



Financing Framework Linked to Sustainability

Grupo Elektra

October 2023



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Glossary of terms

ESG. Environmental, Social and Corporate Governance Factors

EDGE Certification. Excellence in Design for Greater Efficiencies

GHG. Greenhouse Gases

ICMA. International Capital Market Association

KPI. Key Performance Indicator (KPI).

SDGS. Sustainable Development Goals

NFI. Non-Financial Information

SEER. Seasonal Energy Efficiency Ratio (SEER)

SLBP. Sustainability-Linked Bond Principles

SPO. Second Party Opinion

SPT. Sustainability Performance Targets (Sustainability Performance Targets)

TonCO₂ e. Tons of Carbon Dioxide Equivalents

WEPs. Women Empowerment Principles

Points of contact. Grupo Elektra considers each of its retail stores, bank branches, independent pawnshops and microloan facilities, as well as cash advance centers, as a "point of contact".



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1. Introduction

Grupo Elektra S.A.B. de C.V. (hereinafter "Grupo Elektra", "the Company" or "the Group") is a financial services and specialized retail company in Mexico and Central America, and a provider of short-term non-bank loans in the United States, which has its origins in 1950. The business model is based on serving the needs of the C+, C-, D+ and D- socioeconomic levels in Mexico, Guatemala, Honduras and Panama, while in the U.S. it serves the working class. However, since 89% of the Group's revenues come from its Mexican operations, this document details the sustainable actions and commitments undertaken by Banco Azteca, Tiendas Elektra and Italika in their Mexican operations.

Figure 1. Grupo Elektra Operations by Country



The business segments in which Grupo Elektra operates are described below.

The commercial business provides access to products and services that meet the needs of its target market. It has a network of stores and Omnichannel operations, through which it sells home appliances, white goods, furniture, motorcycles, cell phones, computer equipment, among others, and whose target population contains 66% of the families in Mexico and Central America¹. This business includes Tiendas Elektra and Salinas y Rocha.

¹ Source: AMAI (Mexican Association of Research Agencies). AMAI estimate based on data from the National Household Income and Expenditure Survey 2020. Considers cities with 100,000 inhabitants or more.











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The Group's financial business consists of Banco Azteca, Seguros Azteca, Afore Azteca, Punto Casa de Bolsa and Purpose Financial. In Mexico and Central America, it offers banking and financial services, mainly to groups that are underserved by traditional banking, promoting the inclusion of more than 30 million customers in the financial system in Mexico. Its services include deposits, microfinance, life and property-casualty insurance, retirement fund management, and investments, among others. It is also the largest provider of short-term non-bank loans in the United States (Purpose Financial). The international operations of Grupo Elektra's business units represent 11% of consolidated revenues.

Figure 2. Grupo Elektra products and services by company and business segment.

COMMERCIAL		FINANCIAL		FINANCIAL	
Company	Products and services	Company	Products and services	Company	Products and services
	<ul style="list-style-type: none"> •Electronics •Appliances •Furniture •Automotive and hardware •Telephony •Computers •Mattresses •Entertainment •Money transfers •Extended guarantees •Airtime •E-Commerce 		<p>People:</p> <ul style="list-style-type: none"> •Credits •Cards •Savings account •Sight and term investment •Money orders and transfers •Payments •Currencies •Mi Plata en Bóveda (My Money in Vault) •Correspondents •Card payment acceptance •Digital banking <p>Company:</p> <ul style="list-style-type: none"> •Company Account •Corporate Debit Card •International Inter-bank Transfers •Azteca Corporate Payroll •Payment to Third Parties •Referenced deposits •Card payment acceptance •Enterprise Credit 		<ul style="list-style-type: none"> •Life and accident insurance •Medical Insurance •Auto and Motorcycle Insurance
					<ul style="list-style-type: none"> • Retirement fund administration
	<ul style="list-style-type: none"> •Motorcycles •Accessories •Service 				<ul style="list-style-type: none"> •Promotion to individuals •Promotion to institutions •Investment Banking: Stock Certificates, Private Equity, and Financial Transactions
					<ul style="list-style-type: none"> •Short-term loans •Long-term loans •Secured credits •Credit facilities

During the first nine months of 2023, the commercial business generated 38% and the financial business 62%² of Grupo Elektra's total revenues.

Grupo Elektra operates through a chain of 6,218 points of contact, shown in Annex 1, of which 4,926 (79%) are in Mexico, 873 (14%) in the United States and 419 (7%) in Guatemala, Honduras and Panama, with a workforce comprised of 41.6%³ of women among its more than 70 thousand employees. The scope of this sustainability framework is defined as Elektra stores ("Tiendas Elektra"), that have a Banco Azteca branch inside them, which as of December 2022 totaled 1,220 points of contact.

A "point of contact" is considered to be each of its retail stores, bank branches, independent pawnshops and microloan facilities, as well as cash advance centers. Some of Grupo Elektra's points of contact operate within other Grupo Elektra facilities (for example, within each Elektra store there is a branch of Banco Azteca, hereinafter "stores"). This arrangement allows Grupo Elektra to promote synergies and cross-selling, and to better develop its business model, as it allows the

² 3Q23 Quarterly Report, page 8 and 10: <https://www.grupoelektra.com.mx/api/pdfEkt/3737>

³ Sustainability Report: <https://www.grupoelektra.com.mx/Documents/Es/Downloads/Grupo-Elektra-Informe-de-Sustentabilidad-2022-Esp.pdf#page=63>

company to potentially serve both commercial and financial customers' needs, with products and services offered by different Grupo Elektra entities within the same floor space. Grupo Elektra counts each touch point - whether independent or within another Grupo Elektra touch point - as a separate touch point.

The following is a list of Grupo Elektra's main subsidiaries by revenue:

- **Banco Azteca:** Being the most important subsidiary of Grupo Elektra in terms of revenues generated, Banco Azteca is the largest bank in Mexico in terms of personal loan portfolio, number of employees and coverage by number of customer contact points; by total portfolio and deposits, it is the ninth largest banking institution. It offers financial products and services focused on mass market sectors. As of September 2023, it had 3,964 points of contact in Mexico and Central America; and a balance of traditional deposits of \$219,639 million.
- **Tiendas Elektra:** As of September 2023 with 1,226 stores in Mexico and 122 in Central America, **Elektra** is a *retail company* that also offers its products through online sales, where it has a wide range of quality merchandise and services at affordable prices with revenues of \$49,685 million for the ninth-month period with the facility of credit options from Banco Azteca.
- **Italika:** It is the largest motorcycle brand in Mexico, with approximately 60% market share⁴. Among some of the attributes of the motorcycles are fuel efficiency and quality, offering a safe and economical transportation alternative, thus facilitating the autonomy of customers and the use of the motorcycle as a work tool. On the part of Italika, the Group has developed and offered mobility solutions based on clean energy, such as the VOLTIUM line of bicycles, scooters and electric motorcycles.

