT services, consumer goods, real estate, financial and credit services, agriculture, real estate services, food production, and energy, among others. This comprehensive approach enables us to generate economic value while simultaneously fostering the creation of a positive impact on society and the environment.

Sustainability is integrated as a critical component of our business model and is embedded throughout our investment process. In 2024, we ensured that all authorized investments adhered to ESG (Environmental, Social, and Governance) principles, promoting responsible practices that yield a meaningful impact. To achieve this, we emphasize the incorporation of sustainability factors at every stage of our investment process, supporting funds that are committed to fostering responsible and sustainable economic development.

As alternative asset managers, we align with international best practices, enabling us not only to generate value for our investors but also to form strategic partnerships that enhance the private equity ecosystem in Mexico.

Business areas





Statement on the Relevance of Sustainable Development for Fondo de Fondos Companies

At Fondo de Fondos, we recognize that the needs and expectations of our stakeholders have evolved. Humanity and our planet increasingly call for responsible actions that prioritize social and environmental impact in business activities.

We are fully aware that our decisions influence not only the investments we promote, but also our shareholders, employees, suppliers, and other stakeholders.

For Fondo de Fondos companies, sustainability is a key component of our operational strategy, aimed at ensuring long-term continuity, competitive advantage, and profitability in a global environment that is increasingly affected by environmental, social, and governance (ESG) factors.

As a signatory to the Principles for Responsible Investment and a member of the United Nations Global Compact, we affirm that Fondo de Fondos companies are continuously committed to strengthening their core principles by fostering an internal culture of compliance and integrity, in alignment with the guidelines established in our Responsible Investment Policy. This commitment is grounded in environmental, social, and governance (ESG) criteria, enabling us to create value through responsible investment.



Goals and Key Performance Indicators (KPIs) for Fondo de Fondos

Fondo de Fondos' sustainability strategy is built upon three strategic pillars:



Governance Structure

The corporate governance structure of Administradora CMIC, S.A. de C.V. is designed to ensure effective decision-making. Within this framework, the Shareholders' Meeting serves as the supreme decision-making body, while the Board of Directors—comprising four institutional directors, each representing one of the shareholders—oversees and directs the Company's operations, thereby ensuring equitable representation of all shareholders' interests.

Meanwhile, at Corporación Mexicana de Inversiones de Capital, S.A. de C.V., we have implemented a modern corporate governance model designed to efficiently achieve our shareholders' objectives. This approach is grounded in the principle of decision-making independence, enabling us to adopt international best practices and apply robust management principles. A key feature of this model is the composition of the Board of Directors, which includes 50% independent directors, thereby enhancing impartiality in decision-making. Furthermore, the Board is supported by three auxiliary committees that provide specialized and detailed oversight of strategic management.

CMIC Board of Directors



4 institutional members



4 independent members

Investment Committee

Evaluates and provides recommendations on investment decisions to the Board of Directors.



3 institutional members



2 independent members

Corporate Practices Committee

Reviews manuals, policies, and job descriptions, including those pertaining to directors and executives.



4 institutional members



2 independent members

Audit Committee

Oversees the Company's operations and financial position to provide informed recommendations to the Board of Directors.



2 institutional members



2 independent members

*Each committee is chaired by an Independent Director.

Analysis and Management of Climate Risks in the Fondo de Fondos Portfolio

Introduction

The risks faced by companies have diversified significantly in recent years. Today, Environmental, Social, and Governance (ESG) risks have taken on greater importance than many traditional risk factors. Challenges such as environmental impact, natural resource scarcity, insecurity, and social inequality—along with concerns related to corporate reputation, personal data protection, and identity security—are increasingly relevant and demand a more comprehensive and proactive approach to risk management by organizations.

This analysis focuses on the climate risks affecting the Fondo de Fondos portfolio in Mexico, the United States, and Brazil—countries where the largest concentrations of investment are located. The risks are classified into two categories: physical and transition risks, using a comprehensive approach informed by the company's previously conducted double materiality assessment. This evaluation encompasses both mitigation and adaptation practices within the framework of climate risk management.

