

Welcome to your CDP Climate Change Questionnaire 2023

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Grupo Financiero Banorte (hence, “GFNorte” or “the Group”), is a leading financial institution in Mexico, with the largest business diversification and continuously seeking ways to innovate in the financial sector, offering a wide variety of traditional and digital products and services, through its broker dealer, annuities & insurance companies, retirement saving funds (afore), mutual funds, leasing and factoring company, warehousing and recently announcing the inclusion of a digital bank. At the end of 2022, the Group has a network of 1,154 branches, 9,938 ATMs, 19,559 correspondents and 167,148 POS terminals; it is also the only large financial institution which is not owned in majority by a global international bank.

Banorte is the second largest financial group in Mexico in terms of loan portfolio, the number two provider of loans to governments and the second largest bank in mortgage loans. In addition, the retirement fund administrator Afore XXI Banorte, of which GFNorte owns 50%, is the largest in the country in terms of assets under management. Banorte is the only commercial bank, among the six largest institutions, whose decisions are made locally without the influence of external parent companies, which has proven to be an advantage in adapting with agility to the changes and alternatives presented by the country.

Our growth capacity through new acquisitions can be resumed as follows:

Banorte was founded in 1899 in the city of Monterrey, where it began operations as a regional bank. In 1992, in the banking privatization process, Banorte was acquired by a group of businessmen, led by Mr. Roberto González Barrera. Through a series of strategic acquisitions following the Mexican financial crisis in the mid-1990s, Banorte consolidated a national presence in Mexico. It currently operates as a financial group called Grupo

Financiero Banorte (GFNorte), under a universal banking model offering a wide variety of products and services through its brokerage house, pension and insurance companies, Afore, mutual funds, as well as the leasing and factoring and the storage companies.

The shares of GFNorte are listed on the Mexican Stock Exchange (BMV) and Institutional Stock Exchange (BIVA) with the ticker "GFNORTEO", in the Stock Exchange of Madrid under the "XNOR" symbol and in the US market through an ADR listed in the OTCQX market with the "GBOOY" symbol. Also, GFNorte is part of the following sustainability indexes: Dow Jones Sustainability Index MILA Pacific Alliance, S&P/BMV Total Mexico ESG Index, FTSE4Good Emerging Markets, FTSE4Good Emerging Markets Latam, FTSE4Good BIVA, MSCI Mexico ESG Select Focus Index, MSCI ACWI ESG Universal, MSCI ACWI Climate Change, MSCI Mexico ESG Universal, among others.

GFNorte cautions that the information in this questionnaire contains forward looking statements. These forward-looking statements are found in various places throughout this document and include, without limitation, statements concerning our future business development and economic performance of the Company. While these forward-looking statements represent our judgment and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to:

- (i) General market, macro-economic, governmental and regulatory trends;
- (ii) Movements in local and international securities markets, currency exchange rates, and interest rates;
- (iii) Competitive pressures;
- (iv) Technological developments;
- (v) Changes in the financial position or credit worthiness of our customers, obligors and counterparties; and
- (vi) Climate-related issues.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data and indicate whether you will be providing emissions data for past reporting years.

Reporting year

Start date

January 1, 2022



End date

December 31, 2022

Indicate if you are providing emissions data for past reporting years

No

C0.3

(C0.3) Select the countries/areas in which you operate.

Mexico

United States of America

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

MXN

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Financial control

C-FS0.7

(C-FS0.7) Which activities does your organization undertake, and which industry sectors does your organization lend to, invest in, and/or insure?

| | Does your organization undertake this activity? | Insurance types underwritten | Industry sectors your organization lends to, invests in, and/or insures |
|--|---|------------------------------|---|
|--|---|------------------------------|---|



| | | | |
|--|-----|--|-------------------------------------|
| Banking (Bank) | Yes | | Exposed to all broad market sectors |
| Investing (Asset manager) | Yes | | Exposed to all broad market sectors |
| Investing (Asset owner) | Yes | | Exposed to all broad market sectors |
| Insurance underwriting (Insurance company) | Yes | General (non-life) Life and/or Health | Exposed to all broad market sectors |

C0.8

(C0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

| Indicate whether you are able to provide a unique identifier for your organization | Provide your unique identifier |
|--|--------------------------------|
| Yes, an ISIN code | MXP370711014 |

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

| Position of individual or committee | Responsibilities for climate-related issues |
|-------------------------------------|---|
| | |



| | |
|-------------|---|
| Board Chair | The Chairman of the Board is strongly committed to mobilizing capital strategically through financing and investing in activities that contribute to sustainable development, as well as the transition to a fair, low-carbon, and more resource-efficient economy. He has been actively the voice of the Group on climate-related issues internally and externally by participating on events such as Global Leaders for Climate Action in COP 26. |
|-------------|---|

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

| Frequency with which climate-related issues are a scheduled agenda item | Governance mechanisms into which climate-related issues are integrated | Scope of board-level oversight | Please explain |
|---|--|--|--|
| Scheduled – some meetings | Reviewing and guiding strategy Overseeing the setting of corporate targets Reviewing and guiding the risk management process | Climate-related risks and opportunities to our own operations Climate-related risks and opportunities to our banking activities | <p>In the 1Q22 Board's meeting, the Members were informed that, in March 2022, two relevant reports for our stakeholders were published, one of these being the first GFNorte's Report on Climate Risks and Opportunities. This report was developed following the recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD).</p> <p>Moreover, in the 3Q22 Board's meeting, the Members were informed that 18 initiatives were presented in the Sustainability Committee according to the Group's sustainability strategy and focused on 5 material issues, being climate change one of them. In this same meeting, the Members were informed that, in April 2021, GFNorte became a founding signatory of the Net Zero Banking Alliance ("NZBA"), committing to reduce the carbon emissions of its banking portfolio to net zero by 2050. In this sense, it was presented the first set of emission reduction targets for 2030 and 2050 for the most intensive sectors: Utilities (energy generation), Oil and Gas, Mortgage, and Real Estate (Commercial and Tourism).</p> |

C1.1d

(C1.1d) Does your organization have at least one board member with competence on climate-related issues?

| | Board member(s) have competence on climate-related issues | Criteria used to assess competence of board member(s) on climate-related issues |
|-------|---|--|
| Row 1 | Yes | <p>Board Members that are considered as experts in ESG/Sustainability issues are;</p> <ul style="list-style-type: none"> - Carlos Hank González, Chariman of the Board - Alicia Alejandra Lebrija Hirschfeld, Independent Board Member - Alfredo Elías Ayub, Independent Board Member - Adrián Sada Cueva, Independent Board Member <p>In addition, an ESG training program for the Board of Directors was given by an external advisor in 2021. This first phase was called "Handbook for the Director: Development Session on ESG Best Practices in the Banking Sector", and was focused on investors' expectations in terms of ESG performance, the role of the Board of Directors and the Support Committees on corporate sustainability, as well as special ESG considerations applicable to banks and holding companies of financial groups.</p> |

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Position or committee

Risk committee

Climate-related responsibilities of this position

Implementing a climate transition plan



Conducting climate-related scenario analysis
Setting climate-related corporate targets
Monitoring progress against climate-related corporate targets
Assessing climate-related risks and opportunities
Managing climate-related risks and opportunities

Coverage of responsibilities

Risks and opportunities related to our banking
Risks and opportunities related to our own operations

Reporting line

Reports to the board directly

Frequency of reporting to the board on climate-related issues via this reporting line

More frequently than quarterly

Please explain

The objective of the Risk Policies Committee (CPR) is to manage the risks to which the Institution is exposed. It monitors that operations are conducted in accordance with the Desired Risk Profile, the Framework for Comprehensive Risk Management, as well as the Risk Exposure Limits approved by the Board. The CPR meets monthly and is made up of Proprietary Directors, Alternate Directors, CEO and 12 more executives. Likewise, the CPR reports directly to the Board of Directors of the Group.

Since November 2021, a Sustainability Risk section is presented in a monthly basis in the CPR. In 2022, the climate-related issues discussed in the CPR were; i) GFNorte's climate strategy, including climate risk management, ii) Quantification of financed emissions, and iii) GHG emission reduction targets for scope 1, 2 and 3.

Position or committee

Audit committee

Climate-related responsibilities of this position



Setting climate-related corporate targets
Monitoring progress against climate-related corporate targets

Coverage of responsibilities

Reporting line

Reports to the board directly

Frequency of reporting to the board on climate-related issues via this reporting line

As important matters arise

Please explain

The Audit and Corporate Practices Committee (CAPS) is made up of four independent directors, in addition to the main executives of the Group. It meets on a monthly basis and its main functions include evaluating the performance of external auditors, analyzing the preparation of financial statements and accounting reports, as well as monitoring and reporting on the efficiency of internal control in Group operations.

In 2022, the climate-related issues discussed in the CAPS were; (i) ESG progress, including financed emissions quantification and short-term climate strategy definition.

Position or committee

Sustainability committee

Climate-related responsibilities of this position

Developing a climate transition plan
Implementing a climate transition plan
Integrating climate-related issues into the strategy
Setting climate-related corporate targets
Monitoring progress against climate-related corporate targets
Managing public policy engagement that may impact the climate

Managing value chain engagement on climate-related issues
Assessing climate-related risks and opportunities
Managing climate-related risks and opportunities

Coverage of responsibilities

Risks and opportunities related to our banking
Risks and opportunities related to our own operations

Reporting line

Reports to the board directly

Frequency of reporting to the board on climate-related issues via this reporting line

Half-yearly

Please explain

Since 2019, we have a Sustainability Committee comprised by twelve executive members and the internal audit department. Its functions include; i) Define the Group's sustainability strategy and action plan, ii) Periodically review sustainability policies, iii) Promote ESG issues, iv) Set goals and follow up on results, v) Integrate ESG aspects into business risks, vi) Communicate relevant sustainability issues inside and outside the Group. vii) Promote strategic alliances inside and outside the Group, and viii) Encourage employee's engagement in sustainability initiatives. The Committee meets semi-annually and reports to the Risk Policies Committee (CPR), which in turn reports to the Board of Directors.

For climate-related issues, the Committee is empowered to; i) Approve the climate strategy, GHG emission reduction targets for scope 1, 2 and 3, strategic alliances and employee engagement, ii) Integrate physical and transition climate-related risks into a comprehensive risk management, and iii) Oversee the Climate Change Working Group. In 2022, climate-related issues discussed in the Committee were; i) Materiality of climate change, ii) Our climate commitments, iii) Financed emissions calculation, and iv) Definition of GHG emission reduction targets for scope 1, 2 and 3.

Position or committee

Investment committee

Climate-related responsibilities of this position

Assessing climate-related risks and opportunities

Coverage of responsibilities

Risks and opportunities related to our investing activities

Reporting line

Investment - CIO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line

More frequently than quarterly

Please explain

The Investment Committee acts as the governance body in the definition, approval and monitoring of the investment strategy of the Assets Object of Investment in which the SIEFORES invest, in addition to the investment processes and policies that the investment area must observe to contemplate the analysis of ESG risks. The Committee meets on a monthly basis and is made up of 2 independent directors, 2 patrimonial directors and 5 related directors, as well as the CEO and CIO of the Afore.

The ESG Deputy Director is responsible for presenting with each investment proposal the result of the issuer's ESG analysis, which includes an assessment of; (i) Environmental governance and climate strategy, (ii) Exposure to climate-related risks and opportunities and their potential impacts, (iii) Decarbonization plans, (iv) Alignment of management incentives with environmental performance, (v) Resilience of the issuer's business to climate change, (vi) Comparison with industry best practices, and (vii) Level of climate disclosure.

In addition, the portfolio is analyzed every six months in order to identify potential risks for the Investment Committee, which includes climate factors such as carbon footprint, absolute GHG emissions, weighted average carbon intensity (WACI metric), identification of carbon intensive sectors, GHG emission reduction goals, alignment with the Paris agreement, portfolio temperature, among others.



C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

| | Provide incentives for the management of climate-related issues | Comment |
|-------|---|--|
| Row 1 | Yes | All of the variable compensation programs have been adapted to the nature and responsibility of each role within the organization and consider any of the following measurement parameters: business profitability, net profit of the group, income generated by fees or service premiums, the volume of customer attraction or placement of products, non-performing loan ratio, NPS, operational efficiency indicators, loan portfolio growth, as well as an individual performance evaluation according to annual objectives and behaviors in line with the group's leadership model. |

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive

Other, please specify

Investor Relations and Sustainability Executive Directorate

Type of incentive

Monetary reward

Incentive(s)

Bonus - % of salary

Performance indicator(s)

Other (please specify)

Climate Strategy Implementation

Incentive plan(s) this incentive is linked to

Short-Term Incentive Plan

Further details of incentive(s)

As part of the compensation strategy, the annual bonus is subject to at least GFNorte's 80% compliance with its annual profit goal. Payment of this bonus also depends on how well within budget each business unit ends the year and each employee's performance evaluation. Therefore, if the Group achieve the annual profit goal, the Investor Relations and Sustainability Executive Directorate is entitled 55% to its annual bonus depending on its ESG and climate-related objectives achievement.

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan

For the Investor Relations and Sustainability Executive Directorate, objectives evaluated for individual performance are; (i) Validate and oversee the implementation of the climate strategy, (ii) Verify compliance with the NZBA and SBTi initiatives, and (iii) Review and validate TCFD and CDP reports. These objectives contribute to the climate transition plan as they are focus on ensuring the correct implementation of the climate strategy, the compliance with climate-related initiatives with a net zero carbon emissions perspective, and its accountability.

Entitled to incentive

Other, please specify

Wholesale Credit Risk Executive Directorate

Type of incentive

Monetary reward

Incentive(s)

Bonus - % of salary

Performance indicator(s)



Other (please specify)

Evaluate Climate-related Risks and Opportunities

Incentive plan(s) this incentive is linked to

Short-Term Incentive Plan

Further details of incentive(s)

As part of the compensation strategy, the annual bonus is subject to at least GFNorte's 80% compliance with its annual profit goal. Payment of this bonus also depends on how well within budget each business unit ends the year and each employee's performance evaluation. Therefore, if the Group achieve the annual profit goal, the Wholesale Credit Risk Executive Directorate is entitled 15% to its annual bonus depending on its climate-related objectives achievement.

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan

For the Wholesale Credit Risk Executive Directorate, objectives evaluated for individual performance are; (i) Review and validate climate scenario analysis development as well as climate stress tests for physical and transition risks. This objective contributes to the climate transition plan, as it allows to assess the exposure of the credit portfolio to climate risks, and take proactive measures to mitigate risks and capitalize on the opportunities from the low carbon economy transition.

Entitled to incentive

Environment/Sustainability manager

Type of incentive

Monetary reward

Incentive(s)

Bonus - % of salary

Performance indicator(s)

Implementation of an emissions reduction initiative

Implementation of employee awareness campaign or training program on climate-related issues

Incentive plan(s) this incentive is linked to

Short-Term Incentive Plan

Further details of incentive(s)

As part of the compensation strategy, the annual bonus is subject to at least GFNorte's 80% compliance with its annual profit goal. Payment of this bonus also depends on how well within budget each business unit ends the year and each employee's performance evaluation. Therefore, if the Group achieve the annual profit goal, selected Sustainability Managers are entitled 15%-25% to its annual bonus depending on its climate-related objectives achievement (depending on the eligible employee).

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan

For Sustainability Managers, objectives evaluated for individual performance are; (i) Develop and oversee policies, procedures, and methodologies for physical and transition climate risks, (ii) Quantify GHG emissions, (iii) Define and oversee progress against net zero targets, and (iv) Define and implement a short-, medium-, and long-term decarbonization plan. These objectives contribute to the implementation of climate commitments and the climate transition plan, since they allow establishing a baseline and setting a clear trajectory in an orderly manner, with clear guidelines and based on science.

Entitled to incentive

Risk manager

Type of incentive

Monetary reward

Incentive(s)

Bonus - % of salary

Performance indicator(s)

Other (please specify)



Evaluate Climate-related Risks and Opportunities

Incentive plan(s) this incentive is linked to

Short-Term Incentive Plan

Further details of incentive(s)

As part of the compensation strategy, the annual bonus is subject to at least GFNorte’s 80% compliance with its annual profit goal. Payment of this bonus also depends on how well within budget each business unit ends the year and each employee’s performance evaluation. Therefore, if the Group achieve the annual profit goal, selected Risk Managers are entitled 10%-40% to its annual bonus depending on its climate-related objectives achievement (depending on the eligible employee).

Explain how this incentive contributes to the implementation of your organization’s climate commitments and/or climate transition plan

For some Risk Managers of the Methodologies and Models and Risk Appetite Departments, objectives evaluated for individual performance are;

- (i) Develop methodologies and perform climate stress tests for physical and transition risks under different temperature-increase scenarios, and
- (ii) Generate tools that contribute to the quantification of GHG emissions. These objectives contribute to the climate transition plan, as it allows to assess the exposure of the credit portfolio to climate risks, and take proactive measures to mitigate risks and capitalize on the opportunities from the low carbon economy transition.

C-FS1.4

(C-FS1.4) Does your organization offer its employees an employment-based retirement scheme that incorporates ESG criteria, including climate change?

| | Employment-based retirement scheme that incorporates ESG criteria, including climate change | Describe how funds within the retirement scheme are selected and how your organization ensures that ESG criteria are incorporated |
|-------|--|--|
| Row 1 | Yes, as the default investment option for all plans offered | Employees have a retirement plan called "Plan de Contribución Definida", which is in addition to the retirement savings plan scheme established by Mexican law. This plan allows employees to save a percentage of their salary and Banorte also makes a complementary contribution. The plan is administered by our Afore XXI Banorte, which is a signatory of the Principles of Responsible Investment (PRI) since 2017. |

| | | |
|--|--|---|
| | | For more information about Afore XXI Banorte responsible investment strategy and performance, visit the following link (only available in Spanish): https://www.xxibanorte.com/asg/ |
|--|--|---|

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

| | From (years) | To (years) | Comment |
|-------------|--------------|------------|---------|
| Short-term | 0 | 4 | |
| Medium-term | 5 | 14 | |
| Long-term | 15 | 30 | |

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

The financial impact on a particular business depends on the payment capacity that the client has at the time of its analysis. In this payment capacity, we include different qualitative and quantitative aspects; for the qualitative part we consider the type of administration that the business has, experience in the sector, seniority in the activity, who are its clients, suppliers, perspectives of the sector, among other issues, and for the quantitative part we consider the type of short or long-term credit if it has the capacity to pay to face this debt with the Institution, how it obtains its income, etc. Once evaluated, the case is analysed in the corresponding committee and authorized. It is important to highlight the follow-up given to clients, which controls

a possible negative impact on that particular sector. We have tools or models where, depending on the client's risk level or risk scale, they are analysed in the corresponding committee, that is, the greater the exposure to financing and the type of credit risk, a corresponding committee is assigned.

The financial or strategic impact is managed with different metrics and their respective risk thresholds consolidated in Risk Appetite and is governed mainly by the following pillars;

1. The financial Group seeks to maintain a general medium-low risk profile based on a diversified business model, focused on Retail Banking with relevant market shares, and a Wholesale Banking business model that highlights the relationship with customers in the Group's main markets:
 - (i) Maintaining a diversified portfolio avoiding risk concentrations
 - (ii) Leadership position in priority businesses for the Group's strategy, applying innovative strategies and targeted campaigns
 - (iii) Emphasis on generating business with a comprehensive vision of the client, seeking the growth of the Group through the placement of new products and services to the current client base, seeking to increase profitability per client
 - (iv) Internal culture focused on customer satisfaction, so that the Group is recognized for its quality of service
 - (v) Innovation to enrich the offer of segments, products and channels with new technologies that meet customer needs in a functional and attractive way
2. Maintain a proactive strategy related to Environmental, Social and Corporate Governance risks, incorporating this culture in all the Group's activities.
3. A stable and recurring policy of generating results and remuneration to shareholders (dividends), based on a strong capital base, solvency, liquidity and an effective diversification strategy of assets and liabilities:
 - (i) Growth strategy with high quality of the Group's assets, taking care of the credit origination processes and parameters as well as the control and monitoring processes
 - (ii) Portfolio approach considering the risk-return-opportunity relationship with adequate levels of capitalization to ensure the solvency of the institution
 - (iii) Stability of financial results creating value for shareholders through the generation of recurring profits.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered

Direct operations

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term

Medium-term

Long-term

Description of process

We have identify, assess and respond to climate-related risks and opportunities of the operations from the following perspectives:

(i) We follow a management system for risks assessment through our Environmental Impacts Matrix (RIECM), which prioritize 128 environmental aspects by weighting their type, activity, input and output, six possible environmental impacts, time, gravity, relevance, reversibility and evolution. The result of this assessment comprises values from 0 to 505+ (the higher the value, the higher relevance) and determines the impact's significance to prioritize in the short- and long-term. In addition, in this matrix we have identified the current environmental laws that apply to us and if we are complying with it, prioritizing these regulations depending on their economic sanctions.

(ii) 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.

(iii) To address high impact external events, GFNorte has a Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) that set out guidelines for what to do in case of a sinister based on a same-time data replication system at an alternate computer site. All the above cover

the backup and recovery of the Institution's critical applications in the event or any relevant operating contingency such as earthquakes, hurricanes, floods, among other physical events, for one particular site or a definite region that can affect our facilities and by subsequent, our operations. 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.