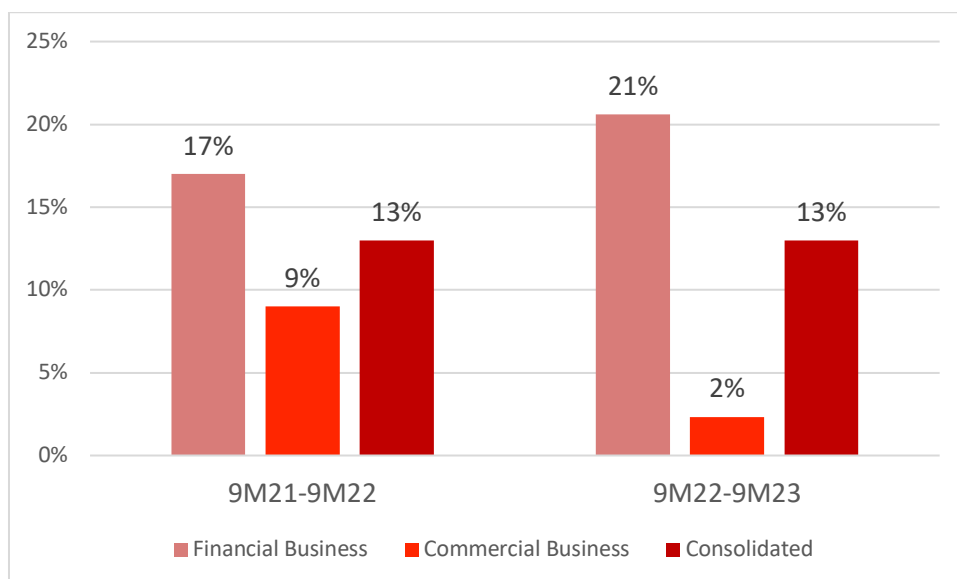
In the first nine months of 2023, consolidated revenues grew 13% to Ps. 131,496 million from Ps.116,394 million in the same period of 2022, driven by a 21% growth in financial business income and 2% growth in commercial business sales.

EBITDA for the first nine months was Ps.16,634 million, compared to Ps.14,873 million in the previous year. Net income was Ps. 5,220 million, compared to a net loss of Ps.8,764 million in the same period of 2022.

⁴ Corporate Presentation 2Q2023, page 7:

<https://www.grupoelektra.com.mx/Documents/ES/Downloads/Grupo-Elektra-2Q23-Eng.pdf>

Graph 1. Percentage of annual revenues by business segment



For more information on Grupo Elektra's financial results, please refer to the 3Q23 Financial Report.⁵

2. Strategic Corporate Sustainability Approach

Grupo Elektra seeks to contribute to the development of the communities in which it operates, as well as to the quality of life of its customers and employees, while respecting the environment through profitable and inclusive solutions. This is reflected in its business and operating model, which in turn is in line with Grupo Salinas' *"Inclusive Prosperity"* purpose, which is the basis of the Group's sustainability model.

The diversification of Grupo Elektra's businesses forces them to develop sustainability strategies by business, following a single line of action for the group. Efforts to develop this strategy consider individual work priorities, as well as the material issues of the businesses. The Integrated Sustainability Model at the group level considers the particularities of each business and the issues that are managed corporately. This model is a guide that allows us to establish short, medium and long-term objectives to create and implement initiatives that contribute to the sustainable development agenda and to the business in the Environmental, Social and Corporate Governance (ESG) areas.

⁵ Quarterly Report Grupo Elektra 2Q23: <https://www.grupoelektra.com.mx/api/pdfEkt/3737#page=8>



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Figure 3. Grupo Elektra's Sustainability Model, Inclusive Prosperity



As a result of the initiatives aligned with the sustainability model, in 2023 Grupo Elektra continues to be part of the FTSE Emerging ESG Index and FTSE4GOOD Latin America Index, reinforcing its solid commitment to ESG actions. Additionally, during 2022, an evaluation was conducted with Standard & Poor's on ESG aspects in order to identify areas for improvement and strength in these aspects.

Likewise, as part of its sustainable commitment, in 2018, Grupo Elektra adhered to the United Nations Global Compact, with a view to promoting activities aimed at sustainability, encouraging respect for human rights, the establishment of decent labor practices, environmental protection, the rejection of corruption, digital and financial inclusion, sustainable mobility and access to products at affordable prices.

In turn, the Company seeks to contribute to the achievement of the Sustainable Development Goals (SDGs) of the 2030 Agenda, so we have identified those SDGs with which there is a material correlation with the Group's products and services, according to the strategic contribution. Among the SDGs prioritized by Tiendas Elektra and Banco Azteca are SDG 1 "End poverty", SDG 8 "Decent work and economic growth", and SDG 10 "Reduce inequalities", adding to Banco Azteca SDG 4



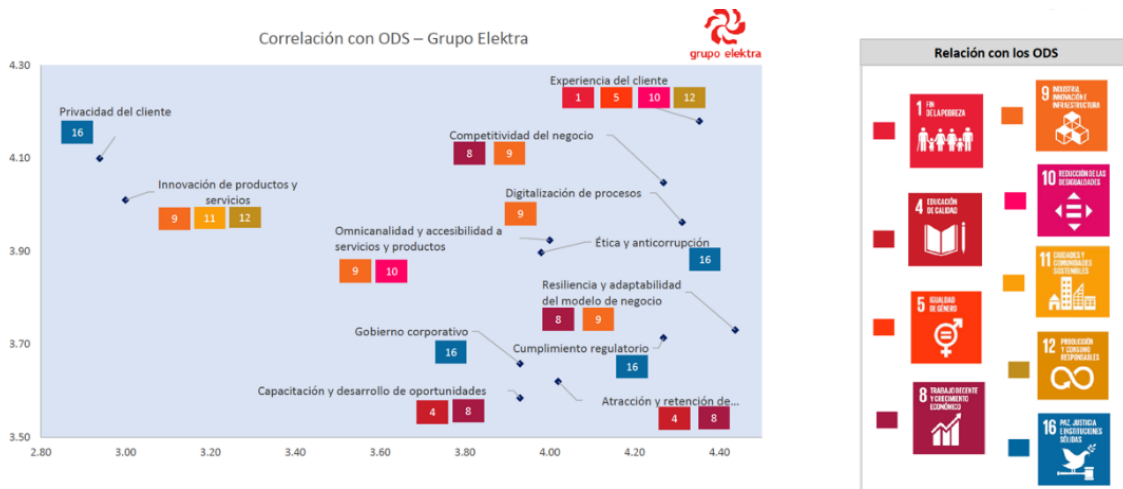
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"Quality education" and SDG 13 "Climate action"; while in Italika, SDG 13 is considered, as well as SDG 11 "Sustainable cities and communities" and SDG 12 "Responsible production and consumption".