Climate Risk Assessment

1 Physical Risks

Physical risks refer to the direct impacts arising from acute or chronic climate-related events.



Mexico

- **Risk of extreme weather events:** An increase in hurricanes, droughts, and floods is impacting infrastructure in key sectors such as energy and real estate.
- **Threat to water security:** Water shortages lead to increased operating costs for businesses and hinder project development in vulnerable regions.



United States

- **Recurring extreme weather events:** The increased frequency of hurricanes along the eastern and southern coasts, wildfires in the west, and prolonged heatwaves adversely affect supply chain efficiency and compromise the integrity of real estate infrastructure.
- **Impact on insurance and investments:** Rising insurance premiums and the depreciation of assets exposed to elevated environmental risk undermine financial stability and investment performance.



Brazil

- **Deforestation and biodiversity loss:** In the Amazon region, ongoing deforestation intensifies drought risks and adversely impacts investments linked to agriculture and natural resource management.
- **Extreme weather events:** Intense rainfall events pose significant threats to infrastructure and jeopardize investments in the real estate and transportation sectors.

2 Transition Risks

Transition risks emerge from regulatory, economic, or technological shifts associated with the progression toward a low-carbon economy.



Mexico

- **Regulatory Changes:** An escalation in environmental regulations affecting the traditional energy and heavy industry sectors.
- **International Markets:** Increasing pressure to adopt sustainable practices and comply with evolving global standards.



United States

- **State Policies:** Accelerated shift toward renewable energy sources, with significant implications for sectors reliant on fossil fuel investments.
- **Cybersecurity Considerations in the Energy Transition:** Risks Related to the Digitalization of Clean Energy Assets.



Brazil




- **International Policies:** Trade sanctions and restricted access to financing resulting from elevated levels of deforestation.
- **Agricultural market:** Increasing pressure to adopt sustainable practices, which may result in reduced profit margins in the short term.



Strategic Approaches

1 Mitigation

Fondo de Fondos will promote mitigation strategies aimed at reducing carbon emissions and facilitating the transition to clean energy. Key initiatives include:

-  **Energy diversification:** Expanding investments in renewable energy sources.
-  **Operational efficiency:** Deploying advanced technologies to optimize resource utilization.
-  **Climate risk management:** Incorporating climate scenario analyses to evaluate risks and adjust portfolios accordingly.



2 Adaptation

The company aims to enhance climate resilience within its investment portfolio by prioritizing projects that bolster the capacity of economic sectors to withstand extreme weather events. Notable measures include:

-  **Resilient Infrastructure:** Financing real estate developments that emphasize the use of materials and designs engineered to endure severe climatic conditions.
-  **Technical Training:** Enhancing local management competencies in climate-related subjects to advance sustainability initiatives.
-  **Water Management:** Facilitating the development of modern water infrastructure in regions experiencing scarcity.



Our climate strategy encompasses three key stages:



Fondo de Fondos has made significant progress in integrating environmental, social, and governance (ESG) factors into its investment portfolio. Nevertheless, both physical and transition climate risks present substantial challenges to its operations at regional and international levels. Through the implementation of mitigation and adaptation strategies, the company continues to advance in responsible investment, building a resilient and sustainable path for its portfolio—one that takes into account its specific characteristics and risk exposure.