(iv) There is a Recovery and Continuity Committee, which is the body with faculties for in case of service interruption, evaluate the impact of damages, identify affected business areas, estimate the recovery time. This Committee reports directly to the Risk Policies Committee (CRP). Also, the CPR is in charge of the assessment of the scope and effectiveness of the BCP, its disclosure among the corresponding areas and identification, if the case, of the necessary adjustments for its update and strengthening. At least once a year, the CPR should test the BCP to verify its effectiveness.

(v) To assess the potential impacts of acute physical risks both in the direct operation of our branches, two pilot exercises were carried out by the methodologies and models risk department: the classification of physical risks by State and the evaluation of the impact by cyclones. This first exercise allowed us to classify the States of the Mexican Republic according to the observed frequency and severity of acute climate events and to build risk traffic light to identify the regions that may increase their impact.

(vi) Since August 2020, the risk appetite department developed a Sustainability Risk Score for the Group, which evaluates historical data from 177 sectoral ESG indicators and establishes risk thresholds (appetite, tolerance and capacity) for each of these indicators. The Score was developed in order to implement best ESG practices and to define mitigation plans and/or corrective actions if the Score is within the tolerance and capacity thresholds. In December 2022, the Score was presented and approved by the CPR.

Value chain stage(s) covered

Upstream

Risk management process

A specific climate-related risk management process

Frequency of assessment

Annually

Time horizon(s) covered

Short-term

Medium-term

Long-term

Description of process

We have identify, assess and respond to climate-related risks and opportunities of each business line from the following perspectives:

1. For lending activities:

Since 2012, we have implemented a Social and Environmental Risk Management System (SEMS) aligned with the Equator Principles (PE) in credit risk management processes. The analysis process includes the following stages:

- (i) Identification: The Social and Environmental Risk Area (ARSA) identifies the potential environmental and social risks and impacts of the credits and verifies that none of the activities to be financed are on the exclusion list (no risky or prohibited activities).
- (ii) Categorization: ARSA assigns a level of socio-environmental risk to the credits based on the magnitude of their impacts and the possibility of mitigating them, classified according to the PE as A (high risk), B (medium risk) and C (low risk).
- (iii) Evaluation: once the financing is categorized, ARSA selects those that must be evaluated through due diligence, depending on the amount of the loan, financial product, destination, and location. All sectors will be subject to evaluation, especially sensitive sectors. The evaluation consists of verifying compliance of the projects to be financed with the national legal framework and PE guidelines, the IFC Performance Standards and the SEMS Evaluation, for which ARSA requests information related to permits from clients. , resolutions, licenses, plans, programs, specialized studies and good practices for the preparation of due diligence.
- (iv) Management: monitoring of the socio-environmental performance of the loans during the financing life cycle. It mainly considers the credits analyzed under the PE and includes annual reviews, ongoing advice to clients and business executives, field visits and monitoring of the reputational risk of the projects.

The environmental and social analysis process is documented in due diligence and presented to the Credit Committees prior to credit authorization.

(v) In 2022, we estimate the financed emissions of the most carbon-intensive sectors, including the oil and gas, power generation, and commercial and residential real estate sectors in a first phase, and agriculture and livestock, aluminum, coal, cement, iron and steel, transport services, construction and other relevant clients from additional sectors in a second phase. In line with our commitments to the Net Zero

Banking Alliance (NZBA) and the Science Based Targets initiative (SBTi), by the end of 2022, we defined emission reduction targets for the first phase sectors using the 2°C and 1.5° scenarios (depending on the sector), and the sectors covered in the second phase were defined at the beginning of 2023.

(vi) In 2022, we analyze physical and transition climate-related risks using climate scenarios and stress tests, The physical risk analysis focused on real estate and temporary accommodation services sector, as well as the mortgage loans, while the transition risk covered only to the oil and gas sector. In each case, the corresponding climate scenarios and stress tests were implemented.

2 . For investment activities:

(i) Asset Management (Operadora de Fondos Banorte): As signatories of the Principles for Responsible Investment (PRI) since 2020, the Sustainability and Responsible Investment Department annually analyze the ESG performance and transparency, media controversies, including the scope 3, category 15 of listed equity and fixed income (including corporate and sovereign bonds), asset classes. The results are reported to the Asset Management Committee in order to be considered through the investment strategy process.

(ii) Asset Owners (Afore XXI Banorte): We have designed an internal approach to manage climate change in our portfolio with the following actions:

- Climate Change Policy
- Participation in the Investment Committee
- Direct and Collaborative engagement with issuers

In order to identify the environmental impacts and potential investments, each transaction is analyzed and classified according to the level of ESG risk. In this process, risk level of GHG emissions, exposure to climate change, business resilience, initiatives to reduce or mitigate the impact of climate change, alignment with the Paris Agreement and activities that fall under the exclusion list (prohibited activities), is evaluated. Moreover, financed emissions per asset class (scope 3, category 15), and temperature rating were calculated at a portfolio level. Through this exercise, the polluting sectors and the most relevant companies were identified by financed emissions, WACI and intensity per million dollars of income, establishing a list of 23 issuers in the entire portfolio to monitor derived from their level of climate risk (9 issuers concentrate 75% of the financed emissions).

Among the actions in process are: active involvement to promote the calculation of the carbon footprint of companies located in polluting sectors, the establishment of GHG reduction targets, adherence to SBTi, better climate-related disclosure and the third-party verification process.

In addition, keeping with our commitment to mitigating climate change and aligned with the NDC, we defined the following medium- and long-term goals for managing GHG emissions: 1st :2025, with at least 20% of the portfolio of alternative instruments in the RE sector; 2nd for 2030 with at least 50%. In addition, sine 2021 we are part of Climate Action 100+.

4. For insurance activities:

For all hydrometeorological phenomena such as hurricane, storm surge, flood, heavy rainfall, hail and windstorm, among others (excluding tsunami), we use Catastrophe (CAT) Models not only to establish the pricing but also to determine the amount of CAT reinsurance capacity we need and also to determine the reserves. The models we use are ERN (statutory), RMS and AIR.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

| | Relevance & inclusion | Please explain |
|---------------------|---------------------------|--|
| Current regulation | Relevant, always included | <p>Current regulation risk is defined as the potential loss due regulatory inspections, examinations, inquiries and audits that could result in sanctions or the imposition of corrective measures.</p> <ul style="list-style-type: none"> - Operational risks: as a financial company, our direct impacts related with climate change are derived mainly from fuel and electricity consumption. Therefore, the identified risks regard the to compliance with Mexican General Climate Change Law, National Registry of Emissions. - Business risks: Currently, different industry players are defining the rules that will give rise to the climate regulation that will supervise the financial industry, however, as part of our SEMS process we verify that our clients comply with national environmental and social legislation, avoiding legal, credit and reputational risks. |
| Emerging regulation | Relevant, always included | <p>Emerging regulation risk is defined as a potential loss due to governmental regulation frequent revisions and changes. Many of the climate-related applicable laws and regulations have been subject to extensive changes in recent years.</p> <ul style="list-style-type: none"> - Operational risks: Since 2009 we started calculating our GHG emissions and we verified them since 2013; by 2015 it was already mandatory for companies with emissions exceeding 25 thousand tons of CO₂e per year to report them to SEMARNAT and by 2018 its verification was also mandatory, in accordance with the General Law on Climate Change and its regulations on National Registry of Emissions. Therefore, this did not affect our activities or imply an additional cost once it entered into force. - Business risks: In March 2023, the Ministry of Finance and Public Credit (SHCP) published with the support of United Nations Environment Program(UNEP), Mexico's Sustainability Taxonomy that was created with the objective of generating a reliable classification system, legitimate, unified and based on science that allows to define what economic activities can |

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| | | <p>beconsidered sustainable. With this, it seeks to increase investment in projects and economic activities that promote compliance with the country's environmental and social objectives, as well as the Mexico's international commitments on sustainability. The Taxonomy will also facilitate access to timely and reliable information to encourage the mobilization of capital towards activities sustainable and reduce the risk of greenwashing. Banorte has begun to identify how to reach and harmonized with the internal taxonomy (CAS).</p> |
| Technology | Relevant, always included | <p>Technological risks is defined as the potential loss due a lack of ability to effectively improve or upgrade our information technology infrastructure and management information systems in a timely manner.</p> <ul style="list-style-type: none"> - Operational risks: we constantly evaluate technological improvements or innovations that support the transition to a lower-carbon and have a significant impact on our organization. Our ability to remain competitive in the markets in which we operate depends partially on our ability to upgrade our information technology infrastructure on a timely and profitable basis, through continuous investment. The opening of new offices and branches requires us to improve our information technology infrastructure, and to maintain and upgrade our software and hardware systems and back office operations. For that reason, one of our relevant contracts of the Group includes the agreements with IBM de Mexico, Comercializacion y Servicios, S. de R.L. de C.V.: (i) for the acquisition of products (equipment or software licenses) and services, and (ii) leasing of technological equipment. Any failure to improve effectively or upgrade our information technology infrastructure and management information systems in a timely manner or to achieve the expected results from our alliance with IBM could materially and adversely affect our competitiveness, financial position and results of operations, and result in losses for our customers, resulting in liabilities for us. In addition, we have a strategic Alliance with Google Cloud to exploit its tools' potential for solving business needs for our customers' personalization. We improved the institution's information security. With Google Cloud's help, we created the Cloud Enabling Center to facilitate, promote, and leverage cloud projects in an agile and continuous improvement framework. - Business risks: through the SEMS process we share recommendations to our clients from different industrial sectors about good environmental and social practices, which may include the use of high efficiency technology to reduce resources consumption and improve their processes. |
| Legal | Relevant, always included | <p>Legal risk is defined as a potential loss due to non-compliance with the applicable legal and administrative provisions, the issuance of applicable administrative and judicial unfavorable resolutions and the application of sanctions, in relation to the operations that Banorte carries out.</p> <ul style="list-style-type: none"> - Operational risks: our Legal department attends claims and issues regarding environmental topics, in case these issues arise. In 2022, GFNorte did not receive any environmental fines, which was reported in our Integrated Annual Report and |

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| | | <p>verified by a third party in accordance with GRI 307-1: “Non-compliance with environmental laws and regulations”.</p> <p>- Business risks: one of the objectives of the SEMS is to avoid non-compliance with environmental legislation as it may have consequences for penalties, including monetary, operative and administrative sanctions.</p> |
| Market | Relevant, always included | <p>Market risk is defined as a potential loss due to changes in risk factors that affect the valuation or expected results of active, passive or contingent liability operations.</p> <p>- Operational risks: due to the growing demand for the best ESG practices from global investors, it is important to have an updated sustainability strategy that allows us to be more competitive on an international level. This is reflected with better ratings issued by the ESG Rating Agencies and adherence and permanence in sustainability indices, which open new market opportunities.</p> <p>- Business risks: lack of sustainable financial products, such as green credit lines, green, social and sustainable bonds, ESG funds, climate insurance, among others, can limit our offer in the market, which has repercussions in the loss of some potential clients who seek these products.</p> |
| Reputation | Relevant, always included | <p>Reputational risk is defined as the potential loss in the development of the activity of each of the entities that make up the Group caused by the deterioration in the perception that the different interested parties, both internal and external, have of their solvency and viability.</p> <p>- Operational risks: because the Group is a publicly-owned corporation, it must effectively manage its behavior, discourse and image in society, aware of the impact these variables have on its corporate reputation. One of our basic operational principles has been to safeguard the group’s reputation through prudent but transparent communication, to avoid rumors or the generation of voids that might be filled with incorrect information. Faced with these momentary challenges, we chose to distribute appropriate information on events through internal and external media and social networks, contributing to our stewardship of the group’s intangible capital.</p> <p>- Business risks: as part of the SEMS and responsible investment process, the reputational risk of projects and assets with significant risks are analyzed through the monitoring of controversial issues. By having a relationship with clients or controversial projects in our portfolios, the image of the Group can be affected with our stakeholders, losing presence and brand value. We encourage active and close involvement with customers to have evidence of the veracity of the information they share.</p> |

| | | |
|------------------|---------------------------|---|
| Acute physical | Relevant, always included | <p>Acute physical risks are included within the operational risk. Operational risk is defined as the potential loss, either direct or indirect, due different causes including natural disasters such as cyclones, hurricanes, floods, among others.</p> <ul style="list-style-type: none"> - Operational risks: The increase in the severity and frequency of climate events could cause monetary losses due to the limitation or temporary closure of our branch operations, as well as clients' lack of access to financial services and impacts to the locations. - Business risks: as part of the credit process, the projects that are vulnerable to physical risks due to their geographical location requires insurance policies that may cover the possible damages that may be caused by natural disasters. Similarly, in the SEMS process it is requested that they also have an emergency response plans civil protection programs. |
| Chronic physical | Not relevant, included | <p>Chronic physical risks are included within the operational risk. Operational risk is defined as the potential loss, either direct or indirect, due different causes including sudden changes in weather patterns such as higher/lower temperatures, among others.</p> <ul style="list-style-type: none"> - Operational risks: The climate in Mexico is expected to become more extreme, that is, prolonged droughts and severe rains in abnormal seasons. According to the National Institute of Ecology and Climate Change (INECC), the states most affected by drought conditions were Sonora, Sinaloa and Baja California. It is assumed that the states facing drought are the states with the highest temperatures in the country and this represents a risk of increased energy consumption. Therefore, 115 facilities are exposed to drought conditions. - Business risks: due to the changes in the climate that directly affect the activities of our clients, we identify the potential physical chronic risks and begin the development of a series of guides to prevent and manage the different problems that can arise in the different sectors. An example is the recent massive arrival of sargassum on the Mexican coast of the Caribbean that has affected the tourism sector. |

C-FS2.2b

(C-FS2.2b) Do you assess your portfolio's exposure to climate-related risks and opportunities?

| | We assess the portfolio's exposure |
|---------------------------|------------------------------------|
| Banking (Bank) | Yes |
| Investing (Asset manager) | Yes |
| Investing (Asset owner) | Yes |

| | |
|--|-----|
| Insurance underwriting (Insurance company) | Yes |
|--|-----|

C-FS2.2c

(C-FS2.2c) Describe how you assess your portfolio’s exposure to climate-related risks and opportunities.

| | Type of risk management process | Proportion of portfolio covered by risk management process | Type of assessment | Time horizon(s) covered | Tools and methods used | Provide the rationale for implementing this process to assess your portfolio's exposure to climate-related risks and opportunities |
|---------------------------|--|--|------------------------------|--|--|--|
| Banking (Bank) | A specific climate-related risk management process | 40 | Qualitative and quantitative | Short-term Medium-term Long-term | Risk models Scenario analysis Internal tools/methods | The process to assess our portfolio's exposure to climate-related risks and opportunities was carried out as part of the implementation of the TCFD. The physical risk analysis focused on the bank's branches, the real estate and temporary accommodation services sector, as well as the mortgage portfolio, while the transition risk analysis was applied only to the oil and gas sector. These sectors represent 40% of the wholesale portfolio. |
| Investing (Asset manager) | A specific climate-related risk management process | 72 | Qualitative and quantitative | Short-term Medium-term Long-term | Internal tools/methods | To assess the climate-related risks and opportunities in our portfolio, we focus on our listed equities where we quantify our scope 3 emissions helped by the public disclosure made by the issuers. The main objective of this activity is to: (i) Evaluate our portfolio exposure to climate-related risks and opportunities; ii) Understand our issuers strategies related to |



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| | | | | | | <p>climate risks and opportunities;</p> <p>(iii) Identify the issuers that represent the largest carbon footprint in the portfolio; and</p> <p>(iv) Make engagements to define GHG emission reduction targets, mitigation and/or adaptation plans in conjunction with the issuers.</p> |
| Investing (Asset owner) | A specific climate-related risk management process | 70 | Qualitative and quantitative | Short-term Medium-term Long-term | Internal tools/methods External consultants | <p>We have a specific process that allows us to evaluate climate-related risks and opportunities for each investment strategy proposed to the Investment Committee, as well as to generate an overview of the level of exposure to climate change risk in the portfolio. The outputs obtained with this process are:</p> <ul style="list-style-type: none"> - Temperature at an investment-, asset- and portfolio-level, - Paris Agreement Alignment of each investment, - Financed emissions per asset class (absolute and intensity), - GHG emission reduction targets for each investment, - Companies with GHG emissions reduction goals validated by SBT, - Polluting sectors per asset class, - List of the most relevant companies/firms by absolute emissions, WACI and intensity per million dollars of revenue, - Shades of green: classification of ESG investments, - Identification of assets in the portfolio by level of |



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| | | | | | | <p>exposure to climate change events (floods, droughts, hurricanes, water stress, etc.), and</p> <ul style="list-style-type: none"> - Medium and long-term climate scenarios of the portfolio assets, using 4.5 and 8.5 degrees scenarios. <p>In order to assess the climate-related risks and opportunities, we joined Climate Action 100+ and TCFD, through which we ask companies to:</p> <ul style="list-style-type: none"> (i) Implement a solid governance framework; (ii) Take measures to reduce GHG emissions along the value chain; (iii) Provide enhanced climate-related disclosure; (iv) Consider climate-related issues into financial decision-making; (v) Mitigate climate risk; and (vi) Promote an economy of net zero emissions. <p>Also we measure the achievement of 8 goals defined by our Investment Committee that includes the definition of policies, buildings with sustainable certifications and involvement with tenants from Real Estate investments to take carried out training on energy efficiency, water consumption and waste. We are currently strengthening these goals to implement specific targets for each objective depending on the type of assets in the real estate sector.</p> |
| Insurance underwriting | Integrated into multi-disciplinary company-wide risk | 4 | Qualitative and quantitative | Medium-term | Risk models Scenario analysis | We developed an hydrometeorological related CAT coverage for Property Damage and Business Interruption on Property programs. We also proved |



| | | | | | | |
|---------------------|--------------------|--|--|--|--|---|
| (Insurance company) | management process | | | | Stress tests Internal tools/methods External consultants Other, please specify Reinsurance | hydrometeorological related CAT coverage on a stand-alone basis both for Property businesses and for Agricultural programs. |
|---------------------|--------------------|--|--|--|--|---|

C-FS2.2d

(C-FS2.2d) Does your organization consider climate-related information about your clients/investees as part of your due diligence and/or risk assessment process?

| | We consider climate-related information |
|--|---|
| Banking (Bank) | Yes |
| Investing (Asset manager) | Yes |
| Investing (Asset owner) | Yes |
| Insurance underwriting (Insurance company) | Yes |

C-FS2.2e

(C-FS2.2e) Indicate the climate-related information your organization considers about clients/investees as part of your due diligence and/or risk assessment process, and how this influences decision-making.

Portfolio

Banking (Bank)

Type of climate-related information considered

- Emissions data
- Energy usage data
- Emissions reduction targets
- TCFD disclosures

Process through which information is obtained

- Directly from the client/investee
- Public data sources

Industry sector(s) covered by due diligence and/or risk assessment process

- Energy
- Transportation
- Real Estate

State how this climate-related information influences your decision-making

The information related to the climate is part of the priority aspects evaluated by the Environmental and Social Risk Management System, these topics have a weighting that assigns a rating to the client that is considered to support or not the financing. When a client fails to comply with any aspect, we provide a grace period to satisfy the requirements. If the client does not present evidence of compliance, the social and environmental risk department communicates the results to the Credit Committees and the financing may be conditioned or not authorized, depending on the severity of the non-compliance.

On the other hand, for the exercises to quantify emissions and define goals, we request specific information from clients, according to their sector of economic activity, through the responsible executives and we also consult public data. In this way, we obtain the necessary inputs to apply the methodologies recommended by global science. For physical risks, we consider scenarios derived from Representative Concentration Pathways (RCP) in which companies make large commitments to their emissions (RCP 2.6) and in which emissions continue with minimal commitment (RCP 8.5), and for transition risks, we consider NGFS scenarios. The results have allowed us to identify important factors that will help us to finish defining our climate strategy and our decarbonization plans, with the support of customers with the greatest exposure to carbon. During 2023, we will seek to expand the scope to other sectors of climate exposure relevant to the portfolio, seeking to solve areas of opportunity related to the availability of information, methodologies, tools, time, and process management, among other important aspects to strengthen the work, formalize the corresponding regulations and achieve the success of the different experiences.

Portfolio

Investing (Asset manager)

Type of climate-related information considered

Emissions data

Energy usage data

Emissions reduction targets

TCFD disclosures

Process through which information is obtained

Data provider

Public data sources

Industry sector(s) covered by due diligence and/or risk assessment process

Energy

Materials

Capital Goods

Commercial & Professional Services

Transportation

Automobiles & Components

Consumer Durables & Apparel

Consumer Services

Retailing

Food & Staples Retailing

Food, Beverage & Tobacco

Household & Personal Products

Pharmaceuticals, Biotechnology & Life Sciences

Telecommunication Services

Media & Entertainment

Utilities

Real Estate

State how this climate-related information influences your decision-making

We assess the performance and transparency of the most relevant ESG factors for each issuer included in the scope through an in-house methodology and our industry materiality matrix. This methodology is aligned with the GRI and SASB Standards and the CDP questionnaire on climate change aspects. It is mainly fed with data from public sources and an external ESG data provider. We assess the reputational risk of each issuer through an algorithm integrating the disputes of the relevant issuer and its exposure in the media. In 2022, we expanded the scope to new industries, having a broader portfolio coverage. We adapted the methodology to analyze sovereign issuers. In the same year, the ESG analysis coverage reached 79% of assets under management (AUM) managed internally by Operadora de Fondos. This figure exceeds the 50% that we define in our Responsible Investment Policy, according to the minimum requirements of the PRI initiative.