Figure 4. Correlation of material issues ESG Strategy with SDGs - Grupo Elektra



Grupo Elektra seeks to create economic value through the management of the business and the supply of goods and services at affordable conditions, which is linked to the generation of employment with the best labor practices that promote the welfare of its employees. This strengthens opportunities to reduce inequalities. In the environmental dimension, the Company seeks to create value through the implementation and scaling of initiatives, both internal and external, in the area of environmental sustainability. This is aimed at reducing emissions linked to branch operations, including efficiency criteria, sustainable building design, as well as mitigating the environmental footprint of customers by offering green products, such as bicycles and electric motorcycles, and financing large-scale sustainable projects (renewable energy generation and road infrastructure). Finally, in the social area, Grupo Elektra contributes to the progress of entrepreneurs and local businesses by promoting financial and digital inclusion, as well as financial education.

Grupo Elektra shows a social and environmental commitment. This is reflected in the actions and programs of Grupo Salinas' Fundación Azteca. Fundación Azteca generates value through high-impact programs, including Plantel Azteca, which provides full scholarships to low-income students with outstanding academic performance; robotics program initiatives; the Limpiemos México program; Que viva la Selva Lacandona; un Nuevo Bosque, which seek to create conditions to

guarantee the conservation and regeneration of ecosystems, promoting community projects; entrepreneurship; social action; among others.

With the understanding that the company's activity is fundamental for social development and environmental protection, as well as for the transition to a low-carbon and climate-resilient economy, in 2022 Grupo Elektra⁶ continued to articulate a responsible banking strategy as part of its commitment to sustainable finance. Among the four strategic lines included are: Inclusive fundraising, Inclusive credit, Technology for access to financial services, and Credits with environmental criteria, which include investment in green projects, as well as credits for the consumption of energy-efficient home or office products and electric mobility. For more information on Banco Azteca's sustainable products, please refer to Annex 2.

Likewise, Grupo Elektra's environmental commitments include generating actions for the climate through the purchase and generation of renewable energy to increase the consumption of energy from renewable sources from 30% in 2022 to 55% by 2028. Likewise, to guarantee the reduction of emissions and the efficient use of energy and water in its operations, Grupo Elektra will certify 205 stores that have a Banco Azteca and Tiendas Elektra together, this represent 16.8% of the points of contact of the commercial business in Mexico as of December 2022. This initiative is a material aspect of the Company's sustainability strategy.

During 2021, Grupo Elektra updated its materiality analysis, considering the corporate strategy and the perspective of stakeholders (employees, customers, suppliers, among others). In this way, the Group is addressing priority issues such as customer experience, resilience and adaptability of the business model, brand management and ESG communication, resource management and efficiency (energy, waste, and water), responsible supply chain, among others. Thanks to this analysis, the sustainability model of the Group and its member companies was developed.

2.1 Corporate Management

As part of Grupo Elektra's mission, it seeks to incorporate sustainability at all levels of the company. For this reason, it aligns its corporate governance with the best international practices and applicable legislation, seeking the progress of the company and its stakeholders. At the General Shareholders' Meeting held on April 22, 2022, in which the 10 members of the Board of Directors were ratified, four of whom are independent and two of the latter are women. These four members are new to the Board and add diversity and important business and financial skills to the decision-making process. Grupo Elektra has guidelines and practices of transparency, ethics and co-responsibility following the indicators of the Principles and Best Practices of Corporate Governance

⁶ Sustainability Report of Grupo Elektra: <https://www.grupoelektra.com.mx/Documents/Es/Downloads/Grupo-Elektra-Informe-de-Sustentabilidad-2022-Eng.pdf#page=241>

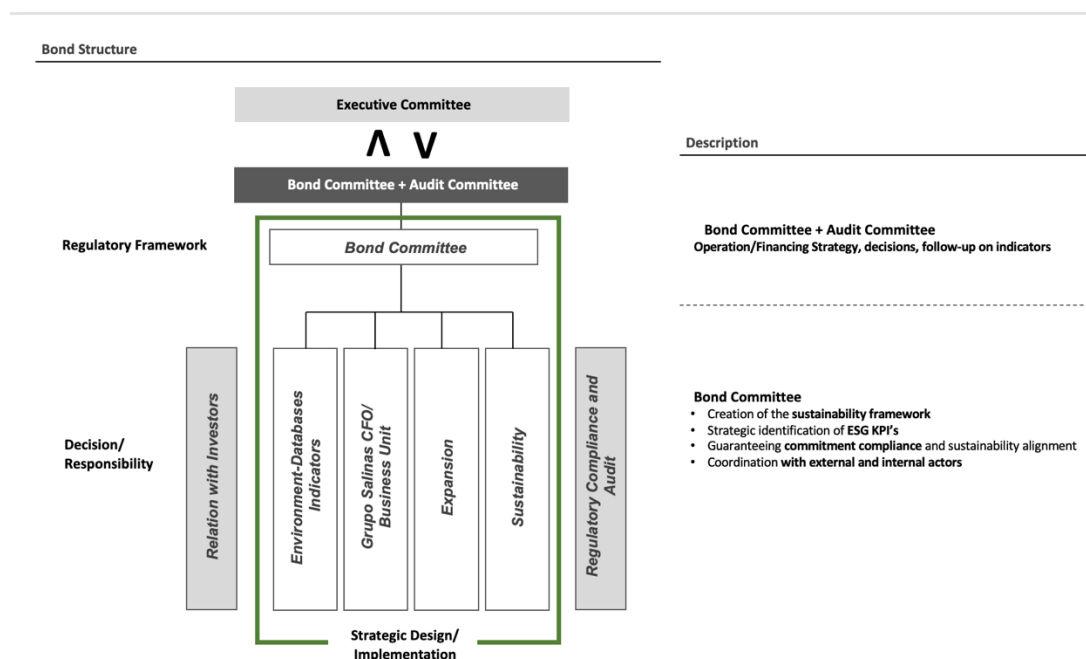


questionnaire of the General Provisions Applicable to Securities Issuers and Other Securities Market Participants issued by the National Banking and Securities Commission.

Grupo Elektra's sustainability model is a sustainable business management tool. Since 2015, the sustainability area was formed and as of 2021 the Sustainability Department was consolidated as part of the Grupo Salinas investor relations area, which is responsible for managing information regarding the sustainability of the Group's companies and aligning Grupo Elektra's projects with the common goal of creating value and prosperity for stakeholders.

In turn, Grupo Elektra's Sustainability Committee is the body responsible for monitoring and establishing the strategic lines of action to be followed for each of the company's business units.

Figure 5. Structure of the bond committee



For reporting, transparency and monitoring of the indicators established in this financing framework, Grupo Elektra formed a team led by the Sustainability Department and composed of the Director of Expansion, Franchises, Environment, Investor Relations, Finance Department and Internal and Legal Audit, a team responsible for monitoring and reporting the sustainable KPIs in the Sustainability Report, as well as reporting to the Board of Directors on progress or deviations in the achievement of the established goals.



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2.2 Sustainable initiatives of Grupo Elektra

Grupo Elektra promotes equity and equal opportunities, complying with the NMX-R-025-SCFI-2015 standard on labor equality and non-discrimination. In this way, it incorporates the gender perspective and non-discrimination in the recruitment, selection, mobility and training processes, as well as in wage equality.