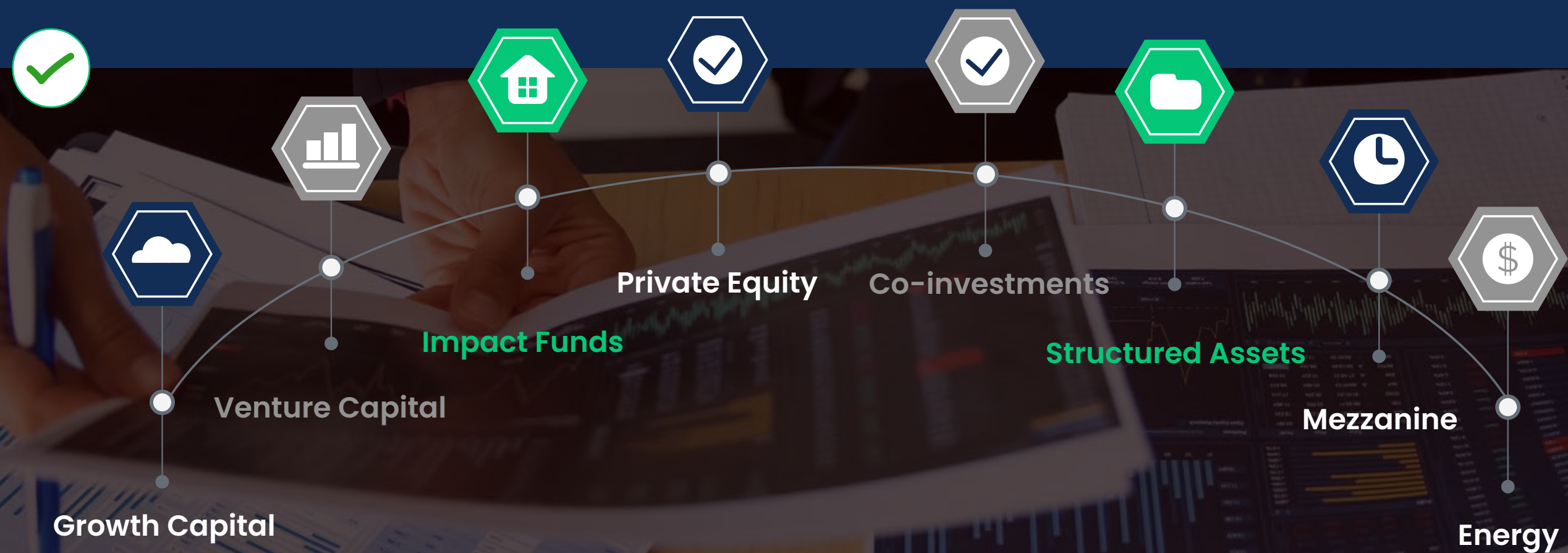
Our ESG Framework in Fondo de Fondos' Investment Process

The Responsible Investment Department plays an active role at every stage of the investment process, ensuring that sustainability and responsibility criteria are integrated from the initial evaluation through to post-investment monitoring of each project.



Investment Strategies

The Responsible Investment Policy is fully integrated across all investment strategies in Venture Capital and Private Equity, including:





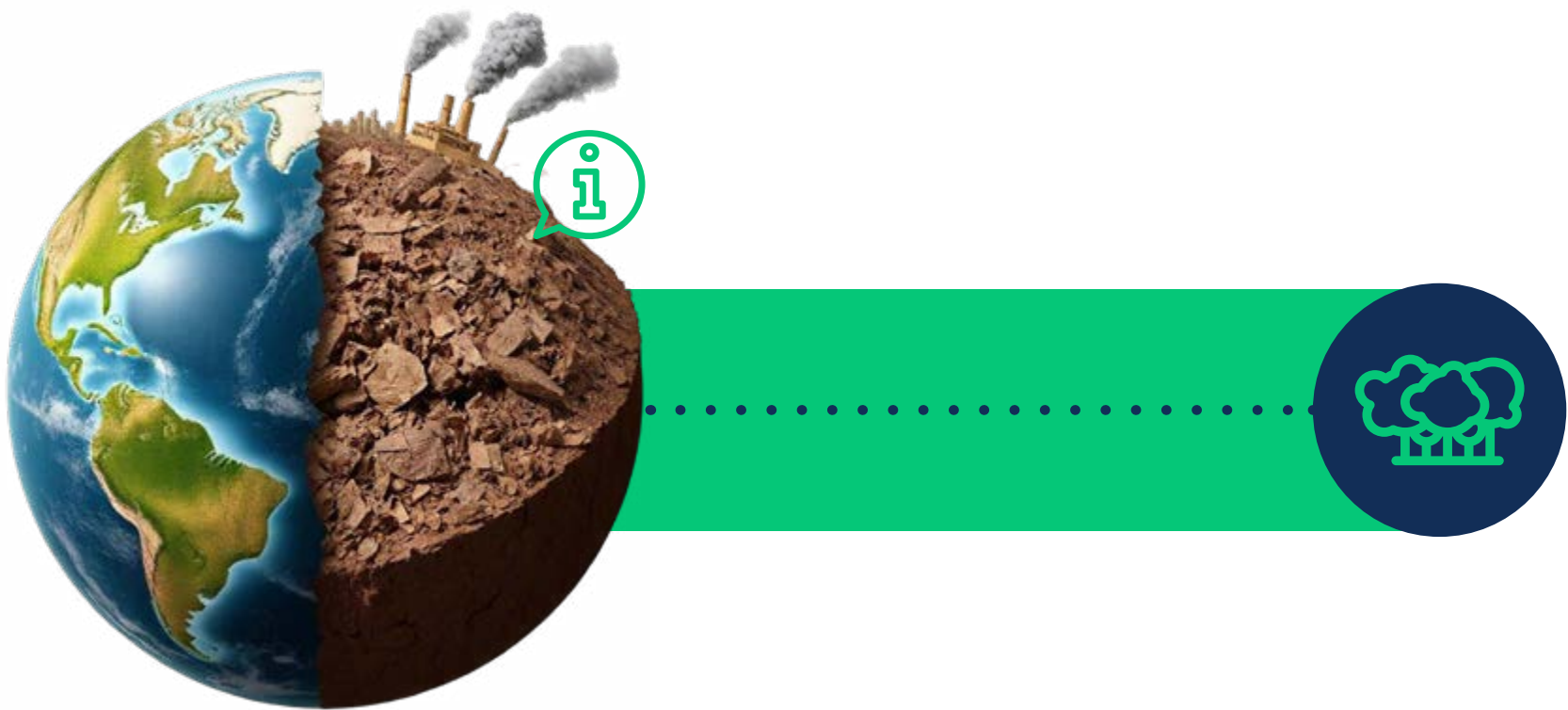
Climate Risk and Opportunity Report

TCFD Recommendations

At Fondo de Fondos (FdF), we recognize that climate-related risks and opportunities are a critical component of sustainable financial planning.

In 2024, we adopted global best practices in climate-related disclosures, including the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), as well as the IFRS S1 and S2 Sustainability Disclosure Standards issued by the International Sustainability Standards Board (ISSB). We also drew on insights from international leaders in the field.

Furthermore, we aligned our strategies with national frameworks such as the Mexican Financial Reporting Standards (NIF) and the Sustainability Information Standards (NIS), thereby reinforcing our commitment to transparency and accountability.



TCFD and ISSB Recommendations

The TCFD recommendations and ISSB standards—such as IFRS S1 (General Sustainability Disclosures) and IFRS S2 (Climate Disclosures)—are combined to offer a comprehensive framework that prioritizes:



Consistency: Aligns climate and sustainability disclosure criteria in financial reporting.



Transparency: Enables global comparisons and builds trust among investors and stakeholders.



Informed Decisions: Enhances accuracy in portfolio selection and management

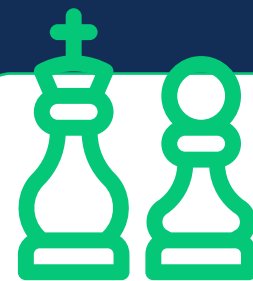
Building on these foundations, Fondo de Fondos reinforces its commitment to financial sustainability, elevating the standards of compliance and preparedness in Mexico.