Portfolio

Investing (Asset owner)

Type of climate-related information considered

Emissions data

Energy usage data

Emissions reduction targets

Climate transition plans

TCFD disclosures

Process through which information is obtained

Directly from the client/investee

Data provider

Public data sources

Industry sector(s) covered by due diligence and/or risk assessment process

Energy

Materials
Capital Goods
Commercial & Professional Services
Transportation
Automobiles & Components
Consumer Durables & Apparel
Consumer Services
Retailing
Food & Staples Retailing
Food, Beverage & Tobacco
Household & Personal Products
Pharmaceuticals, Biotechnology & Life Sciences
Telecommunication Services
Media & Entertainment
Utilities
Real Estate

State how this climate-related information influences your decision-making

Climate-related risks or opportunities identified for each investment is presented to both the CIO and the Investment Committee. This information includes, among other factors, impacts on climate change; identification of investment projects with significant greenhouse gas emissions or extraction of natural resources, GHG emission reduction goals, level of compliance with national and international environmental certifications, among other factors that are incorporated into decision-making. investment decisions, together with a proposal for relationship actions with issuers/promoted companies/GP whose purpose is to reduce the identified risks and establish quarterly follow-up actions to advise and support the issuer in its mitigation or adaptation plan to climate change in case the investment is complete.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Acute physical

Cyclone, hurricane, typhoon

Primary potential financial impact

Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification

Operational risk

Company-specific description

The increase in the severity and frequency of climate events could cause monetary losses due to the limitation or temporary closure of our branch operations, as well as clients' lack of access to financial services and impacts to the locations. According to the National Institute of Ecology and Climate Change (INECC), there are 25 tropical cyclones a year generated on average in Mexico; 4 to 5 can enter to the territory and cause serious damage. The degree of direct exposure to tropical cyclones, in any of their categories, is high in at least 17 states of the country: Baja California, Baja California Sur, Sinaloa, Sonora, Nayarit, Jalisco, Colima, Michoacán, Guerrero, Oaxaca, Chiapas, Quintana Roo, Yucatán, Campeche, Tabasco, Veracruz and Tamaulipas. However, the level of vulnerability to the catastrophic presence of a phenomenon of this nature and to the process of climate change is particularly severe in Colima, Veracruz, Tamaulipas, Baja California and Baja California Sur, according to Analysis of the frequency and intensity of tropical cyclones to prevent the effects, present and future, due to variability and climate

change in Mexico, published by the INECC. Therefore, we found that 68.7% of the branches are at low hydrometeorological risk, while 22.5% are at medium risk. Notably, the remaining 8.8% of high-risk branches are located in the states of Chiapas, Veracruz, Guerrero and Oaxaca.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

As part of our ongoing assessment of the potential impact of physical hazards on our operations, we have ranked the states of the Mexican Republic according to the observed frequency and severity of acute weather events for the period 2000-2020. We use a risk traffic light model to identify regions where the level of impact may increase, and we apply this model with particular attention to our branches.

Cost of response to risk

19,500,000

Description of response and explanation of cost calculation

The cost of response to the risk considers the adaptation of a branch to a "Bunker Branch" and the annual insurance policy costs;

(i) A Bunker Branches is a branch with infrastructure adaptations that include an emergency plant, anticyclonic curtains, satellite link and engineering, which allow us to provide operational continuity to our clients in the event of any contingency and/or disaster in the affected area. To determine the new or existing branches that are suitable under the modality of a Bunker Branch, 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.

(ii) 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.

Comment

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Current regulation

Enhanced emissions-reporting obligations

Primary potential financial impact

Increased direct costs

Climate risk type mapped to traditional financial services industry risk classification

Operational risk

Company-specific description

According to the regulations of the Mexican General Law of Climate Change (LGCC) in relation with the National Emissions Register (RENE), article 3. VI-h, the companies from financial sector that emit more than 25,000 tonnes of CO2 equivalent from their entire operations are obligated to report their emissions in the Annual Certificate of Operation (COA). Also, in the transients of the law are set ranges of tonnes of CO2 equivalent by year that are obligated to verify their emissions by an accredited external auditor. Our Company falls in a regulated category, considering 99% of its operations are in Mexican territory and they generate around 60 thousand tons of CO2e each year.

Time horizon

Short-term

Likelihood

Unlikely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

86,435

Potential financial impact figure – maximum (currency)

5,186,100

Explanation of financial impact figure

If the data and documents required are not submitted the Federal Environmental Protection Agency (PROFEPA) may impose a fine of \$86,435 to \$518,610 MXN. Reporting false information should imply a fine of \$518,610 to \$1,728,700 MXN. This amount can be tripled in case of

recurrence (\$5,186,100 MXN).

Cost of response to risk

120,000

Description of response and explanation of cost calculation

Cost is associated with an external verification. Every year we collect the necessary data to calculate emissions with 100% coverage of GFNorte and these data is verified voluntary by an external auditor since 2012 and regulatory by an accredited entity every three years. Since 2017, we have created an emissions management system aligned with the ISO14064 standard for emissions accounting, which is also verified. This action ensures that there will be continuity in the event of a sudden change of responsibilities in the Sustainability Department.

Comment

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Banking portfolio

Risk type & Primary climate-related risk driver

Acute physical

Cyclone, hurricane, typhoon

Primary potential financial impact

Increased credit risk

Climate risk type mapped to traditional financial services industry risk classification

Credit risk

Company-specific description

The potential occurrence of extreme hydrometeorological events represents a significant threat to our portfolio of real estate and temporary accommodation services. These events could disrupt our customers' operations, increase their capital expenditures due to necessary repairs for damages and cause a depreciation in the value of their assets. Impairment of these real estate assets could reduce their useful lives, negatively impacting our customers' ability to pay and the value of the collateral backing our assets.

As of September 2022, our real estate and temporary accommodation portfolio represented a balance of Ps 90.5 billion, in which Mexico City and Nuevo León represent the largest concentration of financing in this sector. Only 0.6% of the real estate and temporary accommodation services portfolio is located in states with high hydrometeorological risk, while 36.2% in medium risk and 63.2% low risk. Also, the mortgage portfolio represented the most relevant consumer portfolio for the bank, with a balance of Ps. 217.5 billion concentrated mainly in the states of Nuevo León, Mexico City, the State of Mexico, and Jalisco. Only 5.5% of the mortgages portfolio is located in States with high hydrometeorological risk, 25.5% in medium risk and 69% in low risk.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

We use the modelling tool CLIMADA to conduct physical climate risk assessments in the mortgage loan portfolio. According to the results, the monetary impact on the value of mortgage collateral is concentrated in the states of Quintana Roo, Yucatán, Sinaloa, Baja California Sur, Nayarit, Colima and Tamaulipas. The impacts caused by cyclones do not occur homogeneously within each of the states; rather, they are concentrated in some specific zip codes depending on the climatic-event-trajectory coordinates and the locations of the collateral.

RCP scenarios were included to analyze cyclones' impact on the mortgage portfolio's collateral at different future GHG level emissions. In this case, RCP 4.5 and RCP 8.5 were used to show two scenarios that differ in the released emissions and therefore in the resulting temperatures, thus contrasting two possible different situations in Mexico regarding cyclone impacts. Under RCP 4.5 scenario for 2050, the greatest impacts on the value of the collateral are found in Quintana Roo, Sinaloa, Baja California Sur, Nayarit, Colima, and Yucatán. Although in these states the loss given default (LGD) impact may be high ($\geq 15\%$), the aggregate impact on overall mortgage LGD represents an increase of only 4.2%, because they have a low balance concentration in the total portfolio.

Cost of response to risk

Description of response and explanation of cost calculation

For real estate and temporary accommodation services, we offer additional financial support to our customers in the form of increases in existing credit lines or the opening of new lines, specifically designed to help them manage these risk scenarios. In addition, we promote additional insurance offerings to provide an extra layer of financial protection against these climate challenges.

For the mortgage portfolio, the potential impact of collateral value deterioration due to an increase in the severity and frequency of hurricanes is low because of a low exposure of the portfolio to high risk states. Nevertheless, all properties have adequate damage insurance policies.

Comment

Identifier

Risk 4

Where in the value chain does the risk driver occur?

Banking portfolio

Risk type & Primary climate-related risk driver

Current regulation

Carbon pricing mechanisms

Primary potential financial impact

Increased credit risk

Climate risk type mapped to traditional financial services industry risk classification

Credit risk

Company-specific description

In Mexico, the following regulations related to carbon pricing mechanisms have emerged;

(i) An Emissions Trading System (ETS), that will formally take effect in 2023 in Mexico, and that includes the Oil & Gas industry, among others. The companies regulated under the ETS are those emitting more than 100,000 tCO₂ from direct sources (scope 1) per year—together accounting for approximately 40% of the country's GHG emissions. This includes activities related to the exploitation, production, transportation and distribution of hydrocarbons.

(ii) Mexico's Income Tax Law, which stipulates the amount of taxes on carbon applicable to all productive sectors that produce or import fossil fuels, encompassing 23% of Mexico's total GHG emissions. The tax is levied on the difference in their CO₂ emissions compared to natural gas, a fuel that is exempt from the tax.

Carbon intensive clients who are regulated by these schemes will face a rise in direct and indirect operating costs. In this sense, we identify that the oil & gas sector will be most exposed by both regulations due to the nature of its operations, and its financial stability may be significantly compromised in the event of a constant and significant increase in carbon prices under either of these mechanisms, potentially resulting in the inability to fulfill their financial obligations.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Due to the relevance of the Oil and Gas Sector in Mexico and its importance within our portfolio, we carried out the first stress tests associated with the transition risks in this sector, considering time horizons to 2030 and 2050 and NGFS scenarios of Current Policies, Delayed Transition, and Net Zero, using the Oliver Wyman's Transition Check tool. Adjusting the probability of default (PD) through the Merton model and the loss given default (LGD) through the Frye-Jacobs methodology, and if the exposure at default (EAD) remains constant throughout the period analyzed, the expected loss (EL) impacted by the climate risks obtained.

This tool addresses transition risks through four risk factors:

- (i) Cost increase for direct emissions
- (ii) Cost increase for indirect emissions
- (iii) Increased investment in low carbon technologies
- (iv) Variation in revenues

These four factors impact the subsectors that make up a sector differently, which is known as sensitivity. In the Transition Check tool, it is defined in qualitative terms (High, Moderate, and Low). However, at GFNorte both qualitative and quantitative methods were used for their allocation, through a Heat Map methodology.

The projected increase or decrease in the financial ratio and risk level for each NGFS scenario was applied to the Oil and Gas portfolio at the end of December 2020, which allowed allocating a new PD to each client. In this way, the new PD showed a 12%-15% increase for the Current

Policies scenario portfolio, 18%-22% increase for Delayed Transition, and 2%-6% decrease for Zero Net. Variations can be made for future years that consider other financial ratios, other macroeconomic variables, or other portfolio sectors.

Cost of response to risk

Description of response and explanation of cost calculation

The resulting magnitude of the expected losses, impacted by the transition risks of the oil and gas sector, could be absorbed by the institution's capital in the short and medium term.

However, during 2023, we will seek to extend the scope to other areas of climate risk relevant to the portfolio, seeking to resolve areas of opportunity related to the availability of information, methodologies, tools, time and process management, among other important aspects, in order to strengthen the work, formalise the relevant regulations and make the most of the various experiences. In addition, the Group will work on defining the decarbonisation strategy, which will involve greater involvement of the business lines, clients, academics and consultants.

Comment

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Banking portfolio

Opportunity type

Markets

Primary climate-related opportunity driver

Increased diversification of financial assets (e.g., green bonds and infrastructure)

Primary potential financial impact

Increased diversification of financial assets

Company-specific description

Though the latest years with the aim to boost sustainability issues in the financial markets we have developed a Sustainable Bond Framework,(SBF). For sustainable bonds issuance, all the proceeds will be used to finance or refinance, in whole or in part, loans to eligible companies or projects that provide positive environmental and/or social impacts that fall into the eligible categories based on the International Capital Market Association (ICMA) Green Bond Principles (GBP) and the Social Bond Principles (SBP). The eligible are; Renewable Energy, Energy Efficiency, Natural Resources and Biodiversity, Sustainable Mobility and Water Management, Affordable Basic Infrastructure and Access to Essential Services, Affordable Housing and Food Safety. Social projects that apply to any category mentioned before and meet the corresponding description must have positive social results especially, but not exclusively, for a specific group of the target population. The benefits from issuing a thematic bond are:

- (i) Increase our investor diversification;
- (ii) Increase in the demand of the debt issued;
- (iii) Strengthen our commitment with sustainability to investors and other stakeholders; and
- (iv) Contribute to internal and external sustainability commitments in line with SDG´s and Paris Agreement.

For further information, go to our Sustainability Bond Framework in the following link: https://investors.banorte.com/~/_media/Files/B/Banorte-IR/Sustainability%202021/Banorte_Sustainable_Bond_Framework.pdf

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

4,070,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

According to our internal sustainable taxonomy (sectoral activity codes, CAS, in Spanish), at the end of 2022, our sustainable portfolio in Corporate Banking and Commercial Banking was estimated at Ps. 4.07 billion (1.2% of the corporate and business portfolio), allocated to projects related to the generation of energy from renewable and clean sources, sustainable construction, wastewater treatment, as well as the reuse, recycling, and final destination of solid waste such as metals and plastics. On the other hand, our climate portfolio, which by now, includes only renewable energy financing totals approximately Ps. 3.61 billion (1.07% of the corporate and business portfolio).

Cost to realize opportunity

500,000

Strategy to realize opportunity and explanation of cost calculation

A second-party opinion (SPO) gives investors confidence as it ensures that the thematic bonds issuance are in line with market expectations and industry best practices. Banorte hired Sustainalytics to review the Sustainability Bond Framework and provide a SPO on the Framework's environmental and social credentials, as well as its alignment with the Green Bond Principles (GBP) and Social Bonds Principles (SBP). Also,

there are additional costs associated with issuance in the market that are not being considered within the cost to realize the opportunity since they will depend on how the management is carried out and the characteristics of the bond.

Comment

Identifier

Opp2

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Markets

Primary climate-related opportunity driver

Improved ratings by sustainability/ESG indexes

Primary potential financial impact

Increased access to capital

Company-specific description

Different global rating agencies such as MSCI, SAM, FTSE4Good, Sustainalytics, among others, evaluate our performance in ESG factors periodically through different public sources. We understand that highlighting with good results allows us to adhere to sustainability indices, which converge in attracting and retaining institutional investors interested in ESG issues.

The indices to which we currently belong are the following:

- FTSE4Good Emerging Markets
- FTSE4Good Emerging Markets Latam
- FTSE4Good BIVA
- MSCI Mexico ESG Select Focus Index



- Dow Jones Sustainability Index MILA
- S&P/BMV Total Mexico ESG Index

However, there are other indices to which we could adhere if we improve our ESG performance; MSCI Emerging Markets ESG Index, DJSI Emerging Markets and VigeoEiris Emerging Markets Sustainability Index to mention a few of the ones we are seeking.

The Principles for Responsible Investment (PRI) initiative has 5,381 signatories worldwide that together represent \$121 tn of USD in AUM at the first quarter of 2023. One of the commitments involved in being a PRI signatory is the integration of ESG criteria in investment processes and climate change is on the top of mind of investors.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

According to BNY Mellon, we have identified that 36.7% of the floating shares are held by investors that have socially responsible investment (SRI) strategies and that 8.35% of the shares are traded through SRI funds or ETFs by the end of third quarter 2023.

Cost to realize opportunity

0

Strategy to realize opportunity and explanation of cost calculation

The evaluations carried out by the ESG Rating Agencies represent a framework of best practices in the financial sector and support the definition of our continuous improvement plan. In this sense, our Sustainability Committee, through the Subcommittees and the Department of Sustainability and Responsible Investment, is in charge of adopting the criteria evaluated in the development of the sustainability strategy, ensuring the implementation of the best ESG practices and promote them throughout the Group.

Comment

Identifier

Opp3

Where in the value chain does the opportunity occur?

Banking portfolio

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

Climate change is a critical environmental issue because of its global reach, long-term impact, and potential to drastically alter ecosystems and economies. For financial institutions such as Banorte, this means a diverse and complex set of risks and opportunities. In the context of a

comprehensive socio-environmental risk assessment, climate change can be considered in several dimensions.

We have identified a number of opportunities by sector to finance various efforts that will result in increased revenues for the Bank. In the oil and gas sector, as well as in the cement, aluminum, iron and steel sector, we have identified the following opportunities: increased demand for financing energy and operational efficiency projects, as well as carbon capture and sequestration. In addition, the cement, aluminum, iron and steel sector has an opportunity in renewable energy and alternative fuels. These opportunities are significant because the power generation sector can take advantage of the latter in addition to financing new plants. On the other hand, the increase in revenue due to greater demand for the building, real estate and temporary accommodation sector to finance adaptation measures that allow repair and greater resilience and protect its infrastructure with more sophisticated hydrometeorological coverage, and the agriculture and livestock sector can protect itself with specialized coverage to amortize grain and livestock losses, the use of technologies focused on the use of energy, soil, water, fertilizers, and others.

Another of the opportunities identified is to attract and retain clients by offering services such as advice on best practices to promote new projects focused on reducing emissions that require financing for their implementation. In very specific cases, for the real estate sector, attracting clients by offering sustainable products for financing buildings with low-carbon technologies and sustainable building certifications (LEED, EDGE, BREEAM, among others); for the agricultural sector, financing activities with sustainable certifications (Rainforest Alliance, UTZ, SAGARPA Organic, among others). Finally, for the transportation sector, there are opportunities in the financing of sustainable products such as low-emission transportation, such as hybrid, electric and green hydrogen vehicles.

Time horizon

Long-term

Likelihood

Likely

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)



Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

By including climate change in its comprehensive environmental risk assessment, Banorte can better anticipate and prepare for these various threats, ensuring the resilience and long-term sustainability of its operations. The institution also has the opportunity to offer more robust underwriting and refinancing services. These could include natural disaster insurance and flexible refinancing options for affected clients. There is also an opportunity to invest in climate-resilient infrastructure, both in terms of physical construction and digitization of services, to mitigate these risks and ensure continuity of operations. This would include continuous monitoring of climate risks, integrating environmental risks into financial decision-making, and improving transparency and disclosure of climate risks.

Cost to realize opportunity

Strategy to realize opportunity and explanation of cost calculation

Comment

C3. Business Strategy

C3.1

(C3.1) Does your organization's strategy include a climate transition plan that aligns with a 1.5°C world?

Row 1



Climate transition plan

No, but our strategy has been influenced by climate-related risks and opportunities, and we are developing a climate transition plan within two years

Explain why your organization does not have a climate transition plan that aligns with a 1.5°C world and any plans to develop one in the future

During 2022, we focused on the development of methodologies and models for the quantification of physical and transition risks of operations and the credit portfolio of the banking sector, as well as the quantification of scope 1, 2 and 3 emissions, particularly those financed emissions (category 15) and the definition of their respective emission reduction targets under the Science Based Targets initiative (SBTi) methodology, and the Net Zero Banking Alliance (NZBA) guidelines. In this sense, we make a first estimate of the possible impacts derived from climate-related risks, we trace the trajectory that we must follow according to the annual goals until 2030 and 2050 under scenarios of 2°C and 1.5°C according to the scope and we established the necessary bases to begin developing the climate transition plan. We estimate to have the climate transition plan within the next 18 months.