As of 2022, the Gender Unit was created with a protocol to prevent and address gender-based workplace violence and sexual harassment. Its complaints service provides people with a safe mechanism to file a complaint related to workplace violence such as gender-based violence and sexual harassment, primarily for women and priority groups,

As part of this commitment, 28.8% of the group's leadership positions are held by women, while 41.6% of the group's workforce is made up of women. Likewise, 1.6% of employees speak an indigenous language, 2.26% are part of the LGBT+ community, and 190 employees have a disability. Progressively, Grupo Elektra continues to make progress in consolidating the representation of women and other vulnerable groups in leadership positions in middle and upper management, which is why, in 2021 Grupo Elektra, being part of Grupo Salinas, adheres to the UN Women program - Women Empowerment Principles⁷, under this initiative it aims to increase the current base of representation of women in management and senior management positions, as well as in middle management and operational positions. This will serve to identify existing obstacles and barriers to diversity, while establishing actions to eliminate the salary and gender gap in certain leadership positions.

For Grupo Elektra, environmental value means mitigating negative impacts on the environment in the value chain, promoting and creating ecological awareness among customers, employees, and suppliers. That is why, within the group's lines of action, it has worked to achieve a commitment to circular economy, from the design and selection of materials to the packaging operation, as in the case of Italika. For this reason, one of the Group's sustainable initiatives is the development of the supplier chain, where through the Supplier Circle certification, those with the highest invoicing are subjected to a process of identification of critical risks to improve their environmental and social performance.

With the purpose of creating "*Inclusive Prosperity*", Grupo Elektra is committed to the development of the communities where it operates with a focus on reducing inequalities, promoting economic development, welfare and progress of the population. To address existing problems, the Group, in collaboration with various organizations, has developed social actions such as financial education programs, road safety campaigns, and has supported responsible consumption by facilitating the acquisition of eco-efficient products that improve the quality of life of customers. Likewise, it has worked to support climate action, both its own and that of the value chain, through energy efficiency and the development of a more responsible credit and investment portfolio. For this reason, in 2022,

⁷ More information on the Women's Empowerment Principles - UN Women: <https://www.weps.org/company/grupo-salinas>



approximately \$374.4 million ⁸pesos were invested in environmental management processes and initiatives.

Because Tiendas Elektra and Banco Azteca have proven to be the organizations with the highest GHG emissions due to their size, coverage and operations at the store and branch level, Grupo Elektra has implemented initiatives to reduce energy consumption and resources to make its operations more efficient. These actions range from the change of LED lighting, inverter air conditioners, thermal insulation, programmable thermostats, and motion sensors, to urinals and water-saving faucets, waste separation, and other initiatives that, together, have allowed the reduction of 2% of Scope 1 and 2 emissions with respect to the emissions generated in 2022 by Grupo Elektra. Thanks to the initiatives that have been developed in energy and environmental efficiency, Grupo Elektra will soon seek to obtain EDGE (*Excellence in Design for Greater Efficiencies*) Certification for 205 of its stores (representing approximately 16.8% of its stores as of December 2022), reiterating its commitment to sustainability.

In terms of energy consumption, by 2022, 30% of the energy consumed came from renewable energy. For this reason, one of the challenges for 2023 and the coming years will be to increase electricity supply from renewable sources through wind, geothermal and solar energy generation, among others, as well as the search for and agreements with the wholesale electricity market, so that by 2028 we aim to have between 52% and 56% of energy from renewable sources in the energy matrix. However, the progress of this strategy will depend on market conditions and possible modifications in energy regulatory issues in the country, which hinder the possibility of acquiring renewable energy.

⁸ Sustainability Report of Grupo Elektra:

<https://www.grupoelektra.com.mx/Documents/Es/Downloads/Grupo-Elektra-Informe-de-Sustentabilidad-2022-Eng.pdf#page=90>



3. Financing Framework Linked to Sustainability Grupo Elektra

As part of its ongoing commitment to sustainability and the integration of environmental, social, and corporate governance (ESG) factors into its business model, Grupo Elektra recognizes the role of sustainable finance in supporting the transition to a low-carbon, climate-resilient economy.

The issuance of the financing framework is based on the Group's sustainability strategy, as well as its environmental and social commitments. In this way, it favors progress in its sustainability objectives and increases its environmental and social performance, as well as the Group's contribution to achieving the United Nations Sustainable Development Goals (SDGs).

This Sustainability-Linked Financing Framework (the "Framework") provides a high-level approach to align Grupo Elektra's financing strategy with the Sustainability-Linked Bond Principles⁹ ("SLBP").

Progress in Grupo Elektra's sustainable financing will improve transparency and accountability through the linkage of sustainability performance and the financial structure of the sustainability-linked bond issue.

The structure of this Framework is in line with ICMA's 2023 *Sustainability-Linked Bond Principles*, under which Grupo Elektra can issue sustainability-linked bonds. This consists of five core components, which will be developed in the following sections:

1. Selection of key performance indicators (KPI)
2. Calibration of the *Sustainability Performance Targets* (SPTs)
3. Financing Features
4. Reports
5. Verification

In order to assess the alignment of Grupo Elektra's Sustainability-Linked Financing Framework with the transparency and reporting requirements of the Sustainability Bond Principles, as well as to assess the overall sustainability performance of Grupo Elektra, an independent provider will provide a *Second Party Opinion* (SPO) on this framework, which can be found in Annex 4 of this document. This document will be publicly available through Grupo Elektra's website, where the results and documents related to the monitoring of the bond issue will also be published.

Likewise, Grupo Elektra is committed to report key sustainability indicators to its stakeholders, therefore, this information will be added to the indicators to be verified annually by a third party and will be reported in Grupo Elektra's Sustainability Report.

Grupo Elektra seeks to follow best practices in relation to Sustainable Finance, and it is understood that market standards and the classification of economically, environmentally, and socially sustainable activities continue to evolve and develop. Therefore, this Sustainability-Linked Financing

⁹Update on sustainability-linked bond principles in 2023, ICMA:

<https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-linked-bond-principles-slbp/>



Framework is subject to be modified and/or updated to reflect changes in market practices or the company's level of ambition.

3.1 Selection of the KPI

Under this Framework, Grupo Elektra has selected a KPI that includes material issues of its operation in the Environmental dimension.

The selected KPI represents an important action in favor of the environment in the operations considering the certification of sustainable building of stores and branches under the EDGE scheme, following sustainable building guidelines in order to guarantee the reduction of emissions in the Group's operation through the efficient use of energy, materials and water within the branches that have a Banco Azteca and Tiendas Elektra together, hereinafter "stores".

The objective of the certification of Grupo Elektra's stores is in line with the requirements of international sustainable certifications, with which the Company already has experience and has established green building design guidelines for the Group's new stores.

The selection of indicators linked to financing has been made taking into account different international frameworks and standards in ESG matters. Therefore, the activity developed by Grupo Elektra and its sustainability strategy have been related to the guidelines, recommendations and goals established by these frameworks. In this way, these indicators are central, relevant and material to its business.