Recommendations and Actions of Fondo de Fondos



Governance



Strategy



Risk
Management



Metrics and
Targets



Governance

TCFD Recommendation: Establish clear processes for overseeing climate and sustainability risks at the corporate governance level.

Fondo de Fondos Action:

The Board of Directors and senior management reinforce the strategy to mitigate the adverse effects of human activities on the climate. The updated version of our Responsible Investment Policy sets out key indicators to assess the ESG performance of our investments and governance practices.

Additionally, the ESG Sustainability Subcommittee is committed to implementing global best practices, ensuring closer monitoring of emerging risks such as climate-related regulations and their impact on the international investor landscape.

Concrete procedures have been adopted to:

Identify and monitor ESG risks and opportunities.

Strengthen our ESG strategy through the Sustainability Subcommittee, ensuring alignment with the requirements of the NIS and ISSB standards.

The adoption of ISSB standards as a guiding framework ensures that our sustainability metrics are held to the same level of rigor and transparency as our financial metrics.



Strategy

TCFD Recommendation: Identify the ways in which climate-related risks impact business models and strategic decision-making.

FdF Action:

A

Climate change as a strategic priority: We continue to strengthen scenario analyses by developing a climate risk map for our investment portfolio. Our focus is on investments in Mexico, the United States, and Brazil, taking into account the primary physical risks specific to these regions.

B

Transition risks: We integrate impact scenarios related to regulatory, market, and technological risks. In addition, we take into consideration political and international financial volatility, with particular attention to the potential implications of a U.S. withdrawal from international climate agreements such as the Paris Agreement. Such a scenario could limit investment in clean energy, discourage multilateral commitments, and create uncertainty for investors, ultimately posing a risk to the availability of green financing.

C

We continue to reinforce alignment with the Principles for Responsible Investment and the United Nations Global Compact.





Risk Management

TCFD Recommendation: Describe the process for identifying, evaluating, and managing climate risks within the overall risk management context of the company.

FdF Action:



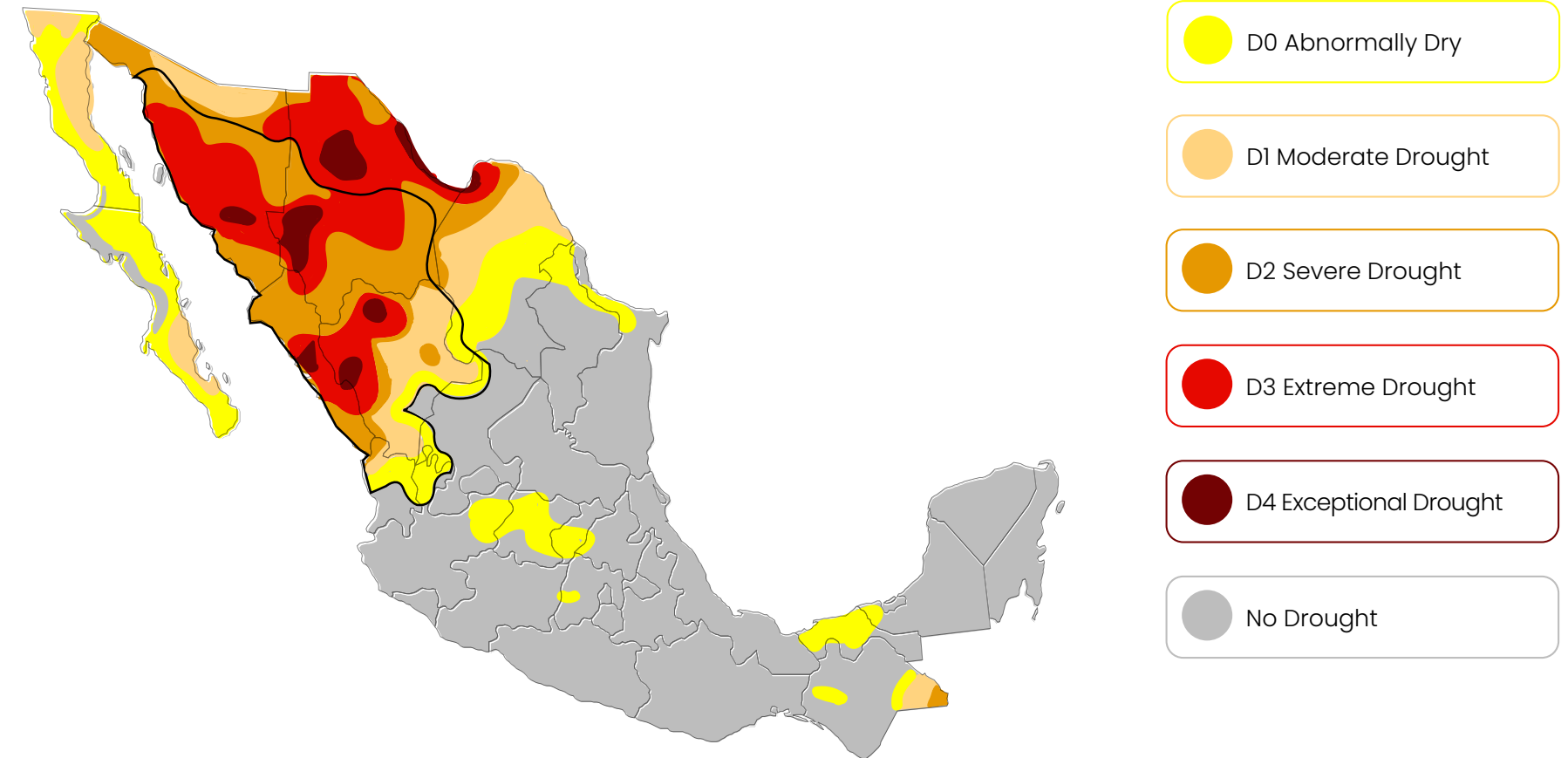
Creation of the climate risk map for our investment portfolio:

We have developed a tool comprising over 40 sector-specific questionnaires aligned with SASB standards, designed to identify and monitor key impact indicators defined for each economic sector. Additionally, we will assess the physical and transition risks associated with investments in Mexico, the United States, and Brazil, utilizing available climate risk maps for these selected regions.

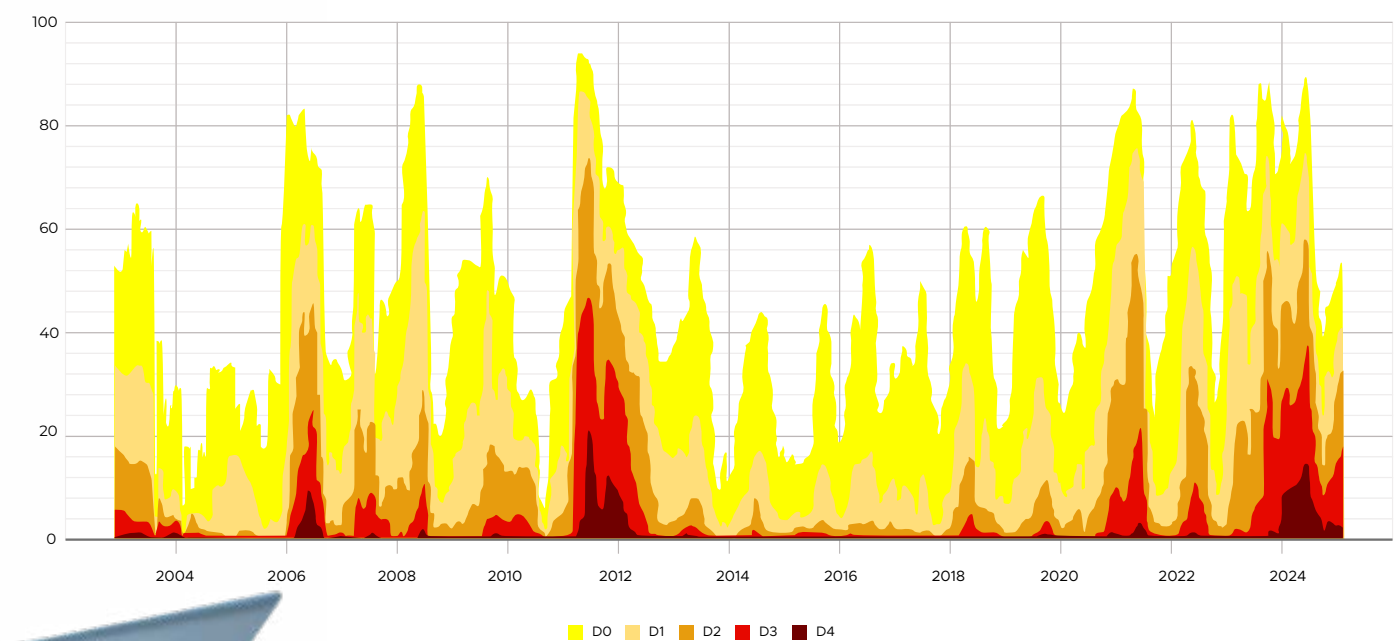
An example of the considered climate risk maps is the Mexico Drought Monitor, published monthly by the National Water Commission (CONAGUA).