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

| | Use of climate-related scenario analysis to inform strategy |
|-------|---|
| Row 1 | Yes, qualitative and quantitative |

C3.2a

(C3.2a) Provide details of your organization’s use of climate-related scenario analysis.

| Climate-related scenario | Scenario analysis coverage | Temperature alignment of scenario | Parameters, assumptions, analytical choices |
|---|----------------------------|-----------------------------------|---|
| Physical climate scenarios Customized publicly | Portfolio | 1.6°C – 2°C | To strengthen our climate risk management and align our strategies with global efforts to limit the temperature increase to 1.5°C above pre-industrial levels and, in the worst case, to 2°C, we conducted a comprehensive climate modeling exercise. Additionally we extended the analysis |



| | | | |
|---|-----------|--|--|
| available physical scenario | | | <p>using the RCPs, which are theoretical projections of greenhouse gas concentration trajectories that have been used in IPCC reports for climate modeling. They describe different climate futures, which are considered possible depending on the volume of greenhouse gases (GHG) emitted in the coming years, the RCPs, which are labeled based on a possible range of radiative forcing values in the year 2100, where the forcing unit is expressed in watts per square meter (W/m²), in different analysis we used RCP 2.6, RCP 4.5, RCP 6 and RCP 8.5.</p> <p>The climate models developed provide a quantitative framework for understanding the potential impacts of climate change on our operations and portfolios. These models help us anticipate how variables such as global temperature may affect the frequency and severity of extreme hydrometeorological events, and ultimately the financial resilience of our institution.</p> <p>We also stress test these climate models to estimate potential losses under adverse scenarios. By considering factors such as the potential impact of hurricanes on mortgage collateral, we can develop more efficient and adaptive strategies. This comprehensive approach allows us to anticipate risks, protect our direct operations, and maintain the health of our portfolios to ensure our resilience in a future marked by climate change.</p> |
| Transition scenarios NGFS scenarios framework | Portfolio | | <p>In addressing transition risks, we believe that almost all sectors of the economy will be affected, although those with higher GHG emissions will face greater challenges in the transition to a low-carbon economy.</p> <p>Based on the analysis of the GHG emissions of our portfolios at Banorte, we have identified opportunities and risks in the short, medium and long term, mainly arising from transition risks, for the sectors that integrates our corporate and business portfolios.</p> <p>In Mexico, the oil and gas sectors are highly relevant, which is reflected in our portfolio. To better understand the potential risks and opportunities, we have stress-tested these portfolios under different scenarios projected to 2030 and 2050. These scenarios include Current Policies, Delayed Transition and Net Zero.</p> <p>Our results indicate that, over the medium to long term, the impact on expected losses (maintaining current exposure) can vary significantly across the different economic activities that integrates the oil and gas sector. However, it is important to note that the resulting expected losses could be absorbed by the institution's capital in the short to medium term.</p> |

| | | |
|--|--|---|
| | | <p>The relationship between the financial information of clients of a subset of the wholesale portfolio of the “Real Estate and Rental Services” sector and the macroeconomic variables projected by the NiGEM model of the NGFS scenarios were analyzed. The historical relationship between the financial ratios of this portfolio’s clients and the unemployment values, GDP growth and inflation was explored, and statistical models were adjusted to establish an association between them. Then, the model with the best performance was selected and the impact that projected unemployment would have on a financial ratio relative to liquidity was estimated for each of the clients in this portfolio sample.</p> <p>The projected increase or decrease in the financial ratio and risk level for each NGFS scenario was applied to the above portfolio at the end of December 2020, which allowed allocating a new PD to each client. In this way, the new PD showed a 12%-15% increase for the Current Policies scenario portfolio, 18%-22% increase for Delayed Transition, and 2%-6% decrease for Zero Net. In future exercises we will consider other financial ratios, other macroeconomic variables, or other portfolio sectors.</p> |
|--|--|---|

C3.2b

(C3.2b) Provide details of the focal questions your organization seeks to address by using climate-related scenario analysis, and summarize the results with respect to these questions.

Row 1

Focal questions

- Transition risks:

- i) How will the transition risks affect the different portfolios of the institution in the short, medium and long term?
- ii) What are the short-, medium- and long-term opportunities and risks associated with transition risks?
- iii) How will the oil and gas sectors perform under different time scales, climate scenarios and regulatory scenarios?
- iv) What could be the expected losses under the scenarios used, and how would it affect the financial stability of the institution?
- v) Does the institution have the capacity to absorb projected losses in the short and medium term?
- vi) What strategies can the institution implement to mitigate the risks and take advantage of the opportunities related to the transition to a low

carbon economy?

- Physical risks:

- i) How will climate change, given various greenhouse gas concentration pathways and climate scenarios, affect operations and portfolios?
- ii) How can global temperature variability and the intensity of extreme hydrometeorological events influence Banorte's operations and portfolios?
- iii) What level of financial resilience does the institution have against the possible impacts of climate change, especially in adverse scenarios?
- iv) What could be the potential impact of extreme weather events, such as cyclones, on mortgage collateral?
- v) How can the strategies to adapt and mitigate these physical risks be optimized and, therefore, guarantee the financial and operational health of Banorte in the future in a context of climate change?

Results of the climate-related scenario analysis with respect to the focal questions

Transition risks, driven by key policy, regulatory, technology and market changes to counter climate change, could mean a major reconfiguration of business operations. The comprehensive decarbonization of the economy will require commitments and adaptations from all industrial sectors, although its scope will vary. The transition to clean energy sources and the achievement of net zero emissions targets will require substantial investment. Those sectors with the greatest difficulty for decarbonization, such as oil and gas, power generation, agriculture and livestock, cement, steel, among others, will be exposed to greater transition risks. Our analysis suggests that, in the medium and long term, expected losses, assuming the continuation of current exposure, may fluctuate significantly in the various economic activities that make up the oil and gas sector. However, it is crucial to underline that the expected losses could be absorbed by Banorte's capital in the short and medium term. This absorptive capacity highlights the compelling need for continued proactive monitoring and management of these transition risks. This will not only allow us to ensure the stability and continuity of our operations in the future, but also to identify emerging investment opportunities in sustainable sectors and technologies, thus helping Banorte to position itself as a leader in the transition towards a greener and more resilient economy.

On the other hand, through initial climate modelling for physical risk, Banorte has been able to obtain a quantitative understanding of the potential impacts of climate change on its operations and portfolios. The findings indicate that climate change could have significant effects on the profitability of certain investments and on operating costs, especially in the context of extreme weather events. In addition, the stress tests carried out have revealed Banorte's resilience in the face of adverse scenarios. Despite the challenges that climate change may present, Banorte has demonstrated the ability to absorb financial losses, ensuring its financial viability in the short and medium term. In terms of the impact of extreme events, the models allow the institution to anticipate the effects of cyclones and other extreme events on mortgage collateral. This will allow Banorte to develop more efficient strategies to mitigate these risks. Finally, this risk assessment will improve Banorte's ability to anticipate and prepare for future challenges.

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

| | Have climate-related risks and opportunities influenced your strategy in this area? | Description of influence |
|-----------------------|---|--|
| Products and services | Yes | <p>Our ability to maintain our competitive position depends, in part, on the success of new products and services we offer our clients and to our ability to continue offering products and services from third parties. In addition, we are aware that financial institutions represent a trigger for the transition towards a low-carbon economy and a more sustainable future.</p> <p>As a financial Group, we offer different sustainable financial products for some of our business lines, the purpose of which is to benefit our clients through their good performance and mobilize capital towards economic activities that are aligned with global goals and objectives in terms of sustainability. These products include: (i) Sustainability-linked syndicated loans, (ii) ESG advisory, (iii) SME Eco-loan, (iv) Autoestrene Verde for hybrid and electric vehicles, (v) Thematic bonds such as investors and intermediary underwriters, (vi) NTEESG Fund, and (vii) Sustainable insurance.</p> <p>Moreover, we identify new market opportunities due to the growing demand of sustainable financial products from actual and potential customers (as disclosed in C2.4a Opp 3). Therefore, we started working through a “Sustainable Finance Cell”, which is a working group with multidisciplinary teams from Risk, Finance, Wholesale and Retail Banking, Products and Sustainability departments that has the following functions; (i) Integrate sustainable finance into traditional credit processes, (ii) Establish sustainable criteria adopting sustainable taxonomies, (iii) Define special sustainability clauses in contracts, (iv) Develop sustainable financial products, prioritizing carbon-intensity sectors, and (v) Train commercial areas and promote the products.</p> <p>Increasing sustainable financing will allow us raising resources through labeled issuances such as green, social or sustainable bonds, or sustainability linked bonds (as disclosed in C.4a Opp 1). Depending on the quality of the issuance and the use of proceeds or the ambition of the KPI’s linked</p> |

| | | |
|---------------------------------|-----|---|
| | | (depending on the bond type), we identify an opportunity in pricing benefits due to greater demand from the investors on labeled instruments. |
| Supply chain and/or value chain | Yes | <p>As part of the climate strategy, we are working on a decarbonization plan that includes the following issues:</p> <ul style="list-style-type: none"> (i) Identify the most relevant customers in the sectors with the highest carbon intensity. (ii) Coordinate sectorial workshops and forums with our clients where best practices are exchanged, as well as experiences in their implementation. (iii) Train and advise clients with technical aspects of methodologies, guidelines and regulations related to climate change. (iv) Approaching participating clients interested in improving their ESG performance, with a priority focus on those seeking to reduce their carbon footprint. (v) Offer products and services that trigger new market opportunities (as disclosed in C.4a Opp 3). |
| Investment in R&D | Yes | <p>Through GFNorte's collaboration with the National Biodiversity Commission in Mexico and the World Wildlife Fund we are developing a geographic information system that will allow the projects we finance to be located spatially and identify potential environmental and social risks based on the characterization of the sites. This tool will strengthen the operation of the Bank's Environmental and Social Risk Management System, making it possible to increase efficiency in the risk identification stages of the process. In addition, the tool will provide access to information belonging to one of the most important data sources in the country on the matter.</p> <p>On the other hand, we engaged an external consultancy to help us quantify the emissions financed and the reduction targets, as well as the physical and transition risks to which our portfolio is exposed (as disclosed in C2.3a Risk 1, Risk 3 and Risk 4). In addition, we have strengthened the internal team with staff trained in science-based climate change, risk, and biodiversity issues. The internal team is currently evaluating the information generated by the quantifications to develop a climate change strategy and action plan.</p> |
| Operations | Yes | To mitigate acute physical risks in our operations (as disclosed in C2.3a Risk 2), Banorte has a Command Center called "COP," which is responsible for monitoring and providing information on the weather nationwide, a Business Continuity Plan (BCP), that integrates different measures against these |

| | | |
|--|--|--|
| | | <p>risks, a methodology for business continuity based on the international practices of the DRII (Disaster Recovery International Institute), and a recovery strategy called Disaster Recovery Plan (DRP) implemented in the event of potential damage to the Banorte Main Computer Center facilities. Also, 8 sub-committees operate in different regions of the country involving 448 employees during the 2022. In addition, we have implemented in our commercial network a recovery strategy for branches called "Bunker Branches". We currently have 15 Bunker Branches, which have an infrastructure that 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.</p> |
|--|--|--|

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

| | Financial planning elements that have been influenced | Description of influence |
|-------|---|--|
| Row 1 | Revenues Direct costs Capital expenditures Capital allocation Claims reserves | <p>Revenues and direct costs: In 2022, we recorded 88 weather events, 85 of which impacted direct economic damages in 57 of our branches. The costs resulting from physical damage to these buildings amounted to around \$406.8 thousand pesos. In addition, we estimate a net operating profit loss of approximately \$2.89 million pesos due to operations interruptions totaling 120 hours.</p> <p>Capital allocation: At the end of 2022, our sustainable portfolio in Corporate Banking and Commercial Banking was estimated at \$4.07 billion pesos, allocated to projects related to the generation of energy from renewable and clean sources, sustainable construction, wastewater treatment, as well as the reuse, recycling, and final destination of solid waste such as metals and plastics.</p> <p>Claim reserves: There´s a reserve labeled as a contingency fund, whose resources are used in cases of damage to physical assets caused by natural disasters.</p> <p>Capital expenditures: For acute physical risks such as hurricanes, cyclones and floods, in 2022, we invested \$2.28 million pesos in climatic reinforcement in exterior windows of 18 branches and 20 ATM lobbies.</p> |

C3.5

(C3.5) In your organization’s financial accounting, do you identify spending/revenue that is aligned with your organization’s climate transition?

| Identification of spending/revenue that is aligned with your organization’s climate transition | |
|--|--|
| Row 1 | No, but we plan to in the next two years |

C-FS3.6

(C-FS3.6) Does the policy framework for your portfolio activities include climate-related requirements for clients/investees, and/or exclusion policies?

| | Policy framework for portfolio activities that include climate-related requirements for clients/investees, and/or exclusion policies | Explain why the policy framework for your portfolio activities do not include climate-related requirements for clients/investees, and/or exclusion policies |
|-------|--|---|
| Row 1 | No, but we plan to include climate-related requirements and/or exclusion policies in our policy framework in the next two years | We are in the early stages of the analysis that will allow us to define the next steps in terms of climatic exclusion criteria and policies. |

C-FS3.6c

(C-FS3.6c) Why does the policy framework for your portfolio activities not include climate-related requirements for clients/investees, and/or exclusion policies?

We are in the early stages of the analysis that will allow us to define the next steps in terms of climatic exclusion criteria and policies. However, we have an Environmental Policy (https://investors.banorte.com/~media/Files/B/Banorte-IR/sustainability/policies-and-procedures/en/PoliticaAmbiental_en.pdf) that addresses the issue of climate change in general in section 4. Internal Initiatives and Commitments, number 5. In a transparent manner, to annually gather, evaluate and report through appropriate communication channels an analysis of physical or transitional risks and opportunities that the company identifies as possible or actual in relation to climate change issues. It is important to mention that we are developing a Climate Change Policy whose objectives are:



- Develop climate risk management capacities;
- Reduce GHG emissions from institutional operations and portfolios;
- Allocate capital towards a low carbon economy; and
- Improve the transparency of our efforts to mitigate the impacts of climate change.

C-FS3.7

(C-FS3.7) Does your organization include climate-related requirements in your selection process and engagement with external asset managers?

| Climate-related requirements included in selection process and engagement with external asset managers | |
|--|-----|
| Row 1 | Yes |

C-FS3.7a

(C-FS3.7a) Provide details of the climate-related requirements included in your selection process and engagement with external asset managers.

Coverage

All assets managed externally

Mechanisms used to include climate-related requirements in external asset manager selection

Include climate-related requirements in investment mandates

Include climate-related requirements in performance indicators and incentive structures

Include climate-related requirements in requests for proposals

Preference for investment managers with an offering of funds resilient to climate change

Publish requirements of external investment managers in relation to climate issues

Review investment manager's climate performance (e.g., active ownership, proxy voting records, under-weighting in high impact activities)

Review investment manager's climate-related policies

Use of external data on investment managers regarding climate risk management

Describe how you monitor and engage with asset managers to ensure investment activities are consistent with your climate strategy

Afore XXI Banorte specifically seeks to integrate ESG factors into investment processes and the decisions of external managers, including three major stages: the selection, appointment and monitoring of administrators, where it is sought that in each of the stages the principles and practices of responsible investment are integrated. The following issues of the external manager responsible investment policies and practices are evaluated:

- Organization:

- (i) Commitment and experience in responsible investment
- (ii) Responsible investment policies
- (iii) Governance structure, supervision and accountability at the highest level

- People and culture:

- (i) Adequate resources and incentives
- (ii) Responsible investment competencies and staff experience

- Investment process:

- (i) Incorporation of material ESG factors into the investment process
- (ii) Incorporation of risks related to systemic sustainability issues in the investment process
- (iii) Incorporate material ESG factors and risks related to systemic sustainability issues into portfolio risk assessment

- Information Transparency:

- (i) ESG information disclosure in periodic reports
- (ii) ESG factors inclusion in contractual agreements

Once the external manager has been selected and approved, efforts will be made for the Mutual Fund to contractually establish that it carry out the following ESG activities:

to. Apply and follow a responsible investment strategy



- b. Incorporate relevant ESG factors into investment activities and use specialized IR analysts
- c. Comply with the exclusion list
- d. Communicate and report on responsible investing
- e. Participate in management activities to seek sustainability results and common objectives and collaborate with other stakeholders and organizations in the sector
- f. Establish and maintain incentives and controls to ensure that the interests of the Fund Manager are not misaligned with those of the Investor
- g. Disclose climate-related issues in accordance with the TCFD Framework in the timeframes proposed therein
- h. Integrate human rights considerations in line with the OECD Guidelines for Multinational Enterprises and the UUN Guiding Principles on Business and Human Rights
- i. They acknowledge that their designation is conditioned on the compliance with the obligations described above

In addition, the external managers are evaluated annually through our internal ESG Ratings tool, as well as analyzed semi-annually through our information providers (MSCI).

C-FS3.8

(C-FS3.8) Does your organization include covenants in financing agreements to reflect and enforce your climate-related policies?

| | Climate-related covenants in financing agreements | Primary reason for not including climate-related covenants in financing agreements | Explain why your organization does not include climate-related covenants in financing agreements and your plans for the future |
|-------|--|--|---|
| Row 1 | No, but we plan to include climate-related covenants in the next two years | Important but not an immediate priority | We are structuring the climate risk management process that will make it possible to establish greater contractually commitments for clients. |

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target

Portfolio target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Is this a science-based target?

Yes, we consider this a science-based target, and the target is currently being reviewed by the Science Based Targets initiative

Target ambition

1.5°C aligned

Year target was set

2022

Target coverage

Company-wide

Scope(s)

Scope 1

Scope 2

Scope 2 accounting method

Location-based

Scope 3 category(ies)

Base year

2020

Base year Scope 1 emissions covered by target (metric tons CO2e)

3,461.75

Base year Scope 2 emissions covered by target (metric tons CO2e)

63,339.46

Base year Scope 3, Category 1: Purchased goods and services emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 2: Capital goods emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 4: Upstream transportation and distribution emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 6: Business travel emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 7: Employee commuting emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 10: Processing of sold products emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 11: Use of sold products emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 14: Franchises emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 15: Investments emissions covered by target (metric tons CO₂e)

Base year Scope 3, Other (upstream) emissions covered by target (metric tons CO₂e)

Base year Scope 3, Other (downstream) emissions covered by target (metric tons CO2e)

Base year total Scope 3 emissions covered by target (metric tons CO2e)

Total base year emissions covered by target in all selected Scopes (metric tons CO2e)

66,801.21

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

100

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

100

Base year Scope 3, Category 1: Purchased goods and services emissions covered by target as % of total base year emissions in Scope 3, Category 1: Purchased goods and services (metric tons CO2e)

Base year Scope 3, Category 2: Capital goods emissions covered by target as % of total base year emissions in Scope 3, Category 2: Capital goods (metric tons CO2e)

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target as % of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

Base year Scope 3, Category 4: Upstream transportation and distribution covered by target as % of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e)

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target as % of total base year emissions in Scope 3, Category 5: Waste generated in operations (metric tons CO2e)

Base year Scope 3, Category 6: Business travel emissions covered by target as % of total base year emissions in Scope 3, Category 6: Business travel (metric tons CO2e)

Base year Scope 3, Category 7: Employee commuting covered by target as % of total base year emissions in Scope 3, Category 7: Employee commuting (metric tons CO2e)

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 8: Upstream leased assets (metric tons CO2e)

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target as % of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution (metric tons CO2e)

Base year Scope 3, Category 10: Processing of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 10: Processing of sold products (metric tons CO2e)

Base year Scope 3, Category 11: Use of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 11: Use of sold products (metric tons CO2e)

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e)



Base year Scope 3, Category 13: Downstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 13: Downstream leased assets (metric tons CO2e)

Base year Scope 3, Category 14: Franchises emissions covered by target as % of total base year emissions in Scope 3, Category 14: Franchises (metric tons CO2e)

Base year Scope 3, Category 15: Investments emissions covered by target as % of total base year emissions in Scope 3, Category 15: Investments (metric tons CO2e)

Base year Scope 3, Other (upstream) emissions covered by target as % of total base year emissions in Scope 3, Other (upstream) (metric tons CO2e)

Base year Scope 3, Other (downstream) emissions covered by target as % of total base year emissions in Scope 3, Other (downstream) (metric tons CO2e)

Base year total Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes

100

Target year

2030

Targeted reduction from base year (%)

42

Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated]

38,744.7018

Scope 1 emissions in reporting year covered by target (metric tons CO2e)

2,606.45

Scope 2 emissions in reporting year covered by target (metric tons CO2e)

56,987.88

Scope 3, Category 1: Purchased goods and services emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 2: Capital goods emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 4: Upstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 5: Waste generated in operations emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 6: Business travel emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 7: Employee commuting emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 8: Upstream leased assets emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 9: Downstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 10: Processing of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 11: Use of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 12: End-of-life treatment of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 13: Downstream leased assets emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 14: Franchises emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 15: Investments emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Other (upstream) emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Other (downstream) emissions in reporting year covered by target (metric tons CO2e)

Total Scope 3 emissions in reporting year covered by target (metric tons CO2e)

Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)

59,594.33

Does this target cover any land-related emissions?

No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

% of target achieved relative to base year [auto-calculated]

25.6870168897

Target status in reporting year

Revised

Please explain target coverage and identify any exclusions

This target is company-wide and covers 100% of both our Scope 1 and 2 emissions and has no exclusions. We have not included any land-related emissions within the target boundary.

Plan for achieving target, and progress made to the end of the reporting year

For the reporting year, Banorte's operations decarbonization plan is still under development and it will cover the following initiatives to reduce scope 1 and 2 emissions:

Clean or renewable energy:

- Identify and evaluate the substitution of electricity consumption of the most relevant administrative buildings with clean or renewable energy providers that operate within the wholesale electricity market (MEM), guaranteeing the traceability of the resource with their respective IRECs.
- Evaluate opportunities for distributed energy generation through the installation of solar panels in our own branches through different schemes.

Energy efficiency program in owned branches:

- Carry out an energy audit of the branches with the highest energy consumption using kWh/m² energy intensity metric.
- Replace obsolete equipment with more efficient equipment, prioritizing air conditioning and lighting systems.
- Establish a continuous monitoring program to identify additional opportunities for improvement.