Recognizing the Group's sustainability path, with these commitments Grupo Elektra has focused on establishing its KPI and Sustainable Performance Target (SPT) only with respect to the operations under the Group's control. However, the Group is currently working to review its emissions and determine its commitments in order to establish the carbon neutrality pathway, goals that will later be added to its sustainability commitments, as well as to this Financing Framework.

3.1.1 Selection of key performance indicator (KPI)

KPI 1 - Sustainable buildings.

Definition and relevance of the indicator:

Linked to Grupo Elektra's commitment to reduce GHG emissions from its operations and considering the scale and coverage of Banco Azteca and Tiendas Elektra branches in Mexico, internal initiatives have been implemented to make operations and the use of resources within the Group more efficient. These initiatives range from the implementation of strategies and technologies for the efficient use of water resources and waste reduction, to energy savings and efficiency. The latter are supported by the Group's Energy Seal, which lists an electromechanical catalog with the



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specifications required to ensure energy efficiency in the area of lighting and air conditioning, including LED lighting and high-efficiency air conditioning (SEER greater than 20), as well as the use of thermal enclosures, air containment and motion sensors, in order to optimize resources. Likewise, Grupo Elektra's new facilities implement these strategies from the construction phase, ensuring more sustainable on-site operations from the beginning of operations.

Ensuring that the stores are aligned with sustainable building initiatives in the area of energy and water, and with the objective of reducing the environmental impact of the facilities, Grupo Elektra will seek to obtain the EDGE Certification for sustainable buildings, this being a relevant indicator, since it is incorporated within the priority lines of the sustainability strategy.

- **KPI 1 - EDGE Certification:** Number of stores with EDGE green building certification (level 1).
- **Unit:** Number of stores (Elektra stores with a Banco Azteca branch) with sustainable certification out of the total number of stores in Mexico.
- **Scope:** Total number of stores of Grupo Elektra's operations in Mexico.
- **Goal:** EDGE sustainable building certification of at least 205 stores by 2029.
 - As of December 31, 2023: 5 certified stores.
 - By December 31, 2024: 20 certified stores, accumulated of 25 certified stores.
 - By December 31, 2025: 25 certified stores, accumulated of 50 certified stores.
 - By December 31, 2026: 30 certified stores, accumulated of 80 certified stores.
 - By December 31, 2027: 35 certified stores, accumulated of 115 certified stores.
 - By December 31, 2028: 40 certified stores, accumulated of 155 certified stores.
 - By December 31, 2029: 50 certified stores, accumulated of 205 certified stores.

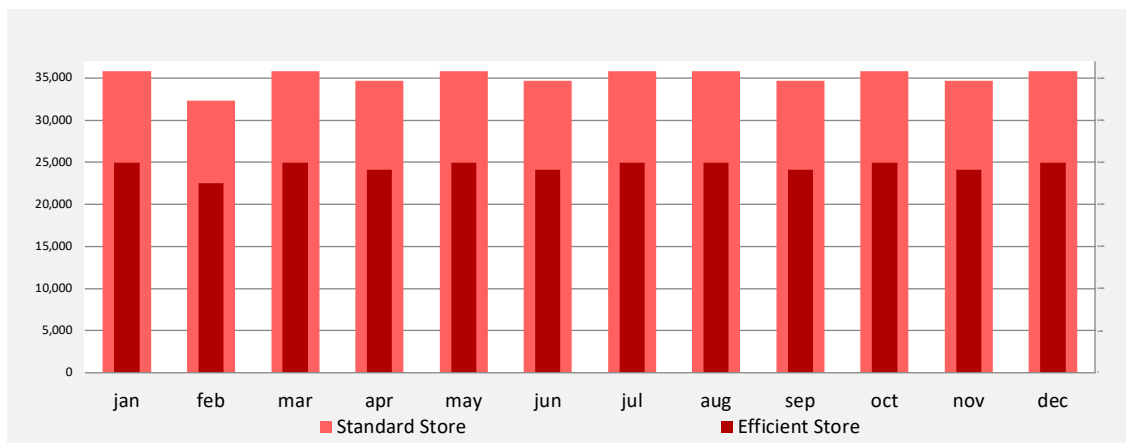
KPI Justification: Through its commitment to the environment, Grupo Elektra has implemented improvement initiatives within its facilities, both in old and new constructions, following international sustainability standards to make efficiency and reduce the intensity in the use of resources and energy. Thanks to these improvements, the Group is in a position where it can act as a material hub for the sectors in which it operates. In addition, the scope of operations in stores and branches throughout Mexico again enhances the operational implications derived from the energy requirements of each region.

Seeking to align with eco-efficiency standards and comply with sustainability requirements, EDGE certification demonstrates the Group's culture of respect for the environment, as well as its commitment to the efficient use of resources at the energy level, following the line stipulated in its sustainability strategy. The improvement actions in the construction of the branches have implied for Grupo Elektra a reduction in energy consumption of approximately 128 MWh per year per branch, which represents on average a reduction in consumption of 29% per year compared to a branch without the energy efficiency measures established by the Energy Seal to which Grupo Elektra is aligned. This has supported the optimization of resources, reducing polluting emissions derived from operations and improving the comfort and productivity of the occupants of the



properties, since 2017, all new construction of Elektra stores includes efficiency elements that have supported the avoidance of the emission of 64 tonCO₂ e on an annual basis per store. In this way, Grupo Elektra supports the achievement of SDG 3, 7, 9, 12 and 13, favoring the creation of inclusive, safe, resilient and sustainable places.

Graph 2. Comparison of energy consumption in Standard Store vs. Efficient Store (kWh)



The selection of this indicator (KPI) encourages Grupo Elektra to meet ambitious sustainability goals in line with the Company's situation and its corporate strategy at the time of issuing this document.

Annually Grupo Elektra will provide an independent limited assurance report on the selected key sustainability performance indicator. This will be prepared by an independent third party, in order to monitor the progress of the referred KPI, including the report on the Company's website, where the results and documents related to the monitoring of the bond issue will also be published.

Complementary actions for the achievement of KPI 1

As part of the environmental commitment stipulated in Grupo Elektra's sustainability strategy, we are constantly evaluating the incorporation of technological improvements and innovations that support a transition with lower carbon emissions, while obtaining additional positive impacts on the efficiency of operations and cost reduction within the Group. For this reason, the strategy includes the management of Greenhouse Gas (GHG) emissions in operations, with the incorporation of renewable energy as one of the tools to achieve these objectives and reduce energy intensity from non-renewable sources.

By the end of 2022, Grupo Elektra generated 30% of its energy consumption through renewable sources, which supported the reduction of 26,667 tonCO₂ e through the use of clean energy. Grupo Elektra also has the support of Grupo Salinas' Energy and Environment area, which is responsible for articulating measures to mitigate the environmental impacts of the different companies, including the necessary investment in low-emission technology and innovation.