Source: <https://smn.conagua.gob.mx/es/climatologia/monitor-de-sequia/monitor-de-sequia-en-mexico>

Mexico Drought Monitor



Percentage of Drought Impact in Mexico



B Foreign Policy Risks:

The potential return of Donald Trump to the U.S. presidency presents a significant risk to sustainable investments and impact funds, given his history of supporting the fossil fuel industry and expressing skepticism toward climate policies. His administration could advocate for divestment from renewable energy by eliminating tax incentives and subsidies, while promoting the interests of oil, gas, and coal sectors. Furthermore, the imposition of tariffs on clean technologies, such as solar panels and batteries, is likely, which would negatively impact the competitiveness of the sector. His opposition to electric mobility could impede the growth of the electric vehicle industry in the U.S., thereby discouraging investment and technological advancement. At the international level, a potential U.S. withdrawal from the Paris Agreement would undermine global efforts toward energy transition, weaken climate commitments, and generate uncertainty for impact funds seeking to align their strategies with long-term environmental objectives.

C We have adopted the IFRS S1 and S2 guidelines to identify and manage climate risks, thereby expanding our scope to include specific metrics on emissions and resource consumption, such as water and biodiversity, developed in accordance with NIS standards.

D Reports now integrate climate and sustainability risks with financial impacts, ensuring alignment with the NIF framework.

For instance, we disclose greenhouse gas emissions in accordance with the global metrics established by ISSB standards.





Metrics and Objectives

TCFD Recommendation: Disclose the metrics employed by the company to assess risks and opportunities related to climate change, ensuring alignment with the overall strategy and risk management processes.

FdF Action:

- A** We have been measuring the carbon footprint of the Fondo de Fondos group of companies.
- B** We have been requesting emissions calculation data from our portfolio companies to expand the measurement of Scope 3 emissions.
- C** We identified the percentage of our portfolio aligned with ESG pillars in its operations.
- D** Our reporting tools now link climate results with financial disclosures, in accordance with IFRS S1, promoting clear understanding among investors.
- E** We began measuring NIS metrics using the Basic Sustainability Indicators (IBSOs).



With the integration of ISSB standards into our TCFD reports, Fondo de Fondos strengthens its commitment to sustainability compliance. This approach, informed by global trends and leading practices, enables us to manage risks with greater precision and capitalize on opportunities in an increasingly sustainability-driven global environment.

By aligning with NIF, NIS, and ISSB standards, we are building a cohesive and forward-looking framework for financial and sustainability reporting.