Other emissions reduction initiatives:

- Environmental awareness for collaborators.
- Changes in internal travel policies to integrate environmental factors.
- Establish an internal carbon price mechanism.
- Identify and evaluate the possibility of obtaining an environmental certification in the most relevant administrative buildings.
- Acquire carbon offsets (up to 10% of the reporting year's emissions), from reforestation or carbon capture and storage projects, among others.
- Evaluate the gradual replacement of internal combustion vehicles by hybrid or electric vehicles in the fleet.

Even the Abs 1 target is linear, the progress curve is likely to be variable as it depends on the budget and implementation timing.

List the emissions reduction initiatives which contributed most to achieving this target

C-FS4.1d

(C-FS4.1d) Provide details of the climate-related targets for your portfolio.

Target reference number

Por1

Year target was set

2022

Portfolio

Banking (Bank)

Product type/Asset class/Line of business

Corporate loans

Sectors covered by the target

Utilities

Target type

Sector Decarbonization Approach (SDA)

Target type: Absolute or intensity

Intensity

Scopes included in temperature alignment

Metric (or target numerator if intensity)

Metric tons CO₂e

Target denominator

Other, please specify

MWh

Base year

2021

Figure in base year

0.006

Percentage of portfolio emissions covered by the target

100

Monetary metric for portfolio coverage (unit currency as reported in C0.4)

Loan book value

Percentage of portfolio covered by the target, using a monetary metric

100

Frequency of target reviews

Annually

Interim target year

2030

Figure in interim target year

0.002

Target year

2035

Figure in target year

0.001

Figure in reporting year

0.006

% of target achieved relative to base year [auto-calculated]

0

Aggregation weighting used

Proportion of portfolio emissions calculated in the reporting year based on asset level data

100

Proportion of the temperature score calculated in the reporting year based on company targets

Target status in reporting year

New

Is this a science-based target?

Yes, we consider this a science-based target, and the target is currently being reviewed by the Science-based target initiative

Target ambition

Well-below 2°C aligned

Please explain target coverage and identify any exclusions

Por1 emission reduction target was calculated with the Sectoral Decarbonization Approach (SDA) methodology, using the Science-based Targets Setting Tool version 2.1 provided by the Science Based Targets initiative (SBTi). It contemplates an intermediate target for 2030 and a target for 2035 in line with the Group's net zero commitments.

The target has a coverage of 100% of the corporate loans from power generation sector of Banorte (bank) and Arrendadora y Factor (leasing and factoring) subsidiaries for FY 2021, complying with the minimum coverage required by the SBTi guidance. Project finance for power generation sector are excluded as they are considered in a different asset class.

The target is currently in the validation process by SBTi, therefore, it could have changes in the following reporting periods as it is subject to feedback from the initiative.

Target reference number

Por2

Year target was set

2022

Portfolio

Banking (Bank)

Product type/Asset class/Line of business

Retail mortgages

Sectors covered by the target

Real estate

Target type

Sector Decarbonization Approach (SDA)

Target type: Absolute or intensity

Intensity

Scopes included in temperature alignment

Metric (or target numerator if intensity)

Metric tons CO₂e

Target denominator

Meters squared

Base year

2021

Figure in base year

8.85

Percentage of portfolio emissions covered by the target

Monetary metric for portfolio coverage (unit currency as reported in C0.4)

Loan book value

Percentage of portfolio covered by the target, using a monetary metric

Frequency of target reviews

Annually

Interim target year

2030

Figure in interim target year

5.12

Target year

2050

Figure in target year

0.81

Figure in reporting year

8.85

% of target achieved relative to base year [auto-calculated]

0

Aggregation weighting used

Proportion of portfolio emissions calculated in the reporting year based on asset level data

Proportion of the temperature score calculated in the reporting year based on company targets

Target status in reporting year

New

Is this a science-based target?

Yes, we consider this a science-based target, and the target is currently being reviewed by the Science-based target initiative

Target ambition

1.5°C aligned

Please explain target coverage and identify any exclusions

Por2 emission reduction target was calculated with the Sectoral Decarbonization Approach (SDA) methodology, using the SDA for Commercial Real Estate and Residencial Mortgages version 1.2 provided by the Science Based Targets initiative (SBTi). It contemplates an intermediate target for 2030 and a target for 2050 in line with the Group's net zero commitments.

Although the asset class is not mandatory for the SBTi initiative, it is included voluntarily due to the relevance of the portfolio in the Group's balance sheet. The coverage of the target is 95% of the financed emissions and 89% of outstanding amount of the mortgage loans of Banorte (bank) subsidiary for FY 2021. We excluded clients with whom we do not have the m2 since the physical intensity cannot be calculated and, consequently, their respective goal cannot be calculated under the tool used.

The target is currently in the validation process by SBTi, therefore, it could have changes in the following reporting periods as it is subject to feedback from the initiative.

Target reference number

Por3

Year target was set

2022

Portfolio

Banking (Bank)

Product type/Asset class/Line of business

Corporate loans

Sectors covered by the target

Real estate

Target type

Sector Decarbonization Approach (SDA)

Target type: Absolute or intensity

Intensity

Scopes included in temperature alignment

Metric (or target numerator if intensity)

Metric tons CO₂e

Target denominator

Meters squared

Base year

2021

Figure in base year

41.95

Percentage of portfolio emissions covered by the target

73.4

Monetary metric for portfolio coverage (unit currency as reported in C0.4)

Loan book value

Percentage of portfolio covered by the target, using a monetary metric

79

Frequency of target reviews

Annually

Interim target year

2030

Figure in interim target year

19.95

Target year

2050

Figure in target year

1

Figure in reporting year

41.95

% of target achieved relative to base year [auto-calculated]

0

Aggregation weighting used

Proportion of portfolio emissions calculated in the reporting year based on asset level data

Proportion of the temperature score calculated in the reporting year based on company targets

Target status in reporting year

New

Is this a science-based target?

Yes, we consider this a science-based target, and the target is currently being reviewed by the Science-based target initiative

Target ambition

1.5°C aligned

Please explain target coverage and identify any exclusions



Por3 emission reduction target was calculated with the Sectoral Decarbonization Approach (SDA) methodology, using the SDA for Commercial Real Estate and Residencial Mortgages version 1.2 provided by the Science Based Targets initiative (SBTi). It contemplates an intermediate target for 2030 and a target for 2050 in line with the Group's net zero commitments.

The coverage of the target is 73% of the financed emissions and 79% of outstanding amount of the corporate loans from commercial real estate sector of Banorte (bank) subsidiary for FY 2021, complying with the minimum coverage required by the SBTi guidance. We excluded corporate clients with whom we do not have the m2 since the physical intensity cannot be calculated and, consequently, their respective goal cannot be calculated under the tool used.

The target is currently in the validation process by SBTi, therefore, it could have changes in the following reporting periods as it is subject to feedback from the initiative.

Target reference number

Por4

Year target was set

2022

Portfolio

Banking (Bank)

Product type/Asset class/Line of business

Corporate loans

Sectors covered by the target

All sectors

Energy

Target type

Portfolio coverage

Target type: Absolute or intensity

Scopes included in temperature alignment

Metric (or target numerator if intensity)

% of portfolio setting a Science-Based Target

Target denominator

Base year

2021

Figure in base year

1.43

Percentage of portfolio emissions covered by the target

79.7

Monetary metric for portfolio coverage (unit currency as reported in C0.4)

Loan book value

Percentage of portfolio covered by the target, using a monetary metric

78

Frequency of target reviews

Annually

Interim target year

2026

Figure in interim target year

27.4

Target year

2040

Figure in target year

100

Figure in reporting year

1.43

% of target achieved relative to base year [auto-calculated]

0

Aggregation weighting used

Enterprise owned emissions weighted temperature score (EOTS)

Proportion of portfolio emissions calculated in the reporting year based on asset level data

Proportion of the temperature score calculated in the reporting year based on company targets

Target status in reporting year

New

Is this a science-based target?

Yes, we consider this a science-based target, and the target is currently being reviewed by the Science-based target initiative

Target ambition

Well-below 2°C aligned

Please explain target coverage and identify any exclusions

Por4 emission reduction target was calculated with the Portfolio Coverage (PC) methodology, using the Financial Sector Science Based Targets Guidance provided by the Science Based Targets initiative (SBTi). It contemplates an intermediate target for 2026 and a target for 2040 in line with the Group's net zero commitments.

The coverage of the target is 95% and 67% of outstanding amount of the corporate loans from oil & gas sector and other long-term debt of Banorte (bank) and Arrendadora y Factor (leasing and factoring) subsidiaries for FY 2021, complying with the minimum coverage required by the SBTi guidance. Other long-term debt is considered when the maturity of the loan is greater than 1 year and it includes clients from cement, transport, agriculture, iron & steel, aluminium and building mainly. Clients with maturities of less than 1 year and whose amounts are not representative to achieve the required coverage are excluded.

The target is currently in the validation process by SBTi, therefore, it could have changes in the following reporting periods as it is subject to feedback from the initiative.

Target reference number

Por5

Year target was set

2022

Portfolio

Investing (Asset owner)

Product type/Asset class/Line of business

Fixed income

Listed equity

Other, please specify

Exchange Trade Funds (ETF's)

Sectors covered by the target

All sectors

Target type

Portfolio coverage

Target type: Absolute or intensity

Scopes included in temperature alignment

Metric (or target numerator if intensity)

% of portfolio setting a Science-Based Target

Target denominator

Base year

2021

Figure in base year

10.7

Percentage of portfolio emissions covered by the target

Monetary metric for portfolio coverage (unit currency as reported in C0.4)

Assets under management

Percentage of portfolio covered by the target, using a monetary metric

100

Frequency of target reviews

Annually

Interim target year

2026

Figure in interim target year

34.2

Target year

2040

Figure in target year

100

Figure in reporting year

10.7

% of target achieved relative to base year [auto-calculated]

0

Aggregation weighting used

Enterprise owned emissions weighted temperature score (EOTS)

Proportion of portfolio emissions calculated in the reporting year based on asset level data

Proportion of the temperature score calculated in the reporting year based on company targets

Target status in reporting year

New

Is this a science-based target?

Yes, we consider this a science-based target, and the target is currently being reviewed by the Science-based target initiative

Target ambition



Well-below 2°C aligned

Please explain target coverage and identify any exclusions

Por4 emission reduction target was calculated with the Portfolio Coverage (PC) methodology, using the Financial Sector Science Based Targets Guidance provided by the Science Based Targets initiative (SBTi). It contemplates an intermediate target for 2026 and a target for 2040 in line with the Group's net zero commitments.

The coverage of the target is 100% of the Group's investments in listed equity, corporate bonds and ETF's in terms of AUM for FY 2021, complying with the minimum coverage required by the SBTi guidance.

The target is currently in the validation process by SBTi, therefore, it could have changes in the following reporting periods as it is subject to feedback from the initiative.

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

No other climate-related targets

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

| | Number of initiatives | Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *) |
|---------------------|-----------------------|--|
| Under investigation | 1 | 2,653.5 |
| To be implemented* | 0 | 0 |

| | | |
|---------------------------|---|--------|
| Implementation commenced* | 0 | 0 |
| Implemented* | 2 | 307.2 |
| Not to be implemented | 1 | 33,400 |

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Energy efficiency in buildings
Heating, Ventilation and Air Conditioning (HVAC)

Estimated annual CO2e savings (metric tonnes CO2e)

42.2

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

281,319

Investment required (unit currency – as specified in C0.4)

Payback period

4-10 years

Estimated lifetime of the initiative

6-10 years

Comment

We implemented a technology renovation program for the air conditioning equipment, which consists of substituting equipment near obsolescence with more energy-efficient technologies that use ecological gases. The scope was 70 properties, including administrative buildings and branches, of which 33 reflected a decrease of 97,096 kWh, equivalent to 42.2 tCO₂e, and savings of Ps. 281,319 as of their installation.

Initiative category & Initiative type

Company policy or behavioral change
Resource efficiency

Estimated annual CO₂e savings (metric tonnes CO₂e)

265

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

1,522,999

Investment required (unit currency – as specified in C0.4)

0

Payback period

<1 year



Estimated lifetime of the initiative

Ongoing

Comment

Our automatic computer shutdown program outside working hours allowed us to cease the consumption of approximately 609,200 kWh during the year, translating into 265 tCO2e avoided and savings of Ps. 1,522,999.54.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

| Method | Comment |
|--|---------|
| Dedicated budget for energy efficiency | |
| Employee engagement | |

C-FS4.5

(C-FS4.5) Do any of your existing products and services enable clients to mitigate and/or adapt to the effects of climate change?

Yes

C-FS4.5a

(C-FS4.5a) Provide details of your existing products and services that enable clients to mitigate and/or adapt to climate change, including any taxonomy used to classify the products(s).

Product type/Asset class/Line of business

Banking

Corporate loans

Taxonomy or methodology used to classify product

Externally classified using other taxonomy or methodology, please specify
Eco-Crédito NAFIN Program

Description of product

In 2018, we joined the Green SME programs of Nacional Financiera (Nafin) to promote financing for SMEs to operate with energy efficiency or renewable energy through the Eco-Loan Energy Efficiency program, which is focused on acquiring or replacing equipment and covering its installation expenses with new and more efficient technologies or improving production with the same energy expenditure, and the Interconnected Solar Cell Systems program, which promotes financing for acquiring and installing solar systems under the distributed clean energy scheme.

Product enables clients to mitigate and/or adapt to climate change

Mitigation

Portfolio value (unit currency – as specified in C0.4)

9,600,000

% of total portfolio value

0.02

Type of activity financed/insured or provided

Green buildings and equipment
Renewable energy

Product type/Asset class/Line of business

Banking
Retail loans

Taxonomy or methodology used to classify product

Internally classified

Description of product

The electrification of the transportation sector is critical to decarbonizing the economy and promoting the right to a healthy environment. Therefore, many countries have adopted electric mobility as part of their strategies to fight climate change. In April 2022, according to Mexico's electric mobility objectives, GFNorte launched Autoestrene Verde, a product created for hybrid and electric vehicle financing that became a market leader quickly.

Product enables clients to mitigate and/or adapt to climate change

Mitigation

Portfolio value (unit currency – as specified in C0.4)

365,000,000

% of total portfolio value

1.13

Type of activity financed/insured or provided

Low-emission transport

Product type/Asset class/Line of business

Insurance
Property & Casualty

Taxonomy or methodology used to classify product

Internally classified

Description of product

Our insurance subsidiary, Seguros Banorte, offers catastrophic coverage for weather-related phenomena, helping clients mitigate the physical risks of climate change, like hurricanes, flooding, storm surges, tsunamis, and hail, among others. This type of insurance is available for homes, retail, and industrial properties. In 2022, we covered 218,075 risks throughout the country, including the zones with the most significant exposure to hurricanes—the Yucatán peninsula, the Gulf of Mexico, and the Pacific Coast. The insurable assets declared in these policies

totaled Ps. 891.33 billion, with total risk retention of Ps. 85.30 billion and net premiums of Ps. 795 million.

Seguros Banorte also offers a parametric insurance policy with coverage against hurricanes. The parametric triggers of payment depend on the trajectory and speed of the wind—scaled at 100, 130, and 160 knots—which determines the maximum parametric payout. Parameters are graded according to the official records of the National Hurricane Center at the National Oceanic and Atmospheric Administration (NHC-NOAA). In the event of a claim that includes any predefined parameters, our commitment is to make payment within 72 hours, regardless of whether or not there was any impact in the insured zone. This guarantees that infrastructure and natural capital impacts in the defined area can be addressed quickly. In 2022, we are celebrating three years of serving the private and government sectors with this type of coverage. We issued five policies in various states of Mexico, with net premiums of Ps. 52 million.

Product enables clients to mitigate and/or adapt to climate change

Adaptation

Portfolio value (unit currency – as specified in C0.4)

% of total portfolio value

Type of activity financed/insured or provided

Risk transfer mechanisms for under-insured or uninsured

C5. Emissions methodology

C5.1

(C5.1) Is this your first year of reporting emissions data to CDP?

No



C5.1a

(C5.1a) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?

Row 1

Has there been a structural change?

No

C5.1b

(C5.1b) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?

| | Change(s) in methodology, boundary, and/or reporting year definition? |
|-------|---|
| Row 1 | No |

C5.2

(C5.2) Provide your base year and base year emissions.

Scope 1

Base year start

January 1, 2020

Base year end

December 31, 2020

Base year emissions (metric tons CO2e)

3,461.75



Comment

Scope 2 (location-based)

Base year start

January 1, 2020

Base year end

December 31, 2020

Base year emissions (metric tons CO2e)

63,339.46

Comment

Scope 2 (market-based)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

We did not had scope 2 market-based emissions in the base year.

Scope 3 category 1: Purchased goods and services



Base year start

January 1, 2020

Base year end

December 31, 2020

Base year emissions (metric tons CO2e)

95.72

Comment

Scope 3 category 2: Capital goods

Base year start

January 1, 2020

Base year end

December 31, 2020

Base year emissions (metric tons CO2e)

2,247.54

Comment

Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)

Base year start

January 1, 2020

Base year end

December 31, 2020

Base year emissions (metric tons CO2e)

853.56

Comment

Scope 3 category 4: Upstream transportation and distribution

Base year start

January 1, 2020

Base year end

December 31, 2020

Base year emissions (metric tons CO2e)

2,798.28

Comment

Scope 3 category 5: Waste generated in operations

Base year start

January 1, 2020

Base year end

December 31, 2020

Base year emissions (metric tons CO2e)

34.62

Comment



Scope 3 category 6: Business travel

Base year start

January 1, 2020

Base year end

December 31, 2020

Base year emissions (metric tons CO2e)

500.61

Comment

Scope 3 category 7: Employee commuting

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Relevant, not calculated.

Scope 3 category 8: Upstream leased assets

Base year start



Base year end

Base year emissions (metric tons CO2e)

Comment

Not relevant, not calculated.

Scope 3 category 9: Downstream transportation and distribution

Base year start

January 1, 2020

Base year end

December 31, 2020

Base year emissions (metric tons CO2e)

1,761.36

Comment

Scope 3 category 10: Processing of sold products

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Not relevant, not calculated.

Scope 3 category 11: Use of sold products

Base year start

Base year end

Base year emissions (metric tons CO₂e)

Comment

Not relevant, not calculated.

Scope 3 category 12: End of life treatment of sold products

Base year start

Base year end

Base year emissions (metric tons CO₂e)

Comment

Not relevant, not calculated.

Scope 3 category 13: Downstream leased assets



Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Not relevant, not calculated.

Scope 3 category 14: Franchises

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Not relevant, not calculated.

Scope 3: Other (upstream)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Not evaluated.

Scope 3: Other (downstream)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Not evaluated.

C5.3

(C5.3) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

ISO 14064-1

Programa GEI Mexico

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Standard

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO₂e?

Reporting year

Gross global Scope 1 emissions (metric tons CO₂e)

2,606.45

Comment

We used the factors published by the Ministry of Environment and Natural Resources (SEMARNAT, its initials in Spanish), in the Agreement that establishes the technical characteristics and the formulas to apply methodologies for the calculation of gas emissions or greenhouse compounds to calculate scope 1 emissions.

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We have no operations where we are able to access electricity supplier emission factors or residual emissions factors and are unable to report a Scope 2, market-based figure

Comment

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO₂e?

Reporting year

Scope 2, location-based

56,987.88

Comment

We used the 2022 National Electric System Emission Factor published by the Regulatory Energy Commission (CRE, its initials in Spanish), to calculate scope 2 emissions as we are in a location-based scheme.

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2 or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO₂e)

6,756.78

Emissions calculation methodology

Spend-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Scope 3 category 1 emissions include expenses in advertising printing, consultancy services and refrigerant gas refilling. We used the spend-based method and the emission factors from "Supply Chain GHG Emission Factors for US Commodities and Industries (v1.1.1)" database provided by the United States Environmental Protection Agency (EPA US), to calculate scope 3 category 1 emissions. The recently published factors correspond to 2018; thus, they were updated according to the inflation recorded for the lapsed period and the exchange rate at the end of the reporting year (2022). The coverage of figure reported is 95% of the operations, in terms of full time employees (FTE).

Capital goods

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

827.98

Emissions calculation methodology

Spend-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Scope 3 category 2 emissions include office equipment purchase such as laptops and PCs. We used the spend-based method and the emission factors from "Supply Chain GHG Emission Factors for US Commodities and Industries (v1.1.1)" database provided by the United States Environmental Protection Agency (EPA US), to calculate scope 3 category 2 emissions. The recently published factors correspond to

2018; thus, they were updated according to the inflation recorded for the lapsed period and the exchange rate at the end of the reporting year (2022). The coverage of figure reported is 87% of the operations, in terms of full time employees (FTE).

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

709.38

Emissions calculation methodology

Fuel-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Scope 3 category 3 emissions include electricity transmission and distribution (T&D), and fuels' well to tank (WTT) associated with the Group's energy consumption reported in question C8.2a. We used the fuel-based method and the emission factors from Conversion factors 2020: full set document" database provided by the Department of the Environment, Food and Rural Affairs (DEFRA), to calculate scope 3 category 3 emissions. The coverage of figure reported is 100% of the operations, in terms of full time employees (FTE).