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In 2022, 93,489 tonCO₂ e were emitted, of which 16.8% corresponded to Scope 1 emissions and 83.2% corresponded to Scope 2, that is, 15,624 tonCO₂ e and 77,865 tonCO₂ e respectively. However, thanks to Grupo Elektra's commitment to reduce its contribution to climate change, related to the intensity of electricity from non-renewable sources, and being energy management a material issue for the sector to which the Group belongs, given its operations and geographical diversity in the 1,220 points of operation in Mexico as of December 2022, during 2023 Grupo Elektra plans to advance in energy efficiency measures, as well as the use of renewable and non-polluting energy, through the generation of renewable energy from wind, geothermal and solar sources, among others.

3.2 Sustainability Performance Target (SPT) Calibration

The *Sustainability Performance Targets* (SPT) mentioned above are aligned with Grupo Elektra's sustainable strategy. In addition, the applicable SPT for each transaction will be detailed in the relevant documentation of the financing operation.

Factors that support and/or may jeopardize the achievement of the SPT shall be disclosed in the relevant sustainability-related transaction documentation, in accordance with applicable regulation and market practice.

KPI 1 - Sustainable buildings: *Number of stores with EDGE green building certification (level 1).*

Date of SPT observation	Sustainable objective (number of stores)
As of December 31, 2029	205 certified stores, equivalent to 16.8% of Grupo Elektra's total number of stores as of December 2022, which corresponds to a sustainable Green Leasing Area (GLA) of approximately 307 thousand m ² .

Calculation of the indicator:

Number of Elektra stores with Banco Azteca branches that have EDGE sustainable building certification compared to the total number of stores in Grupo Elektra's portfolio in the base year.

Strategic goal and selection of methodology to calculate the SPT:

This SPT is aligned with Grupo Elektra's strategic commitment to reduce GHG emissions in operations. Grupo Elektra stores have a wide scale and nationwide coverage, having a greater contribution to GHG emissions due to the use of electricity.

The SPT was aligned in accordance with current trends in sustainable certifications in Mexico for the specialized retail sector, showing an ambitious goal considering that, currently in Mexico there were a total of 45 projects with EDGE¹⁰ certification up to June 2023, which represent a total of

¹⁰ EDGE-certified project studies in Mexico: <https://edgebuildings.com/project-studies/>



869,908.18 m² certified, mainly in the hotel and housing sector. In other words, Grupo Elektra, by certifying 16.8% of its stores (equivalent to 307,000 m² certified by the end of 2029), would add 35.3% of the certified surface area registered to date. In addition, as part of its sustainable strategy, starting in 2028 the company will pre-certify all new stores it opens, which represent between 40 and 50 stores per year.

Planned observation date for the SPT:

December 31, 2029, distributed as follows:

- December 31, 2023: 5 certified stores.
- December 31, 2024: 20 certified stores, accumulated of 25 certified stores.
- December 31, 2025: 25 certified stores, accumulated of 50 certified stores.
- December 31, 2026: 30 certified stores, accumulated of 80 certified stores.
- December 31, 2027: 35 certified stores, accumulated of 115 certified stores.
- December 31, 2028: 40 certified stores, accumulated of 155 certified stores.
- December 31, 2029: 50 certified stores, accumulated of 205 certified stores.

Baseline 2022:

Grupo Elektra currently does not have any stores with sustainable certification, so the baseline is "*0 stores with sustainable certification as of December 2022*".

Historical data:

There is no historical data available for EDGE certification of stores and branches because they do not yet have certified buildings.

Strategy for the achievement of the indicator:

The operations and design of Grupo Elektra's branches are very similar by following operating and construction standards, including lighting and air conditioning guidelines, branch size, store layout, among other factors. That is why energy is the item with the highest GHG emissions intensity within all Banco Azteca and Tiendas Elektra properties. As of December 31, 2022, Scope 2 emissions represented 83.2% of the total emissions accounted for by the Group (Scope 1 and 2, with a total of 93,489 tonCO₂ e), so taking actions in favor of energy efficiency within Grupo Elektra's operations, including sustainable building certification, would enhance the reduction of emissions.

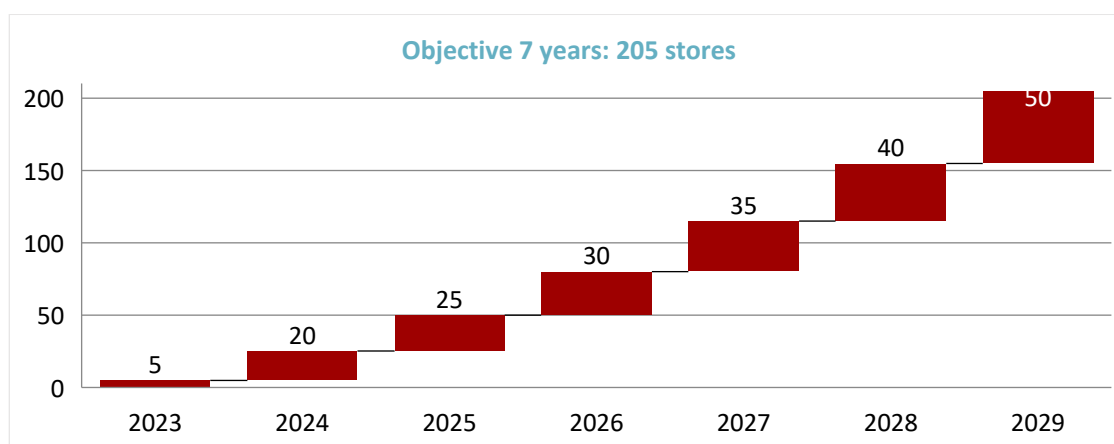
Since 2017, all new construction of Grupo Elektra stores and branches is aligned to high efficiency standards, in accordance with the Group's Energy Seal, helping to reduce annual energy consumption by 29% compared to a store without the construction standards. These benefits are tracked within the Group through management reports including the sustainability report and reports its inventory to the Ministry of Environment and Natural Resources (SEMARNAT) of the country, as well as with the Energy Management System (SIGEN), which records consumption data, expenses and energy variations, which helps to identify opportunities for improvement in processes, equipment, facilities, among others, to promote efficiency levels in operations.



Similarly, Grupo Elektra's operations in the area of water consumption are not demanding of this resource. However, Grupo Elektra is aligned with Grupo Salinas, which has an internal water use policy that promotes water saving and efficient use, following the guidelines of the National Water Law. In this way, Grupo Elektra joins this commitment as part of its environmental culture. Likewise, in 2022, we are working on the design of a training strategy to have bimonthly readings of water consumption in each branch nationwide, to better manage consumption monitoring and analyze opportunities.

It is important to note that in order to achieve the EDGE certification of the 205 stores and branches, Grupo Elektra will be supported by the advice of an expert in the certification, who has validated the ambition of the objectives compared to the sector, as well as the achievement of them within the seven years stipulated in this framework. For its part, Grupo Elektra will form a team dedicated to the review and administration of the certification, which will be formed by the Environment, Corporate Finance, Expansion and Sustainability areas, which will be responsible for the achievement of the SPT referred to in this framework. Likewise, Grupo Elektra's Environmental area will be responsible for following up on the certifications in the target branches.

Graph 3. Annual progress in the certification of Grupo Elektra stores and branches.