The adoption and disclosure of TCFD recommendations not only fosters trust among our stakeholders but also reinforces our commitment to setting a benchmark in the pursuit of a sustainable future.



Carbon Footprint

As part of our commitment to environmental responsibility and the fight against climate change, Fondo de Fondos actively implements actions to strengthen sustainability and enhance energy efficiency across our operations and facilities. These measures are primarily aimed at reducing greenhouse gas emissions and promoting more conscious and environmentally respectful management practices.

The carbon footprint measurement of the Fondo de Fondos Group of Companies comprehensively encompasses emissions generated through inputs, daily operations, and transportation methods associated with the Company's activities. It covers both direct emissions (Scope 1) and indirect emissions (Scopes 2 and 3). This initiative marks a significant step toward making informed and responsible decisions that contribute to reducing our environmental impact and fostering a strong, sustainable corporate culture.





Carbon Footprint Mitigation

Promote the use of low-emission ground transportation and public transit. This type of mobility not only represents a more economically accessible option, but also significantly contributes to reducing environmental impact.

For air travel, prioritize airlines that implement carbon offset or reduction initiatives (e.g., "Green Flight" programs), thereby supporting more responsible and sustainable mobility.

Evaluate options aimed at reducing the impact associated with electricity consumption.

Continue the strategy of providing high-octane gasoline for employee vehicles, as it enhances engine performance and improves combustion efficiency. Additionally, it is essential to ensure regular preventive maintenance of vehicles to optimize fuel and oil consumption, thereby reducing pollutant emissions generated during their operation.

At Fondo de Fondos, we take our role in addressing climate change seriously, recognizing the potential environmental impact of our operations. Accordingly, we are committed to reducing our greenhouse gas emissions by integrating environmental considerations into both our strategic and operational decision-making processes. In addition, we actively explore opportunities to offset residual emissions through reforestation initiatives.

Environmental Actions

Reforestation with Purpose

In July 2024, we held our Reforestation Day with the aim of actively contributing to the restoration of the natural environment in the community of Ahuatepec, located in Cuernavaca, Morelos. As a result of this initiative, 600 forest plants were successfully transplanted across an area of approximately 11,000 square meters, reinforcing efforts to conserve and protect local ecosystems.

This initiative was made possible through the committed participation of 63 employees and family members of Fondo de Fondos, who voluntarily joined the cause. Additionally, we received valuable support from 21 members of the Unidos Foundation, who led the fieldwork brigades, as well as the inspiring presence of 17 individuals with disabilities who actively took part in the event. Ten brigade members representing the Ahuatepec community also participated, demonstrating meaningful inter-institutional and community collaboration that gave purpose and strength to this collective environmental effort.

Key Issues Identified in the Reforestation Area:



Species Most Represented in the Reforestation Process:



- Pinus Montezumae (ocote pine)
- Pinus Pseudostrobus (smooth pine)
- Quercus rugosa (white oak)

Main Benefits Derived from this Effort:





Recycling

As part of our commitment to environmental responsibility and in alignment with the sustainability principles guiding our actions, in February 2024 we launched an initiative focused on the collection and recycling of electronic waste. This effort aimed to raise ecological awareness among our employees, fostering an organizational culture dedicated to the care of the planet and the well-being of future generations.

The campaign specifically targeted the management of electronic waste generated by our internal operations. This waste was handled safely and professionally in collaboration with the specialized company E Waste Solutions S.A. de C.V.

Key tasks carried out during this process included weighing the collected materials, preparing inventories, issuing a final disposal manifest, and ensuring that each item was recycled in accordance with certified environmental standards. Furthermore, secure measures were implemented to destroy any sensitive identifying information, such as brand names, models, or part numbers—thereby contributing to both environmental protection and information security.

Additionally, during the last quarter of the year, we conducted a paper recycling campaign, collecting 154 kg of material, which was processed by the company Reciclaje Recupera Tacubaya, S.A. de C.V.





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