Upstream transportation and distribution

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

1,335.73

Emissions calculation methodology

Spend-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Scope 3 category 4 emissions include expenses in correspondence emails, valid shipments and other internal shipments. We used the spend-based method and the emission factors from "Supply Chain GHG Emission Factors for US Commodities and Industries (v1.1.1)" database provided by the United States Environmental Protection Agency (EPA US), to calculate scope 3 category 4 emissions. The recently published factors correspond to 2018; thus, they were updated according to the inflation recorded for the lapsed period and the exchange rate at the end of the reporting year (2022). The coverage of figure reported is 87% of the operations, in terms of full time employees (FTE).

Waste generated in operations

Evaluation status

Not relevant, calculated

Emissions in reporting year (metric tons CO₂e)

180.07

Emissions calculation methodology

Waste-type-specific method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Scope 3 category 5 emissions include waste generated in operations by type; corrugate containers, mixed paper, aluminium cans, newspaper, PET and mixed municipal solid waste (MSW). We used the waste-type-specific method and the emission factors from "Emission Factors for Greenhouse Gas Inventories 2022" database provided by the United States Environmental Protection Agency (EPA US), to calculate scope 3 category 5 emissions. The coverage of figure reported is 35% of the operations, in terms of full time employees (FTE).

Business travel



Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

261.68

Emissions calculation methodology

Distance-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Scope 3 category 6 emissions include short, medium and long haul air travels. We used the distance-based method and the emission factors from "Emission Factors for Greenhouse Gas Inventories 2022" database provided by the United States Environmental Protection Agency (EPA US), to calculate scope 3 category 6 emissions. The coverage of figure reported is 100% of the operations, in terms of full time employees (FTE).

Employee commuting

Evaluation status

Relevant, not yet calculated

Please explain

We are evaluating and collecting information to estimate scope 3 category 7 emissions, however, we have faced a challenge with the continuous updates in databases due to changes in the work schemes that arose from the COVID-19 restrictions. We plan to make a first estimate in the following two years.

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

Emissions generated from leased assets including buildings, branches, and vehicles, are considered in scope 1 and 2 emissions reported in question C8.2a as the Group subsidiaries have fully operational control of them. Therefore, there are no scope 3 category 8 emissions to report in this section.

Downstream transportation and distribution

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

723.41

Emissions calculation methodology

Spend-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Scope 3 category 9 emissions include expenses in shipments abroad, deliveries of credit cards and shipments of account statements. We used spend-based method and the emission factors from "Supply Chain GHG Emission Factors for US Commodities and Industries (v1.1.1)" database provided by the United States Environmental Protection Agency (EPA US), to calculate scope 3 category 9 emissions. The recently published factors correspond to 2018; thus, they were updated according to the inflation recorded for the lapsed period and the exchange rate at the end of the reporting year (2022). The coverage of figure reported is 87% of the operations, in terms of full time employees (FTE).

Processing of sold products

Evaluation status

Not relevant, explanation provided

Please explain

There are no scope 3 category 10 emissions since, as financial institution, GFNorte does not sell products that are raw materials or intermediate products for other company's processes or operations.

Use of sold products

Evaluation status

Not relevant, explanation provided

Please explain

Scope 3 category 11 emissions are negligible since the products and services offered by GFNorte are not carbon intensive in their use.

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Please explain

Scope 3 category 12 emissions are negligible since the products and services offered by GFNorte do not generate waste in large quantities or that are highly polluting.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

Arrendadora y Factor Banorte's main activity is to implement financial and operating leasing contracts for fixed assets, as well as factoring contracts. Pure operating leasing of this subsidiary is applicable for downstream leased assets emissions (scope 3 category 13), nevertheless, they are negligible as it represent 8.3% of subsidiary's total assets and the subsidiary represents 2.2% of the Group's total assets for fiscal year 2022. Financial leasing is considered as a credit portfolio and its emissions are reported in scope 3 category 15. Investments.

Franchises



Evaluation status

Not relevant, explanation provided

Please explain

Franchises are not part of GFNorte's business, therefore, there are no scope 3 category 14 emissions.

Other (upstream)

Evaluation status

Not evaluated

Please explain

Other (downstream)

Evaluation status

Not evaluated

Please explain

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO₂e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

1.31

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO₂e)

59,594.33

Metric denominator

unit total revenue

Metric denominator: Unit total

45,408

Scope 2 figure used

Location-based

% change from previous year

19

Direction of change

Decreased

Reason(s) for change

Change in revenue

Please explain

Group's net income is considered as unit total revenue. The reason for change can be explained as the Group's GHG emissions increased 5.1% (scope 1 + 2), and the net income increased 30%, both compared to 2021. The increase in GHG emissions is mainly related to a increase in the national electrical emissions factor for 2022, which was 2.83% higher than the previous year, and an increase in energy consumption of 2.7% due to employees' returning to offices full- and part-time.

Intensity figure

1.95

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)

59,594.33

Metric denominator

full time equivalent (FTE) employee

Metric denominator: Unit total

30,590

Scope 2 figure used

Location-based

% change from previous year

7

Direction of change

Increased

Reason(s) for change

Change in physical operating conditions

Please explain

Group's full time employees include full-time employees, those working on a fee basis and other professional service providers. The reason for change can be explained as the Group's GHG emissions increased 5.1% (scope 1 + 2), and full time employees stay stable with a marginal decrease of 0.25%, both compared to 2021. The increase in GHG emissions is mainly related to a increase in the national electrical emissions factor for 2022, which was 2.83% higher than the previous year, and an increase in energy consumption of 2.7% due to employees' returning to offices full- and part-time.

C7. Emissions breakdowns

C7.7

(C7.7) Is your organization able to break down your emissions data for any of the subsidiaries included in your CDP response?

Yes

C7.7a

(C7.7a) Break down your gross Scope 1 and Scope 2 emissions by subsidiary.

Subsidiary name

Banco Mercantil del Norte (Banorte)

Primary activity

Banks

Select the unique identifier(s) you are able to provide for this subsidiary

ISIN code - equity

ISIN code – bond

ISIN code – equity

MX0QBA070037

CUSIP number

Ticker symbol

SEDOL code

LEI number



Other unique identifier

Scope 1 emissions (metric tons CO2e)

1,110.235

Scope 2, location-based emissions (metric tons CO2e)

55,070.856

Scope 2, market-based emissions (metric tons CO2e)

0

Comment

Subsidiary name

Seguros y Pensiones Banorte

Primary activity

Insurance

Select the unique identifier(s) you are able to provide for this subsidiary

No unique identifier

ISIN code – bond

ISIN code – equity

CUSIP number



Ticker symbol

SEDOL code

LEI number

Other unique identifier

Scope 1 emissions (metric tons CO2e)

1,148.04

Scope 2, location-based emissions (metric tons CO2e)

738.529

Scope 2, market-based emissions (metric tons CO2e)

0

Comment

Subsidiary name

Afore XXI Banorte

Primary activity

Asset managers



Select the unique identifier(s) you are able to provide for this subsidiary

No unique identifier

ISIN code – bond

ISIN code – equity

CUSIP number

Ticker symbol

SEDOL code

LEI number

Other unique identifier

Scope 1 emissions (metric tons CO2e)

123.095

Scope 2, location-based emissions (metric tons CO2e)

1,094.843

Scope 2, market-based emissions (metric tons CO2e)

0

Comment

Subsidiary name

Arrendadora y Factor

Primary activity

Other financial

Select the unique identifier(s) you are able to provide for this subsidiary

No unique identifier

ISIN code – bond

ISIN code – equity

CUSIP number

Ticker symbol

SEDOL code

LEI number

Other unique identifier



Scope 1 emissions (metric tons CO2e)

63.551

Scope 2, location-based emissions (metric tons CO2e)

0

Scope 2, market-based emissions (metric tons CO2e)

0

Comment

Subsidiary name

Almacenadora

Primary activity

Other financial

Select the unique identifier(s) you are able to provide for this subsidiary

No unique identifier

ISIN code – bond

ISIN code – equity

CUSIP number



Ticker symbol

SEDOL code

LEI number

Other unique identifier

Scope 1 emissions (metric tons CO2e)

157.526

Scope 2, location-based emissions (metric tons CO2e)

83.647

Scope 2, market-based emissions (metric tons CO2e)

0

Comment

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Increased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

| | Change in emissions (metric tons CO2e) | Direction of change in emissions | Emissions value (percentage) | Please explain calculation |
|--|--|----------------------------------|------------------------------|--|
| Change in renewable energy consumption | 0 | No change | 0 | |
| Other emissions reduction activities | 307.2 | Decreased | 0.54 | Gross scope 2 emissions decreased by 0.54% due to energy efficiency activities undertaken; AC renovation program and equipment automatic shutdown. The figure was estimated with the energy reductions resulted from the initiatives reported in C4.2b multiplied by the national electricity emission factor. |
| Divestment | 0 | No change | 0 | |
| Acquisitions | 0 | No change | 0 | |
| Mergers | 0 | No change | 0 | |
| Change in output | 0 | No change | 0 | |
| Change in methodology | 1,572.08 | Increased | 2.83 | Since 94.7% of the Group's total emissions of fiscal year 2022 were generated from energy consumption and considering that we operate under a location-based scheme, scope 2 emissions are subject to the variation of the national electricity emission factor. Therefore, our scope 2 emissions increased 1,572.08 tCO2e as the national electrical emissions factor for 2022 increased 2.83% compared to previous year. The figure is calculated using the electricity consumed in 2022 |

| | | | | |
|---|----------|-----------|-----|---|
| | | | | multiplied by the national electricity emission factor for 2021 less scope 2 emissions for 2022. |
| Change in boundary | 0 | No change | 0 | |
| Change in physical operating conditions | 1,538.07 | Increased | 2.7 | Since 94.7% of the Group's total emissions of fiscal year 2022 were generated from energy consumption in administrative buildings and branches operation, scope 2 emissions are subject to the occupancy of these facilities. Therefore, our scope 2 emissions increased 1,538.07 tCO2e as the employees´ returning to offices full- and part-time. The figure is calculated with the electricity consumption of 2022 minus that of 2021, multiplied by the national electricity emission factor, considering that the infrastructure and the number of facilities remain constant. |
| Unidentified | 0 | No change | 0 | |
| Other | 0 | No change | 0 | |

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

| | Indicate whether your organization undertook this energy-related activity in the reporting year |
|--|---|
| Consumption of fuel (excluding feedstocks) | Yes |
| Consumption of purchased or acquired electricity | Yes |
| Consumption of purchased or acquired heat | No |
| Consumption of purchased or acquired steam | No |
| Consumption of purchased or acquired cooling | No |
| Generation of electricity, heat, steam, or cooling | No |

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

| | Heating value | MWh from renewable sources | MWh from non-renewable sources | Total (renewable and non-renewable) MWh |
|--|----------------------------|----------------------------|--------------------------------|---|
| Consumption of fuel (excluding feedstock) | HHV (higher heating value) | 0 | 10,044.05 | 10,044.05 |
| Consumption of purchased or acquired electricity | | 0 | 131,006.61 | 131,006.61 |
| Total energy consumption | | 0 | 141,050.66 | 141,050.66 |

C8.2g

(C8.2g) Provide a breakdown by country/area of your non-fuel energy consumption in the reporting year.

Country/area

Mexico

Consumption of purchased electricity (MWh)

131,006.61

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

131,006.61

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.



C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

| | Verification/assurance status |
|--|--|
| Scope 1 | Third-party verification or assurance process in place |
| Scope 2 (location-based or market-based) | Third-party verification or assurance process in place |
| Scope 3 | Third-party verification or assurance process in place |

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place

Annual process


Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

 AR_Banorte_2022_ENG_FV.pdf

Page/ section reference

232, GRI Standard: 305-1

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach

Scope 2 location-based

Verification or assurance cycle in place

Annual process


Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

 AR_Banorte_2022_ENG_FV.pdf

Page/ section reference

232, GRI Standard: 305-2

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category

Scope 3: Purchased goods and services

Scope 3: Capital goods

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2)

Scope 3: Upstream transportation and distribution

Scope 3: Waste generated in operations

Scope 3: Business travel

Scope 3: Downstream transportation and distribution

Verification or assurance cycle in place

Annual process

Status in the current reporting year


Complete

Type of verification or assurance



Limited assurance

Attach the statement

 AR_Banorte_2022_ENG_FV.pdf

Page/section reference

232, GRI Standard: 305-3

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

| Disclosure module verification relates to | Data verified | Verification standard | Please explain |
|---|--|-----------------------|---------------------|
| C2. Risks and opportunities | Other, please specify Financial implications and other risks and opportunities due to climate change. | ISAE3000 | GRI Standard: 201-2 |



| | | | |
|-----------------------------|---|----------|---------------------|
| C8. Energy | Energy consumption | ISAE3000 | GRI Standard: 302-1 |
| C6. Emissions data | Year on year emissions intensity figure | ISAE3000 | GRI Standard: 305-4 |
| C4. Targets and performance | Emissions reduction activities | ISAE3000 | GRI Standard: 305-5 |

C11. Carbon pricing

C11.2

(C11.2) Has your organization canceled any project-based carbon credits within the reporting year?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

No, but we anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our customers/clients

Yes, our investees

C-FS12.1b

(C-FS12.1b) Give details of your climate-related engagement strategy with your clients.

Type of clients

Customers/clients of Banks

Type of engagement

Information collection (understanding client behavior)

Details of engagement

Collect climate change and carbon information at least annually from long-term clients

Other, please specify

Advice, due diligence, and dissemination of the best sectoral practices in general environmental matters

% client-related Scope 3 emissions as reported in C-FS14.1a

Portfolio coverage (total or outstanding)

Rationale for the coverage of your engagement

Engagement targeted at clients with increased climate-related risks

Impact of engagement, including measures of success

C-FS12.1c

(C-FS12.1c) Give details of your climate-related engagement strategy with your investees.

Type of engagement

Engagement & incentivization (changing investee behavior)

Details of engagement

Exercise active ownership

Engagement with 20 investees with a focus on highest emitters or those responsible for 65% of emission in portfolio (either Direct, Collective, or via Asset Manager)

Encourage better climate-related disclosure practices among investees

Encourage investees to set a science-based emissions reduction target

% scope 3 emissions as reported in C-FS14.1a/C-FS14.1b

70

Investing (Asset managers) portfolio coverage

0

Investing (Asset owners) portfolio coverage

3

Rationale for the coverage of your engagement

Engagement targeted at investees with the highest potential impact on the climate

Impact of engagement, including measures of success

As a case of success through our collaborative engagement actions through CA+100, CEMEX stands out, an issuer that has achieved in 2022, having decarbonization objectives validated by the Science Based Targets (SBTi) initiative to align with a scenario of 1.5°C. This validation includes scope 1, 2 and 3 objectives.

Additionally, CEMEX has developed the Futuro en Acción program that describes a roadmap for CO2 reduction. This involves the deployment of technological innovations and operational decisions that will support its decarbonization objectives. CEMEX also expects to invest approximately USD 150 million annually to support its transition program and meet its goal by 2030.

CEMEX objectives for 2030:

(i) Scope 1 Goals: 47% less CO₂ per ton of cementitious material and 35% less carbon in our concrete.

(ii) Scope 2 Goals: 65% clean electricity consumption.

(iii) Scope 3 Goals: 25% less CO₂ per ton of clinker and cement purchased, 30% less transport emissions, 40% fewer scope 3 emissions per ton of fuel purchased and 42% fewer absolute Scope 3 emissions from the use of commercialized fuels.

CEMEX's issuances represent 60% of the financed issuances in the Shares instrument investments, being one of the main issuers in the portfolio to be followed up in our strategy, likewise, it is responsible for 7% of the issuances nationwide.

The success of our involvement is measured through the following actions: adherence of issuers to SBTs, calculation of the carbon footprint, GHG emission reduction targets, publication of the TCFD report, generation of climate change scenarios, target to increase the percentage of renewable energy in its operation, verification of information by an independent third party, etc.

Type of engagement

Information collection (Understanding investee behavior)

Details of engagement

Include climate-related criteria in investee selection / management mechanism

Climate-related criteria is integrated into investee evaluation processes

Collect climate-related and carbon emissions information from new investee companies as part of initial due diligence

Collect climate-related and carbon emissions information at least annually from long-term investees

% scope 3 emissions as reported in C-FS14.1a/C-FS14.1b

83

Investing (Asset managers) portfolio coverage

0

Investing (Asset owners) portfolio coverage

88

Rationale for the coverage of your engagement

Engagement targeted at investees with increased climate-related risks

Impact of engagement, including measures of success

Currently, the reduction targets publicly proposed by issuers have been monitored (through collective or individual relations), covering 6 of the 10 issuers to be monitored with these actions, which represent 3% of the AUMs of the portfolio and 70% of the financed issues.

Likewise, for highly polluting sectors, although due to financed emissions or the issuer's participation in the portfolio this is not relevant, the aim is to promote the calculation of their absolute emissions due to the risk of these businesses (in case of not having their information), their incorporation into SBTs, through commitment letters with specific dates for their adherence, define a science-based emission reduction goal, as well as promote better practices for the disclosure of climate-related information.

The measurement of the success of engagement is calculated based on the alignment review with the Paris Agreement, defining annually a minimum annual reduction of 2.5% in absolute GHG emissions, adherence of emitters to SBTs, calculation of the footprint reduction, GHG emission reduction targets, publication of the TCFD report, generation of climate change scenarios, goal of increasing the percentage of renewable energy in its operation, verification of information by an independent third party, etc.

Type of engagement

Engagement & incentivization (changing investee behavior)

Details of engagement

Exercise active ownership

Implement a stewardship and engagement strategy, with a clear escalation and voting policy, that is consistent with our ambition for all assets under management to achieve net zero emissions by 2050 or sooner

Encourage better climate-related disclosure practices among investees

Encourage investees to set a science-based emissions reduction target

% scope 3 emissions as reported in C-FS14.1a/C-FS14.1b

0.45

Investing (Asset managers) portfolio coverage

0.61

Investing (Asset owners) portfolio coverage

0

Rationale for the coverage of your engagement

Engagement targeted at investees currently not meeting climate-related policy requirements

Impact of engagement, including measures of success

As investor signatories to the Carbon Disclosure Project (CDP), we actively participate in the collective involvement campaigns that promote said initiative, the Non-Disclosure Campaign (NDC), and that of Science Based Targets (SBT), formed by 220 financial institutions representing \$29.3 billion in assets and 98 multinational companies, the goal of the campaign is to encourage 1,000 of the most carbon intensive companies globally to adopt the methodologies of SBT for goal setting reduction of GHG emissions. Of the Universe of companies considered, 131 are Latin American and, of these, 17 are Mexican companies in which we have positions.

Type of engagement

Engagement & incentivization (changing investee behavior)

Details of engagement

Exercise active ownership

Implement a stewardship and engagement strategy, with a clear escalation and voting policy, that is consistent with our ambition for all assets under management to achieve net zero emissions by 2050 or sooner

Encourage better climate-related disclosure practices among investees

Encourage investees to set a science-based emissions reduction target

% scope 3 emissions as reported in C-FS14.1a/C-FS14.1b

70

Investing (Asset managers) portfolio coverage

0



Investing (Asset owners) portfolio coverage

88

Rationale for the coverage of your engagement

Engagement targeted at investees with the highest potential impact on the climate

Impact of engagement, including measures of success

Currently, the reduction targets publicly proposed by issuers have been monitored (through collective or individual relations), covering 6 of the 10 issuers to be monitored with these actions, which represent 3% of the AUMs of the portfolio and 70% of the financed issues. Likewise, for the highly polluting sectors, although due to financed emissions or WACI they are not relevant in the portfolio, the aim is to promote the calculation of their absolute emissions due to the risk of these businesses (in case of not having their information), their incorporation into SBTs, through commitment letters with specific dates for their adherence, define a science-based emission reduction goal, as well as encourage better practices for the disclosure of climate-related information.

C-FS12.2

(C-FS12.2) Does your organization exercise voting rights as a shareholder on climate-related issues?

| | Exercise voting rights as a shareholder on climate-related issues |
|-------|---|
| Row 1 | Yes |

C-FS12.2a

(C-FS12.2a) Provide details of your shareholder voting record on climate-related issues.

Method used to exercise your voting rights as a shareholder

Exercise voting rights directly

How do you ensure your shareholder voting rights are exercised in line with your overall strategy or transition plan?



Percentage of voting disclosed across portfolio

100

Climate-related issues supported in shareholder resolutions

- Climate transition plans
- Climate-related disclosures
- Emissions reduction targets
- Board oversight of climate-related issues

Do you publicly disclose the rationale behind your voting on climate-related issues?

Yes, for all

C12.3

(C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?

Row 1


External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact the climate

Yes, our membership of/engagement with trade associations could influence policy, law, or regulation that may impact the climate

Does your organization have a public commitment or position statement to conduct your engagement activities in line with the goals of the Paris Agreement?

Yes

Attach commitment or position statement(s)

 Report on Climate-Related Risks and Opportunities TCFD 2022.pdf

Describe the process(es) your organization has in place to ensure that your external engagement activities are consistent with your climate commitments and/or climate transition plan

We have adhered to important global initiatives and frameworks that aim to comply with the Paris Agreement such as the TCFD, the Net Zero Banking Alliance, the SBTi and PCAF. Since 2021 we have had an Internal Climate Change Working Group made up of the Sustainability, Risk and Business areas to implement these initiatives and have a specialized structure on climate matters. Additionally, we have various government bodies that oversee the climate proposals and actions undertaken by the institution. The processes that we have implemented include the continuous training of said working groups, accountability, the definition of climate management processes in line with current risk and credit processes, the initial involvement with some clients, the dissemination of results through public reports, among other actions.