3.3 Financing Characteristics

Grupo Elektra has established this Framework as the basis for requesting financing through Sustainability-Linked Bonds, with the objective of allocating the resources obtained through this type of instrument to fully or partially finance future or existing projects that are in line with Grupo Elektra's mission and vision of sustainability.

The financial characteristics of any securities issued, or debt raised under this Framework, will be specified in the relevant transaction documentation.



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The frequency of the review dates that determine the achievement of the established SPT is determined based on what is established in the issuance, taking into account that the Company commits to the fulfillment of the indicator's objectives for a given date and to verify performance in order to monitor the progress of the indicator referred to at least once a year in its sustainability report.

The performance of the selected SPT as of the relevant indicator review date will cause a margin adjustment on the issued instruments, as appropriate, resulting in an increase or decrease in the coupon.

The mechanism for margin calls or other premium payments, as applicable, will be specified in the Sustainability-Linked Instrument Indenture.

If, for any reason, the performance of the KPI against the established SPT cannot be calculated or observed, or not in a satisfactory manner (warranting a limited level of assurance by the independent verifier) the increase in the coupon defined above will be applicable.

If, for any reason, the Company fails to issue the relevant verification assurance certificate within the time limit prescribed by the terms and conditions of the Instrument's trust agreement, the premium payment will be applicable.

The characteristics of the Sustainability-Linked Bond are described in the documents of the issuance of the Local Notes, including but not limited to the informative supplement of each of the issues, being these the only documents (with their annexes), where the characteristics of the issue are described; which includes, among others, the consequences for the Issuer in case of non-compliance with the SPT defined and selected in section 3.1 and 3.2 of this document.

3.4 Reporting

The *Sustainability Performance Targets* (SPT), which include: KPIs, ratings or equivalent metrics of Grupo Elektra will be reported by the Company at least once a year through its website, in its Annual Reports and/or as requested by investors.

The Issuer shall publish and keep readily available and easily accessible on its website, an update on the Sustainability-Linked Bond included in its annual report which shall include:

- 1) The audited annual performance of the selected KPI, which will be measured and compared to the SPT (including the indicator baseline);
- 2) Updated information on the KPI describing the performance against the SPT and the economic impact, in case of non-compliance with the SPT defined and selected by the issuer;
- 3) Any relevant information that allows investors to monitor the progress and level of ambition of the SPT (e.g., any updates to Grupo Elektra's sustainability strategy or related KPI and ESG Governance), as well as any information relevant to the KPI and SPT analysis;

- 4) The delivery of monitoring reports, verified by a third party, including the above points during the life of the issue;
- 5) Any KPI reassessment and/or SPT reformulation and/or pro forma baseline or KPI scope adjustments, if applicable; and
- 6) Any current or potential factors that may limit or affect the selected KPI.

Grupo Elektra intends to report on quantitative impact indicators where feasible and when relevant data information is available to report on the positive sustainability impacts of improved KPI performance.

Updated information on Grupo Elektra's sustainability strategy, objectives, methodology or benchmark changes and reporting, as well as qualitative or quantitative explanation of the contribution of the main factors, including asset acquisitions or divestment activities, behind the evolution of performance/KPIs on an annual basis, will be available on Grupo Elektra's website.

3.5 External Review

Second Party Opinion (SPO) Report

Grupo Elektra will obtain an SPO Report from a recognized and experienced External Reviewer to confirm the alignment of this Framework with the Sustainability Linked Bond Principles (SLBP), administered by the *International Capital Market Association* ("ICMA") including an assessment of the relevance, robustness and reliability of the selected KPI, the justification and level of ambition of the proposed SPT, the relevance and reliability of the selected benchmarks, baseline of each indicator, and the credibility of the strategy outlined to achieve them, prior to the issuance of the bond.

Annually, and in any case for any relevant date/period to assess KPI performance leading to a possible financial adjustment, such as an incremental coupon on the sustainability-linked bond, until after the KPI triggering event of a bond is reached.

Grupo Elektra will obtain and make publicly available a second party opinion (SPO) and/or other external review from consultants with recognized environmental and social expertise to provide an opinion on the sustainability benefit of this Sustainability-Linked Financing Framework, as well as alignment with the SLBP. The SPO will be available on Grupo Elektra's website.

"External verifier" means the independent review by an independent third party specialized in these operations or any third party assurance or certification service provider appointed by Grupo Elektra, to review the Non-Financial Information Disclosure (NFI) linked to the Company's financing.



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Verification of SPT performance

Grupo Elektra will seek independent, external verification of its performance level for the established KPI by a qualified external reviewer with relevant experience in the field.

The performance of your KPI, according to the relevant SPT at the reference date, shall be verified at least once a year by an external verifier.

The assurance report confirming whether the KPI performance complies with the relevant SPT, and the Sustainability-Linked Financing Framework such as the *Second Party Opinion* (SPO) will be available on Grupo Elektra's website.

1. Updates to this Framework

Grupo Elektra may, at its sole discretion, update and modify this document to account for any developments in market practice, changes in regulatory requirements and the Company's business activities. Therefore, this Framework will be reviewed periodically, including reviewing its alignment with updated versions of the relevant Principles as they are published, with the objective of adhering to best practices in the market.

Grupo Elektra will also review this Framework in case there are material changes in its strategy, methodology and KPI and/or SPT calibration.

Updates will be subject to prior approval by a qualified SPO provider. Any updates to this Framework will maintain or enhance current levels of transparency and disclosure reporting, including appropriate review by an external verifier. The updated Framework, if any, will be posted on Grupo Elektra's website and will replace the latest version.

Scope of the document

This document provides information that may contain certain forward-looking statements that reflect the current views of Grupo Elektra's management with respect to future events and the financial and operating performance of the Group and are forward-looking based on Grupo Elektra's current expectations and projections about future events. Because these statements are subject to risks and uncertainties, actual future results or performance may differ materially from those expressed or implied by these statements due to a number of different factors, many of which are beyond the Company's ability to control or estimate accurately, including changes in the regulatory environment, future market developments, price fluctuations and other risks. Please consider the recurrent supervision and monitoring of the performance of the indicator, as well as the possible updates that may be made to this Framework during the life of the issue.

This Sustainability-Linked Bond Framework is not intended to be and should not be construed as legal, financial or technical advice and does not constitute a recommendation for credit, which is



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subject to the *Second Party Opinion* of an external third party, any recommendations during the process of preparing this document were provided in a separate document.

This document was developed based on the availability of information provided by Grupo Elektra, therefore the responsibility for the accuracy, truthfulness or sufficiency of the information is based on the evidence provided by Grupo Elektra.

