



# Climate Adaptation Plan 2021

Banorte



At Grupo Financiero Banorte, we understand that climate change is a phenomenon that we are already facing and that, if it is not addressed as soon as possible, it will represent one of the greatest problems of the century for society in general. This systemic risk is associated with the possible impacts derived from natural disasters with increasing frequency and intensity in the short/medium term (acute physical risks), as well as long-term changes in weather patterns (chronic physical risks).

Specifically, acute physical risks include extreme weather events such as cyclones, hurricanes, floods, fires, to name some of them. On the other hand, chronic physical risks are related to sea level rise, permanent heat waves, ocean acidification or alterations in the level, frequency of precipitation, among others.

For this reason, it is important to properly identify and manage climate risks around our operations through different adaptation measures. At Banorte, we define adaptation as adjustments in ecological, social, or economic systems in response to actual or expected climatic stimuli and their effects or impacts through changes in processes, practices, and structures to moderate potential damage or to benefit from opportunities associated with climate change.

In this sense, we have a Command Center called "COPS", which is responsible for monitoring and providing information on the state of the weather on a national scale, with the aim of monitoring and identifying meteorological phenomena that may affect the assets of the company, the different economic activities and the loss of human lives. This is done by consulting the official media of the National Meteorological Service (SMN), a dependency of the National Water Commission (CONAGUA), which is part of the Ministry of the Environment and Natural Resources (SEMARNAT). The COPS is operated by the Protection, Security and Intelligence Directorate.

To deal with high-impact external events, we have a Business Continuity Plan (BCP), which integrates different measures against environmental risks and natural disasters such as droughts, extreme temperatures, floods, storms, hurricanes, fires, etc. in order to protect the balance sheets and financial stability as a whole. The Business Continuity Department, together with the critical business areas, are in charge of analyzing, developing, implementing and maintaining the BCP.

Likewise, we have a methodology for business continuity which is based on the international practices of the DRII (Disaster Recovery International Institute). This



methodology is made up of five phases that range from the identification of risks, business areas and processes classified as critical, to monitoring and follow-up for continuous improvement.

Additionally, we have a Disaster Recovery Plan (DRP) that is based on a synchronous data replication scheme, in an alternate computing center, as well as a high availability scheme (HA) on the main site. With this, the backup and recovery of the main critical applications of Banorte are available, in case of any relevant operational event occurs, complying with the Recovery Point Objective (RPO) and the Recovery Time Objective (RTO) required by business of the critical processes. The DRP is a recovery strategy implemented in the event of possible damage to the facilities of Banorte's Main Computing Center due to environmental catastrophes that prevent normal service provision. The Business Continuity Department is responsible for requesting the implementation of the DRP and the Technology Department is responsible for implementing the DRP.

Moreover, for acute physical risks such as hurricanes, cyclones and floods, we have implemented in our commercial network a recovery strategy for branches called "Bunker Branches".

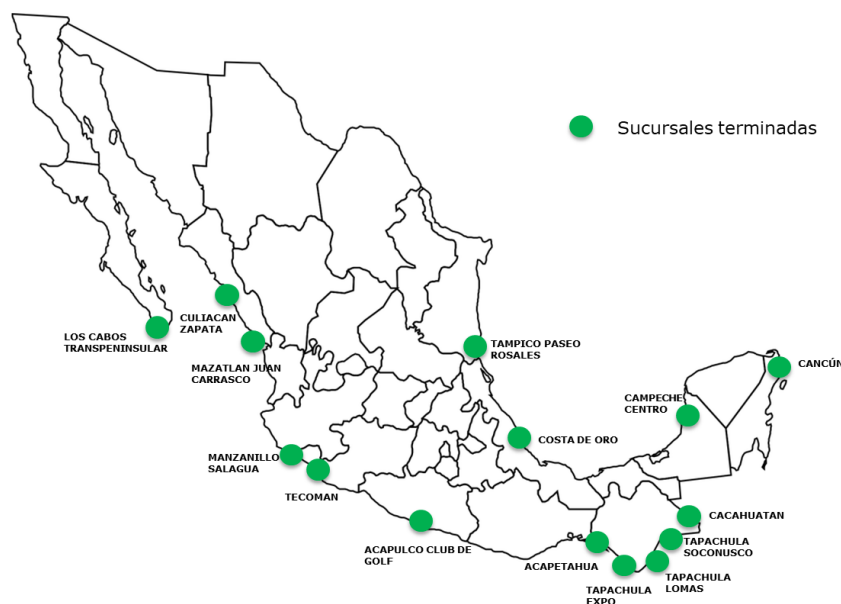
To determine the new or existing branches that are suitable under this modality, we hold different working groups in which the commercial team participates as receiving client, the Material Resources Department and the Technology Department in charge of the implementation, as well as the Protection, Security and Intelligence Department and the Business Continuity Department for feasibility and advice for enabling support.

Bunker Branches should be located in geographical areas of high hydrometeorological risk, have alternate routes for clients and collaborators to enter the site, in addition to criteria of coverage and profitability of the branch in question.

We currently have 15 Bunker Branches, which have infrastructure that include an emergency plant, anticyclonic curtains, satellite link and engineering. These adjustments allow us to provide operational continuity to our clients in the event of any contingency and/or disaster in the affected area.

States covered by Bunker Branches are Baja California Sur, Tamaulipas, Colima, Guerrero, Chiapas, Campeche, Sinaloa and Quintana Roo.





By 2023, we have a plan to incorporate new Bunker Branches in order to provide greater coverage nationwide, covering areas where the recovery strategy has not yet been implemented.

Furthermore, we have an insurance policy whose coverage includes movable and immovable property, property of third parties under Banorte's custody for which Banorte is legally responsible, property in the process of construction and installation, improvements and adaptations of any kind, as well as machinery and equipment, electronic equipment and mobile equipment. This insurance covers losses due to material damage, caused directly to the covered goods by accidental, sudden and unforeseen risks due to the materialization of hydrometeorological risks.