C12.3b

(C12.3b) Provide details of the trade associations your organization is a member of, or engages with, which are likely to take a position on any policy, law or regulation that may impact the climate.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).


Publication

In mainstream reports, incorporating the TCFD recommendations

Status

Complete

Attach the document

 Report on Climate-Related Risks and Opportunities TCFD 2022.pdf

Page/Section reference

Full document

Content elements

Governance

Strategy

Risks & opportunities

Emissions figures

Emission targets

Comment

The work carried out in GFNorte during 2022 in terms of climate change constitutes the second report on compliance with the recommendations of the Task Force on Climate-Related Finance Disclosures (TCFD). In 2022, our strategy focused on quantifying scope 1 and 2 operational emissions, measuring financed emissions (scope 3) in Banorte's financing portfolio and on the issuances of the investment portfolio of Operadora de Fondos. Likewise, we prioritize the definition of goals, the analysis of physical and transition risks, the development of climatic scenarios and stress tests. The scope of the measurement of financed emissions considered the sectors of oil and gas, energy, real estate and temporary accommodation, mortgage, agriculture and livestock, aluminum, coal, cement, iron and steel, transportation, building, and wind energy, all from the wholesale portfolio, and other financial instruments of the bank's portfolio (banking book). The definition of reduction goals included only oil and gas, energy, real estate, and temporary and mortgage housing. The physical risk analysis focused on the bank's branches, the real estate and temporary accommodation services sector, as well as the mortgage portfolio, while the transition risk analysis was applied only to the oil and gas sector.

C12.5

(C12.5) Indicate the collaborative frameworks, initiatives and/or commitments related to environmental issues for which you are a signatory/member.



| | Environmental collaborative framework, initiative and/or commitment | Describe your organization's role within each framework, initiative and/or commitment |
|-------|---|---|
| Row 1 | CDP Signatory Climate Action 100+ Equator Principles Natural Capital Finance Alliance Net Zero Banking Alliance Paris Agreement Capital Transition Assessment (PACTA) Partnership for Carbon Accounting Financials (PCAF) Principle for Responsible Investment (PRI) Science-Based Targets Initiative for Financial Institutions (SBTi-FI) Task Force on Climate-related Financial Disclosures (TCFD) Task Force on Nature-related Financial Disclosures (TNFD) UN Global Compact UNEP FI UNEP FI Principles for Responsible Banking UNEP FI TCFD Pilot | <p>Principles for Responsible Banking (PRB): In 2018 we became founding members of the PBRs that promote the alignment of financial institutions with the Paris Agreement and the Sustainable Development Goals (SDGs).</p> <p>Equator Principles (EP): In 2012 we committed to these Principles, which represent the highest standard for environmental and social risk management in financing activities.</p> <p>Responsible Investment Principles (PRI): In 2017 we adhered to the six principles that promote incorporating ESG aspects in investment operations.</p> <p>Task Force on Climate-related Financial Disclosures (TCDF). In 2021 we supported the TCFD and aligned ourselves with the four recommendations of the initiative.</p> <p>Net Zero Banking Alliance (NZBA). In 2021 we also join the global commitment to achieve net zero carbon emissions by 20250.</p> <p>Task Force on Nature-related Financial Disclosures (TNFD): In 2021 we joined the TNFD that seeks financial and non-financial companies to support the generation of positive flows for nature.</p> <p>PCAF: In 2022 we joined the global initiative that offers methodologies to quantify the financed issues of our credit portfolio.</p> <p>Mexican Alliance for Biodiversity and Business (AMEBIN). Since 2016 we have supported AMEBIN, an initiative that brings together the public and private sectors, civil associations, academia and NGOs for the purpose of rational use and conservation of biodiversity.</p> |

C14. Portfolio Impact

C-FS14.0

(C-FS14.0) For each portfolio activity, state the value of your financing and insurance of carbon-related assets in the reporting year.

Lending to all carbon-related assets

Are you able to report a value for the carbon-related assets?

No, but we plan to assess our portfolio's exposure in the next two years

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

Lack of internal resources

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future

The carbon portfolio has been identified, but there are other carbon-related industries in the production chain that need to be identified.

Lending to coal

Are you able to report a value for the carbon-related assets?

Yes

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)

12,061,188

New loans advanced in reporting year (unit currency – as specified in C0.4)

Percentage of portfolio value comprised of carbon-related assets in reporting year

0.001

Details of calculation

Porcentaje de Banorte´s total loans portfolio for FY 2021.

Lending to oil and gas

Are you able to report a value for the carbon-related assets?

Yes

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)

41,565,176,813

New loans advanced in reporting year (unit currency – as specified in C0.4)

Percentage of portfolio value comprised of carbon-related assets in reporting year

5.01

Details of calculation

Figure disclosed correspond to the porcentaje of Banorte´s total loans portfolio for FY 2021.

Investing in all carbon-related assets (Asset manager)

Are you able to report a value for the carbon-related assets?

No, but we plan to assess our portfolio's exposure in the next two years

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

Other, please specify

In the process of reviewing the production chain

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future

The carbon portfolio has been identified, but there are other carbon-related industries in the production chain that need to be identified.

Investing in coal (Asset manager)

Are you able to report a value for the carbon-related assets?

Yes

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)

0

Percentage of portfolio value comprised of carbon-related assets in reporting year

0

Details of calculation

Figure disclosed correspond to the porcentaje of Operadora de Fondos Banorte AUM by the end of FY 2022. Of the companies that are part of the mining sector in which the asset manager invests, none dedicate their activities to coal mining.

Investing in oil and gas (Asset manager)

Are you able to report a value for the carbon-related assets?

Yes

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)

284,061,230.82

Percentage of portfolio value comprised of carbon-related assets in reporting year

0.12

Details of calculation

Figure disclosed correspond to the porcentaje of Operadora de Fondos Banorte AUM by the end of FY 2022. The asset manager has investments in 15 companies that belong to the oil, gas and consumable fuels sector.

Investing all carbon-related assets (Asset owner)

Are you able to report a value for the carbon-related assets?

Yes

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)

55,549,000,000

Percentage of portfolio value comprised of carbon-related assets in reporting year

7

Details of calculation

Figure disclosed correspond to the porcentaje of Afore XXI Banorte AUM by the end of FY 2022. Carbon-related assets include investments in listed equity, corporate and sovereign bonds and REITs asset classes and Utilities, Materials, Transportation and Energy sectors, according to the GICS classification.

Investing in coal (Asset owner)

Are you able to report a value for the carbon-related assets?

Yes

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)

2,318,000,000

Percentage of portfolio value comprised of carbon-related assets in reporting year

0.3

Details of calculation

Figure disclosed correspond to the porcentaje of Afore XXI Banorte AUM by the end of FY 2022. Coal investments include investments in listed equity, corporate and sovereign bonds and REITs asset classes and Mining sector with revenues from coal, according to the GICS classification.

Investing in oil and gas (Asset owner)

Are you able to report a value for the carbon-related assets?

Yes

Value of the carbon-related assets in your portfolio (unit currency – as specified in C0.4)

6,858,000,000

Percentage of portfolio value comprised of carbon-related assets in reporting year

1

Details of calculation

Figure disclosed correspond to the porcentaje of Afore XXI Banorte AUM by the end of FY 2022. Oil & gas investments include investments in listed equity, corporate and sovereign bonds and REITs asset classes and Oil & Gas sector, according to the GICS classification.

Insuring all carbon-related assets

Are you able to report a value for the carbon-related assets?

No, and we do not plan to assess our portfolio's exposure in the next two years

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

Lack of internal resources

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future

Insuring coal

Are you able to report a value for the carbon-related assets?

No, and we do not plan to assess our portfolio's exposure in the next two years

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

Lack of internal resources

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future



Insuring oil and gas

Are you able to report a value for the carbon-related assets?

No, and we do not plan to assess our portfolio’s exposure in the next two years

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

Lack of internal resources

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future

C-FS14.1

(C-FS14.1) Does your organization measure its portfolio impact on the climate?

| | We conduct analysis on our portfolio's impact on the climate | Disclosure metric | Please explain why you do not measure the impact of your portfolio on the climate |
|--|---|--------------------------|--|
| Banking (Bank) | Yes | Portfolio emissions | |
| Investing (Asset manager) | Yes | Portfolio emissions | |
| Investing (Asset owner) | Yes | Portfolio emissions | |
| Insurance underwriting (Insurance company) | No, and we do not plan to do so in the next two years | | |

C-FS14.1a

(C-FS14.1a) Provide details of your organization's portfolio emissions in the reporting year.

Banking (Bank)

Portfolio emissions (metric unit tons CO₂e) in the reporting year

6,565,166

Portfolio coverage

40.9

Percentage calculated using data obtained from clients/investees

Emissions calculation methodology

Other, please specify

Partnership for Carbon Accounting Financials (PCAF)

Please explain the details and assumptions used in your calculation

Portfolio emissions includes: Oil and Gas, Power Generation, Commercial Real Estate, other long term debt corporate loans (sectors like Cement, Agriculture, Aluminium, Coal, Iron, Steel, Transportation, Construction, etc.) and Mortgages.

Investing (Asset manager)

Portfolio emissions (metric unit tons CO₂e) in the reporting year

1,622,225

Portfolio coverage

79.29

Percentage calculated using data obtained from clients/investees

100



Emissions calculation methodology

Other, please specify

Partnership for Carbon Accounting Financials (PCAF)

Please explain the details and assumptions used in your calculation

As part of the analysis of ESG factors that is carried out for the Operadora de Fondos Banorte portfolios, we quantify Scope 3 GHG emissions based on the methodology PCAF. The quantification of financed emissions of listed equity and corporate bonds asset classes only considers scope 1 and scope 2 emissions. Green bonds, sustainable bonds and derivative products are excluded from the calculation of financed emissions of corporate bonds. For the quantification of financed emissions of sovereign bonds, consumption issues from Mexico were used. the intensity of emissions refers to the amount of CO2 emitted per gross domestic product based on purchasing power parity (tCO2e/PPP adjusted GDP).

Investing (Asset owner)

Portfolio emissions (metric unit tons CO2e) in the reporting year

10,115,230

Portfolio coverage

94

Percentage calculated using data obtained from clients/investees

100

Emissions calculation methodology

Other, please specify

Partnership for Carbon Accounting Financials (PCAF)

Please explain the details and assumptions used in your calculation

In accordance with the PCAF methodology, green bonds, sustainable bonds and derivative products are omitted from the calculation of the financed issuances of the investment portfolio. Likewise, this calculation excludes information from CKDs and CERPIS derived from the low coverage of information on GHG emissions of this asset (22%). The quantification of the financed issuances of shares, fibers, corporate debt, ETFs, Mandates, government debt and Mutual Funds only considers the scope 1 and scope 2 issuances of the issuers included in the



investment portfolio as of December 30, 2022. Financed emissions are calculated based on the company's total Scope 1 and 2 GHG emissions * (Investment amount/Enterprise Value)

To quantify the financed issues of sovereign bonds, consumption issues from Mexico were used. Emissions intensity refers to the amount of CO2 emitted per gross domestic product based on purchasing power parity (tCO2e/PPP-adjusted GDP). The calculation has a coverage of 83% of the instruments in the portfolio and 80% of the AUMs, the GHG emissions data were taken according to the availability of information from MSCI as of December 30, 2021. The Enterprise Value and sales were drawn from Bloomberg and S&P.

C-FS14.2

(C-FS14.2) Are you able to provide a breakdown of your organization’s portfolio impact?

| | Portfolio breakdown |
|-------|---------------------|
| Row 1 | Yes, by asset class |

C-FS14.2a

(C-FS14.2a) Break down your organization’s portfolio impact by asset class.

| Asset class | Portfolio metric | Portfolio emissions or alternative metric |
|----------------------------------|--------------------------------------|---|
| Banking Retail mortgages | Absolute portfolio emissions (tCO2e) | 184,674 |
| Banking Corporate real estate | Absolute portfolio emissions (tCO2e) | 396,382 |
| Banking Corporate loans | Absolute portfolio emissions (tCO2e) | 2,797,559 |
| Investing Listed Equity | Absolute portfolio emissions (tCO2e) | 57,303.53 |
| Investing Corporate Bonds | Absolute portfolio emissions (tCO2e) | 7,496.22 |

| | | |
|--|--------------------------------------|-----------|
| Investing Sovereign Bonds | Absolute portfolio emissions (tCO2e) | 1,557,426 |
| Investing Listed Equity | Absolute portfolio emissions (tCO2e) | 313,751 |
| Investing Real estate/Property | Absolute portfolio emissions (tCO2e) | 34,212 |
| Investing Mutual funds | Absolute portfolio emissions (tCO2e) | 46,885 |
| Investing Other, please specify Mandates | Absolute portfolio emissions (tCO2e) | 62,373 |
| Investing Other, please specify Exchange Traded Funds (ETFs) | Absolute portfolio emissions (tCO2e) | 13,404 |
| Investing Corporate Bonds | Absolute portfolio emissions (tCO2e) | 607,687 |
| Investing Sovereign Bonds | Absolute portfolio emissions (tCO2e) | 9,036,919 |
| Banking Project finance | Absolute portfolio emissions (tCO2e) | 2 |
| Banking Other, please specify Oil and Gas | Absolute portfolio emissions (tCO2e) | 1,918,278 |
| Banking Other, please specify Power Generation | Absolute portfolio emissions (tCO2e) | 1,268,272 |

C-FS14.3

(C-FS14.3) Did your organization take any actions in the reporting year to align your portfolio with a 1.5°C world?

| | Actions taken to align our portfolio with a 1.5°C world | Briefly explain the actions you have taken to align your portfolio with a 1.5-degree world | Please explain why you have not taken any action to align your portfolio with a 1.5°C world |
|---------------------------|--|--|--|
| Banking (Bank) | Yes | | |
| Investing (Asset manager) | No, but we plan to in the next two years | | From the analysis of the climate change profile of the organizations, in which we take into account the publication of information regarding scope 1, 2 and 3 emissions, as well as the financed emissions, we generate information to make informed decisions that are aligned with a 1.5°C strategy. On the other hand, with the objective of aligning the portfolios of Operadora de Fondos Banorte with a world of 1.5°C, the issue of climate change has been prioritized in the processes and in implementing an engagement strategy that promotes transparency, data quality and alignment of goals with the SBTi initiative of the issuers in which Operadora de Fondos Banorte invests. |
| Investing (Asset owner) | Yes | In order to identify the environmental and potential impacts of the investments, each transaction is analyzed and categorized. In this process, the level of risk due to GHG emissions, exposure to climate change, business resilience, initiatives to reduce or mitigate the impact of climate change, alignment with the Paris Agreement and that none of the activities to be financed are in progress are verified. the exclusion list (prohibited activities). | |

| | | | |
|--|---|---|--|
| | | At the portfolio level, financed issues, WACI by asset type and portfolio temperature were calculated. Through this exercise, the most relevant polluting sectors and companies were identified by financed emissions, WACI and intensity per million dollars of income, establishing a list of 23 issuers to monitor derived from their level of risk in the face of climate change (establishing as priority 9 issuers by weight in financed issues). Among the actions in process is the active involvement to promote the calculation of the carbon footprint of companies located in polluting sectors, the establishment of GHG reduction targets, adherence to SBT, provide better disclosure related to climate and the process of verification by a third party of the absolute emissions. | |
| Insurance underwriting (Insurance company) | No, and we do not plan to in the next two years | | |

C-FS14.3a

(C-FS14.3a) Does your organization assess if your clients/investees' business strategies are aligned with a 1.5°C world?

| | Assessment of alignment of clients/investees' strategies with a 1.5°C world | Please explain why you are not assessing if your clients/investees' business strategies are aligned with a 1.5°C world |
|-------------------------|---|--|
| Banking (Bank) | Yes, for some | |
| Investing (Asset owner) | Yes, for some | |



C15. Biodiversity

C15.1

(C15.1) Is there board-level oversight and/or executive management-level responsibility for biodiversity-related issues within your organization?

| | Board-level oversight and/or executive management-level responsibility for biodiversity-related issues | Description of oversight and objectives relating to biodiversity | Scope of board-level oversight |
|-------|--|---|--|
| Row 1 | Yes, executive management-level responsibility | Currently, our executive director participates as a member of the Task Force on Nature-Related Financial Disclosures (TNFD), forming part of the working groups that are making the decisions to define the initiative. The role that Banorte currently has is relevant because it is in charge of representing the banking system in Mexico and in the Latin American region to expose the challenges and opportunities around nature, including biodiversity, ecosystems and resources. Once the final version of the framework is ready, we will implement the required recommendations, just as we did with TCFD. | Risks and opportunities to our own operations Risks and opportunities to our bank lending activities The impact of our own operations on biodiversity The impact of our bank lending activities on biodiversity |

C15.2

(C15.2) Has your organization made a public commitment and/or endorsed any initiatives related to biodiversity?



| | Indicate whether your organization made a public commitment or endorsed any initiatives related to biodiversity | Biodiversity-related public commitments | Initiatives endorsed |
|-------|---|--|---|
| Row 1 | Yes, we have made public commitments and publicly endorsed initiatives related to biodiversity | Adoption of the mitigation hierarchy approach Commitment to respect legally designated protected areas Commitment to avoidance of negative impacts on threatened and protected species Commitment to secure Free, Prior and Informed Consent (FPIC) of Indigenous Peoples | SDG CITES Other, please specify Task Force on Nature-related Financial Disclosures |

C15.3

(C15.3) Does your organization assess the impacts and dependencies of its value chain on biodiversity?

Impacts on biodiversity

Indicate whether your organization undertakes this type of assessment

Yes

Value chain stage(s) covered

Portfolio activity

Portfolio activity

Bank lending portfolio (Bank)

Tools and methods to assess impacts and/or dependencies on biodiversity

Natural Capital Protocol

TNFD – Taskforce on Nature-related Financial Disclosures

Please explain how the tools and methods are implemented and provide an indication of the associated outcome(s)

Through our Social and Environmental Risk Management System, we analyze the financing we grant to assess the risks, impacts and dependencies they generate depending on their location. In line with de Equator Principles and the IFC Performance Standards, we prioritize compliance with Mexican national legislation and consideration of aspects such as efficient use of resources, pollution prevention, biodiversity conservation, sustainable management of natural resources, indigenous peoples, among others. The environmental and social analysis considers the concepts of the natural capital protocol about impact and dependency as well as the perspective of the TNFD looking risk and opportunity.

Dependencies on biodiversity

Indicate whether your organization undertakes this type of assessment

Yes

Value chain stage(s) covered

Portfolio activity

Portfolio activity

Bank lending portfolio (Bank)

Tools and methods to assess impacts and/or dependencies on biodiversity

Natural Capital Protocol

TNFD – Taskforce on Nature-related Financial Disclosures

Please explain how the tools and methods are implemented and provide an indication of the associated outcome(s)

Through our Social and Environmental Risk Management System, we analyze the financing we grant to assess the risks, impacts and dependencies they generate depending on their location. In line with de Equator Principles and the IFC Performance Standards, we prioritize compliance with Mexican national legislation and consideration of aspects such as efficient use of resources, pollution prevention, biodiversity conservation, sustainable management of natural resources, indigenous peoples, among others. The environmental and social analysis considers the concepts of the natural capital protocol about impact and dependency as well as the perspective of the TNFD looking risk and opportunity.

C15.4

(C15.4) Does your organization have activities located in or near to biodiversity- sensitive areas in the reporting year?

Yes

C15.4a

(C15.4a) Provide details of your organization's activities in the reporting year located in or near to biodiversity -sensitive areas.

Classification of biodiversity -sensitive area

UNESCO World Heritage site

Country/area

Mexico

Name of the biodiversity-sensitive area

Sian Ka'an

Proximity

Up to 5 km

Briefly describe your organization's activities in the reporting year located in or near to the selected area

We grant financing for the development of a hotel project.

Indicate whether any of your organization's activities located in or near to the selected area could negatively affect biodiversity

Yes, but mitigation measures have been implemented

Mitigation measures implemented within the selected area

Project design
Operational controls
Restoration
Biodiversity offsets

Explain how your organization's activities located in or near to the selected area could negatively affect biodiversity, how this was assessed, and describe any mitigation measures implemented

According to our analysis of environmental and social risks, impacts and dependencies, the project was categorized with high socio-environmental risk, due to the proximity of less than 5 km to sites with social and environmental relevance. To ensure that these projects meet the highest standards, Banorte's Socio-environmental Risk area verified that they have environmental impact compliance reports, species rescue and conservation programs. The project has comprehensive vegetation management programs aimed at maintaining landscape connectivity, as well as comprehensive wildlife management programs to preserve local species. Likewise, we have documentary evidence that supports that the risks and impacts are adequately managed through its Environmental Management System made up of a multidisciplinary team that has led the client to have the best practices at an international level. Therefore, our due diligence showed that the client complies with national legislation and the Equator Principles. We will monitor project compliance during the financing life cycle.