2. Annexes

Annex 1. Points of contact

Points of contact in Mexico

	2019	2020	2021	2022	3T2023
Elektra Stores	1,142	1,143	1,159	1,220	1,226
Banco Azteca Autonomous Branches	696	710	712	712	702
Banco Azteca Branches + Elektra Stores	1,838	1,853	1,871	1,932	1,928

Contact points in Central America

	2019	2020	2021	2022	3T2023
Elektra Stores	172	108	106	117	122
Banco Azteca Branches	378	213	205	224	230

Points of contact in North America

	2019	2020	2021	2022	3T2023
Purpose Financial	1,826	1,429	1,233	950	873



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Annex 2. Sustainable savings and credit products

SAVINGS AND LOAN PRODUCTS	
<u>Inclusive recruitment</u>	Guardadito is a savings account that allows customers to have access to their money whenever they need it. There are no account management fees or minimum balances.
<u>Inclusive credit</u>	Easy and accessible solutions and credit granting: Loans to entrepreneurs and microbusiness owners: - My Azteca business - Aztec Entrepreneur
<u>Credit with environmental criteria</u>	Investment in green projects: development of renewable energies, energy efficiency. Consumer credit for products with energy efficiency standards. Green mobility: consumer credit for the purchase of bicycles and/or motorcycles (VOLTIUM, from Italika).
Technology for access to financial services	Banco Azteca's digital strategy, through online banking and the mobile application.

Annex 3. Materiality analysis

A materiality analysis is a process that helps to identify the most relevant issues for a company in order to prioritize them. In turn, it allows to know those issues that are of concern to stakeholders, as well as those that impact the business model, and vice versa, in environmental, social and corporate governance matters. It helps to align the sustainability strategy with stakeholder expectations.

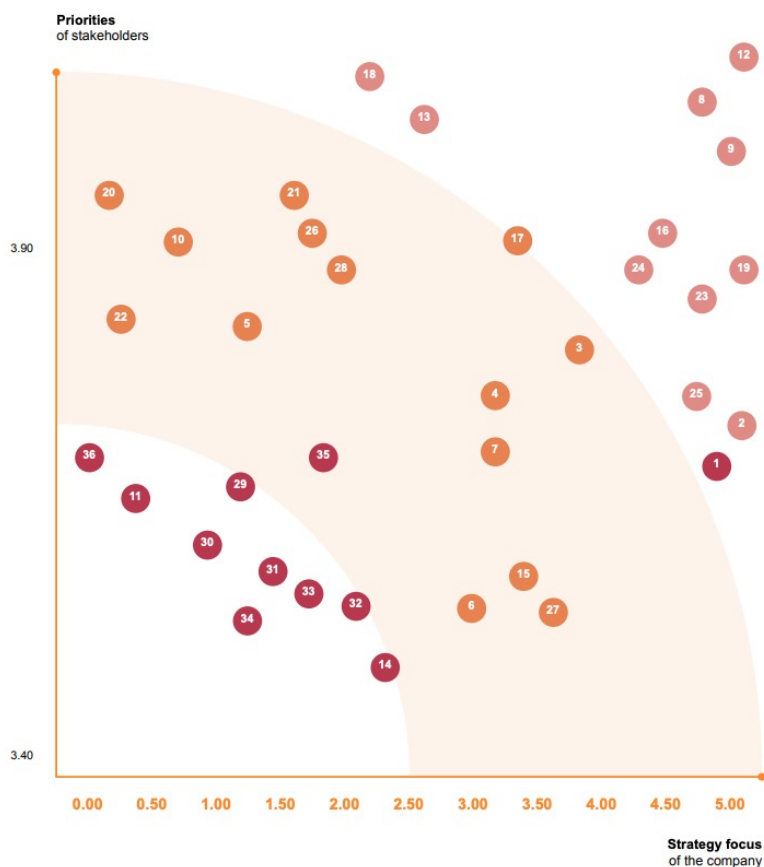
Grupo Elektra conducted its materiality study through a 4-stage process: identification of potentially relevant topics, prioritization of topics for the preparation of the matrix, validation and review. In turn, it groups the issues into 3 categories: material issues, emerging issues and non-material issues. Figure 6 shows the Group's materiality matrix.


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Figure 6. Grupo Elektra's materiality matrix



Material topics
Potential material topics in the short-term
Other topics potentially relevant

1	Training and development of opportunities
2	Talent attraction and retention
3	Work environment
4	Diversity and equal opportunities
5	Health and security of the collaborator
6	Responsible supply chain
7	Automation and efficiency of operating processes
8	Business competitiveness
9	Digitation of processes
10	logistic efficiency
11	Responsible packaging
12	Customer experience
13	Product and services innovation
14	ASG investment (environmental, social and governance)
15	Alliance with strategic partners
16	Omnichannels and accesibility to services and products
17	Product transparency
18	Customer privacy

19	Resiliency and adaptability of the business model
20	Customer health and safety
21	Cybersecurity
22	After-sales services
23	Regulatory compliance
24	Ethics and anticorruption
25	Corporate governance
26	Financial stability
27	Relationship with authorities
28	Brand management and ASG communication
29	Energy efficiency and renewable energies
30	Water management
31	Waste management and material efficiency
32	Resiliency to climate change
33	Decrease of GHG emissions
34	Socio-economic development of communities
35	Financial inclusion and education
36	Road culture and security



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Second-Party Opinion Grupo Elektra Financing Framework Linked to Sustainability



Evaluation Summary

Sustainalytics is of the opinion that the Grupo Elektra Financing Framework Linked to Sustainability aligns with the Sustainability-Linked Bond Principles 2023. This assessment is based on the following:

- **Selection of Key Performance Indicators** Grupo Elektra Financing Framework Linked to Sustainability includes one KPI: Number of stores that are Edge Certified (see Table 1). Sustainalytics considers the KPI chosen to be adequate given that: i) it is an indirect measure of Grupo Elektra's performance on a relevant and material issue applicable to the company and industry; and ii) it follows a clear and consistent methodology; but iii) it is not benchmarkable against science-based targets.
- **Calibration of Sustainability Performance Targets** Sustainalytics considers the SPT to be aligned with Grupo Elektra's sustainability strategy. Sustainalytics further considers the SPT to be ambitious based on past performance.
- **Bond Characteristics** Grupo Elektra will link the bonds' financial characteristics to the achievement of the SPT, such as an increase or decrease of the bond coupon. Failure to achieve the SPT will trigger a change in the coupon.
- **Reporting** Grupo Elektra commits to report on the progress on the KPI in its annual reports published on its corporate website or as per investors' requests, and to obtain a limited assurance report. Grupo Elektra is committed to disclosing its progress on the KPI and any information that enables investors to monitor the level of ambition of the SPT. The reporting commitments are aligned with the Sustainability-Linked Bond Principles 2023.
- **Verification** Grupo Elektra commits to have a limited assurance report conducted against the achievement of the SPT for the KPI. This is aligned with the Sustainability-Linked Bond Principles 2023.

Evaluation Date	October 24, 2023 ¹
Issuer Location	Mexico City, Mexico

The SPT contributes to the following SDGs:



Overview of KPI and SPT

KPI	Baseline	Strength of KPI	SPT	Ambitiousness of SPT
Number of stores that are EDGE Certified	2022	Adequate	Achieve EDGE certification for 205 stores by 2029	Ambitious

¹ This document updates the Second-Party Opinion originally provided by Sustainalytics in January 2023.