Classification of biodiversity -sensitive area

Other biodiversity sensitive area, please specify
Áreas Naturales Protegidas, México.

Country/area

Mexico

Name of the biodiversity-sensitive area

El Cielo Biosphere Reserve, Mexico.

Proximity

Up to 5 km

Briefly describe your organization's activities in the reporting year located in or near to the selected area



We grant financing for the development of a hotel project.

Indicate whether any of your organization’s activities located in or near to the selected area could negatively affect biodiversity

Yes, but mitigation measures have been implemented

Mitigation measures implemented within the selected area

- Project design
- Biodiversity offsets

Explain how your organization’s activities located in or near to the selected area could negatively affect biodiversity, how this was assessed, and describe any mitigation measures implemented

According to our analysis of environmental and social risks, impacts and dependencies, the project was categorized with high socio-environmental risk, due to the proximity of less than 5 km to sites with natural relevance. To ensure that these projects meet the highest standards, Banorte's Socio-environmental Risk area verified that they have environmental impact compliance reports, species rescue and conservation programs. The project has comprehensive vegetation management programs aimed at maintaining landscape connectivity, as well as comprehensive wildlife management programs to preserve local species. Likewise, we have documentary evidence that supports that the risks and impacts are adequately managed through its Environmental Management System made up of a multidisciplinary team that has led the client to have the best practices at an international level. Therefore, our due diligence showed that the client complies with national legislation and the Equator Principles; we will monitor project compliance during the financing life cycle.

C15.5

(C15.5) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?

| | Have you taken any actions in the reporting period to progress your biodiversity-related commitments? | Type of action taken to progress biodiversity-related commitments |
|-------|---|---|
| Row 1 | Yes, we are taking actions to progress our biodiversity-related commitments | Education & awareness Law & policy Other, please specify |

| | | |
|--|--|--------------------------------|
| | | Action plans to implement TNFD |
|--|--|--------------------------------|



C15.6


(C15.6) Does your organization use biodiversity indicators to monitor performance across its activities?


| | Does your organization use indicators to monitor biodiversity performance? | Indicators used to monitor biodiversity performance |
|-------|--|---|
| Row 1 | No, we do not use indicators, but plan to within the next two years | |

C15.7

(C15.7) Have you published information about your organization’s response to biodiversity-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

| Report type | Content elements | Attach the document and indicate where in the document the relevant biodiversity information is located |
|--|-------------------------|--|
| In voluntary sustainability report or other voluntary communications | Risks and opportunities | Nature-related risks (page 38) Our path towards the management and disclosure of nature related risks. Here is a timeline with the group’s most relevant nature-related actions from 2019 (page 218).  1 |
| Other, please specify Institutional web page | Risks and opportunities | Nature related risks criteria and Business cases https://investors.banorte.com/es/sustainability/sustainability-strategy/riesgos-naturaleza https://investors.banorte.com/es/sustainability/sustainability-strategy/casos-de-negocio-sems |
| Other, please specify TCFD Report | Risks and opportunities | As part of the evaluation, the SEMS examines the performance of the projects and their impact on biodiversity in accordance with the Performance Standards (PS) of the International Finance Corporation (IFC), page 19.  2 |

 1AR_Banorte_2022_ENG_FV.pdf

 2Report on Climate-Related Risks and Opportunities TCFD 2022.pdf



C16. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

NA

C16.1

(C16.1) Provide details for the person that has signed off (approved) your CDP climate change response.

| | Job title | Corresponding job category |
|-------|---------------------------------------|-------------------------------|
| Row 1 | Chief Financial and Operating Officer | Chief Financial Officer (CFO) |

SC. Supply chain module

SC0.0

(SC0.0) If you would like to do so, please provide a separate introduction to this module.

-

SC0.1

(SC0.1) What is your company's annual revenue for the stated reporting period?

| | Annual Revenue |
|-------|-----------------|
| Row 1 | 117,695,000,000 |



SC1.1

(SC1.1) Allocate your emissions to your customers listed below according to the goods or services you have sold them in this reporting period.

SC1.2

(SC1.2) Where published information has been used in completing SC1.1, please provide a reference(s).

NA

SC1.3

(SC1.3) What are the challenges in allocating emissions to different customers, and what would help you to overcome these challenges?

| Allocation challenges | Please explain what would help you overcome these challenges |
|--|--|
| Customer base is too large and diverse to accurately track emissions to the customer level | NA |

SC1.4

(SC1.4) Do you plan to develop your capabilities to allocate emissions to your customers in the future?

No

SC1.4b

(SC1.4b) Explain why you do not plan to develop capabilities to allocate emissions to your customers.

NA



SC2.1

(SC2.1) Please propose any mutually beneficial climate-related projects you could collaborate on with specific CDP Supply Chain members.

SC2.2

(SC2.2) Have requests or initiatives by CDP Supply Chain members prompted your organization to take organizational-level emissions reduction initiatives?

No

SC4.1

(SC4.1) Are you providing product level data for your organization’s goods or services?

No, I am not providing data

FW-FS Forests and Water Security (FS only)

FW-FS1.1

(FW-FS1.1) Is there board-level oversight of forests- and/or water-related issues within your organization?

| | Board-level oversight of this issue area | Explain why your organization does not have board-level oversight of this issue area and any plans to address this in the future |
|---------|---|--|
| Forests | No, but we plan to within the next two years | Until now, the priority has been climate change, however, in 2023 we will begin the implementation of the Task Force on Nature Related Financial Disclosures (TNFD), whose actions will be submitted for review by our governance bodies that currently supervise aspects of climate change. |



| | | |
|-------|--|--|
| Water | No, but we plan to within the next two years | Until now, the priority has been climate change, however, in 2023 we will begin the implementation of the Task Force on Nature Related Financial Disclosures (TNFD), whose actions will be submitted for review by our governance bodies that currently supervise aspects of climate change. |
|-------|--|--|

FW-FS1.1c

(FW-FS1.1c) Does your organization have at least one board member with competence on forests- and/or water-related issues?

Forests

Board member(s) have competence on this issue area

No, but we plan to address this within the next two years

Primary reason for no board-level competence on this issue area

Important but not an immediate priority

Explain why your organization does not have at least one board member with competence on this issue area and any plans to address this in the future

The current priority is climate change, however, we understand that forests are an important topic and we will cover it in a short term.

Water

Board member(s) have competence on this issue area

No, but we plan to address this within the next two years

Primary reason for no board-level competence on this issue area

Important but not an immediate priority

Explain why your organization does not have at least one board member with competence on this issue area and any plans to address this in the future

The current priority is climate change, however, we understand that water is an important topic and we will cover it in a short term.

FW-FS1.2

(FW-FS1.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests- and/or water-related issues.

FW-FS2.1

(FW-FS2.1) Do you assess your portfolio's exposure to forests- and/or water-related risks and opportunities?

| | We assess our portfolio's exposure to this issue area | Explain why your portfolio's exposure is not assessed for this issue area and any plans to address this in the future |
|--|--|--|
| Banking – Forests exposure | No, but we plan to within the next two years | Banorte has a Social and Environmental Risk Management System, which analyze risks and impacts of the Corporate, Business and Infrastructure portfolio, according to the guidelines of the Equator Principles and IFC performance standards. The evaluation has a general scope on environmental aspects, but we plan that in the next two years, the system will have a more specific focus on forests, given their importance. |
| Banking – Water exposure | No, but we plan to within the next two years | Banorte has a Social and Environmental Risk Management System, which analyze risks and impacts of the Corporate, Business and Infrastructure portfolio, according to the guidelines of the Equator Principles and IFC performance standards. The evaluation has a general scope on environmental aspects, but we plan that in the next two years, the system will have a more specific focus on water, given their importance. |
| Investing (Asset manager) – Forests exposure | No, and we do not plan to in the next two years | To analyze ESG performance, we use an in-house methodology that was developed considering the GRI Standards and SASB indicators, as well as the CDP questionnaire on forest aspects. This methodology encompasses key indicators for each of the 17 industry groups included in the scope of analysis, weighting them according to our industry materiality matrix and evaluating them based on best global practices. Our |



| | | |
|--|---|--|
| | | internal methodology doesn't evaluate deforestation or forest degradation since our materiality matrix consider the topic of biodiversity which includes the evaluation of the issuer practices on environmental management practices focused on the natural environment. |
| Investing (Asset manager) – Water exposure | No, but we plan to within the next two years | As part of the ESG analysis with which the issuers in which Operadora de Fondos Banorte invests are evaluated, we evaluate indicators regarding water related risks for those sectors in which their materiality analysis revealed such issues as relevant. The sectors included in our ESG analysis scope that include indicators regarding water related risks are: Beverages, Construction materials, Processed foods, Real State, Chemicals, and Metals and mining. |
| Investing (Asset owner) – Forests exposure | No, but we plan to within the next two years | |
| Investing (Asset owner) – Water exposure | No, but we plan to within the next two years | |
| Insurance underwriting – Forests exposure | No, and we do not plan to in the next two years | |
| Insurance underwriting – Water exposure | No, and we do not plan to in the next two years | |

FW-FS2.2

(FW-FS2.2) Does your organization consider forests- and/or water-related information about clients/investees as part of its due diligence and/or risk assessment process?

| | We consider forests- and/or water-related information | Explain why information related to this issue area is not considered and any plans to address this in the future |
|--|---|--|
|--|---|--|



| | | |
|---|--|---|
| Banking – Forests-related information | Yes | |
| Banking – Water-related information | Yes | |
| Investing (Asset manager) – Forests-related information | Yes | |
| Investing (Asset manager) – Water-related information | Yes | |
| Investing (Asset owner) – Forests-related information | Yes | |
| Investing (Asset owner) – Water-related information | No, but we plan to do so within the next two years | The current priority is climate change, however, we understand that they are related issues and it will be a topic that we will be covering in a medium term. |
| Insurance underwriting – Forests-related information | No, and we do not plan to in the next two years | The time horizon to incorporate the issue of forests in insurance operations is in the medium-long term. |
| Insurance underwriting – Water-related information | No, and we do not plan to in the next two years | The time horizon to incorporate the water issue in insurance operations is in the medium-long term. |

FW-FS2.2a

(FW-FS2.2a) Indicate the forests- and/or water-related information your organization considers about clients/investees as part of your due diligence and/or risk assessment process, and how this influences decision making.

| | Type of information considered | Process through which information is obtained | Industry sector(s) covered by due diligence and/or risk assessment process | State how these forests- and/or water-related information influences your decision making |
|--|--------------------------------|---|--|---|
| | | | | |

| | | | | |
|---|--|-----------------------------------|---|--|
| Banking – Forests-related information | Other, please specify Legal origin of raw materials. | Directly from the client/investee | Energy Materials Commercial & Professional Services Transportation Automobiles & Components Consumer Durables & Apparel Consumer Services | The results of the social and environmental risks analysis are part of the requirements to authorize the financing requested by clients. In case of defaults, we establish conditions that can stop the disposition of the credit. |
| Banking – Water-related information | Water withdrawn from water stressed areas Water discharge treatment data Breaches to local water regulations Impingements on the human right to water in communities Access to WASH in the workplace | Directly from the client/investee | Energy Materials Commercial & Professional Services Transportation Automobiles & Components Consumer Durables & Apparel Consumer Services | The results of the social and environmental risks analysis are part of the requirements to authorize the financing requested by clients. In case of defaults, we establish conditions that can stop the disposition of the credit. |
| Investing (Asset manager) – Forests-related information | | | | Currently, Operadora de Fondos Banorte does not take into account information about its issuers related to forests as part of its risk assessment or due diligence process. |



| | | | | |
|--|--|----------------------------|--|--|
| <p>Investing (Asset manager) – Water-related information</p> | <p>Water withdrawal and/or consumption volumes Water withdrawn from water stressed areas</p> | <p>Public data sources</p> | <p>Materials Transportation Automobiles & Components Consumer Durables & Apparel</p> | <p>As part of the ESG analysis that is carried out with the objective of evaluating the ESG practices of the issuers in which Operadora de Fondos Banorte invests, we evaluate around 10 indicators (which vary depending on the sector in question) referring to risks associated with water. This information is extremely important for decision-making since Operadora de Fondos Banorte subsequently includes the ESG ratings of the issuers in the portfolio construction models.</p> <p>Indicators we evaluate regarding water related risks: Total water extraction Percentage of total water withdrawal from all water-stressed areas Total water discharge Inherent risks related to water management were identified that may have strategic or financial impact Potential Financial Impacts of Risk Inherent opportunities related to water management were identified that may have strategic or financial impact Cost to realize the opportunity Active water management goal during the reporting year Number of incidents of non-compliance associated with permits, standards and regulations for water quantity and/or quality</p> |
| <p>Investing (Asset owner) – Forests-related information</p> | | | | |

FW-FS2.3

(FW-FS2.3) Have you identified any inherent forests- and/or water-related risks in your portfolio with the potential to have a substantive financial or strategic impact on your business?

| | Risks identified for this issue area | Primary reason why your organization has not identified any substantive risks for this issue area | Explain why your organization has not identified any substantive risks for this issue area |
|---------|--------------------------------------|---|--|
| Forests | No | Not yet evaluated | The current priority is climate change, however, we understand that forests are an important topic and we will cover it in a short term. |
| Water | No | Not yet evaluated | The current priority is climate change, however, we understand that water is an important topic and we will cover it in a short term. |

FW-FS2.4

(FW-FS2.4) Have you identified any inherent forests- and/or water-related opportunities in your portfolio with the potential to have a substantive financial or strategic impact on your business?

| | Opportunities identified for this issue area | Primary reason why your organization has not identified any substantive opportunities for this issue area | Explain why your organization has not identified any substantive opportunities for this issue area |
|---------|--|---|--|
| Forests | No | Not yet evaluated | The current priority is climate change, however, we understand that forests are an important topic and we will cover it in a short term. |
| Water | No | Not yet evaluated | The current priority is climate change, however, we understand that water is an important topic and we will cover it in a short term. |

FW-FS3.1

(FW-FS3.1) Do you take forests- and/or water-related risks and opportunities into consideration in your organization's strategy and/or financial planning?

Forests

Risks and opportunities related to this issue area taken into consideration in strategy and/or financial planning

No, we do not take risks and opportunities into consideration

Explain why forests- and/or water-related risks and opportunities have not influenced your strategy and/or financial planning

The current priority is climate change, however, we understand that forests are an important topic and we will cover it in a short term.

Water

Risks and opportunities related to this issue area taken into consideration in strategy and/or financial planning

No, we do not take risks and opportunities into consideration

Explain why forests- and/or water-related risks and opportunities have not influenced your strategy and/or financial planning

The current priority is climate change, however, we understand that water is an important topic and we will cover it in a short term.

FW-FS3.2

(FW-FS3.2) Has your organization conducted any scenario analysis to identify forests- and/or water-related outcomes?

Forests

Scenario analysis conducted to identify outcomes for this issue area

No, we have not conducted any scenario analysis to identify outcomes for this issue area, and we don't plan to in the next two years

Explain why your organization has not conducted scenario analysis for this issue area and any plans to address this in the future



The current priority is climate change, however, we understand that forests are an important topic and we will cover it in a short term.

Water

Scenario analysis conducted to identify outcomes for this issue area

No, we have not conducted any scenario analysis to identify outcomes for this issue area, and we don't plan to in the next two years

Explain why your organization has not conducted scenario analysis for this issue area and any plans to address this in the future

The current priority is climate change, however, we understand that water is an important topic and we will cover it in a short term.

FW-FS3.3

(FW-FS3.3) Has your organization set targets for deforestation free and/or water secure lending, investing and/or insuring?

| | Targets set | Explain why your organization has not set targets for deforestation free and/or water secure lending, investing and/or insuring and any plans to address this in the future |
|----------------|--|---|
| Forests | No, but we plan to set targets within the next two years | Until now, the priority has been climate change, however, in 2023 we will begin the implementation of the Task Force on Nature Related Financial Disclosures (TNFD) that includes the targets definition. |
| Water Security | No, but we plan to set targets within the next two years | Until now, the priority has been climate change, however, in 2023 we will begin the implementation of the Task Force on Nature Related Financial Disclosures (TNFD) that includes the targets definition. |

FW-FS3.4

(FW-FS3.4) Do any of your existing products and services enable clients to mitigate deforestation and/or water insecurity?

| | Existing products and services that enable clients to mitigate deforestation and/or water insecurity | Explain why your organization does not offer products and services which enable clients to mitigate deforestation and/or water insecurity and any plans to address this in the future |
|--|---|--|
| | | |



| | | |
|---------|--|--|
| Forests | No, and we do not plan to address this in the next two years | The current priority is climate change, however, we understand that forests are an important topic and we will cover it in a short term. |
| Water | No, and we do not plan to address this in the next two years | The current priority is climate change, however, we understand that water is an important topic and we will cover it in a short term. |

FW-FS3.5

(FW-FS3.5) Does the policy framework for the portfolio activities of your organization include forests- and/or water-related requirements that clients/investees need to meet?

| | Policy framework includes this issue area | Explain why your organization does not include this issue area in the policy framework and any plans to address this in the future |
|---------|--|---|
| Forests | No, but we plan to include this issue area within the next two years | We have a Natural Capital Policy, with which we promote the prevention of impacts on priority ecosystems, such as forests, focusing attention on projects near Protected Natural Areas and priority regions for the conservation of species. We plan to strengthen said policy and its application on forest issues in the short term. |
| Water | No, but we plan to include this issue area within the next two years | We have a Natural Capital Policy with which we promote the prevention of impacts on priority natural resources that influence water security, focusing attention on sensitive areas such as: wetlands of international importance (RAMSAR sites), the Greater Caribbean region, ecosystems coastal, insular and aquatic epicontinental. We plan to strengthen said policy and its application in water security issues in the short term. |

FW-FS3.6

(FW-FS3.6) Does your organization include covenants in financing agreements to reflect and enforce your forests- and/or water-related policies?

| | Covenants included in financing agreements to reflect and enforce policies for this issue area | Explain how the covenants included in financing agreements relate to your policies for this issue area |
|---------|---|---|
| Forests | Yes | In accordance with our social and environmental risk policies and processes, if the projects and/or companies that we finance present deviations in compliance with national laws, they alter, damage or destroy sensitive areas, GFNorte will condition or stop the financing until the project re-establishes compliance and apply the best international practices in the determined period of time. |
| Water | Yes | In accordance with our social and environmental risk policies and processes, if the projects and/or companies that we finance present deviations in compliance with national laws, they alter, damage or destroy sensitive areas, GFNorte will condition or stop the financing until the project re-establishes compliance and apply the best international practices in the determined period of time. |

FW-FS4.1

(FW-FS4.1) Do you engage with your clients/investees on forests- and/or water-related issues?

| | We engage with clients/investees on this issue area | Explain why you do not engage with your clients/investees on the issue area and any plans to address this in the future |
|---------------------|--|---|
| Clients – Forests | No, but we plan to within the next two years | Currently, the engagement with our clients is based on advice, due diligence of projects and dissemination of the best sectoral practices in safety, health and environmental matters. |
| Clients – Water | No, but we plan to within the next two years | Currently, the engagement with our clients is based on advice, due diligence of projects and dissemination of the best sector practices in matters of safety, health and the environment. |
| Investees – Forests | No, and we do not plan to in the next two years | Currently, the engagement with our clients is based on advice, due diligence of projects and dissemination of the best sector practices in matters of safety, health and the environment. |
| Investees – Water | No, and we do not plan to in the next two years | Currently, the engagement with our clients is based on advice, due diligence of projects and dissemination of the best sector practices in matters of safety, health and the environment. |

FW-FS4.2

(FW-FS4.2) Does your organization exercise its voting rights as a shareholder on forests- and/or water-related issues?

| | We exercise voting rights as a shareholder on this issue area | Issues supported in shareholder resolutions | Give details of the impact your voting has had on this issue area | Explain why your organization does not exercise voting rights on this issue area and any plans to address this in the future |
|---------|---|--|--|--|
| Forests | No, and we do not plan to in the next two years | | | The current priority is climate change, however, we understand that forests are an important topic and we will cover it in a short term. |
| Water | Yes | Reduce water withdrawal and/or consumption Improve water efficiency | Our asset owner, Afore XXI Banorte joined the United Nations initiative to integrate the Principles for Responsible Investment in its investment process, recognizing that environmental, social and governance factors can present risks and opportunities for companies and their respective investments. The risks may be linked to operations, regulatory compliance, competitive position and the reputation of the company. Similarly, opportunities may include improved efficiencies, innovation, and operating cost savings. The Afore encourages companies to assess and manage environmental, social, and governance risks and opportunities to create and preserve value for their investors. Regarding the resolutions and the direction of the vote to be cast, the Afore will analyze the relevance and compliance with the requirements in the investment process with respect to the position of the promoted company if: | |

| | | | |
|--|--|---|--|
| | | <p>(i) The approval of the resolution helps to improve the practices of the company</p> <p>(ii) Resolution approval may enhance shareholder value</p> <p>(iii) The company's current position on environmental, social or governance issues could have negative effects (reputation, litigation, boycotts, etc...) in the short, medium and long term</p> <p>(iv) The company has already taken the appropriate action to respond to the problem contained in the resolution.</p> <p>We believe that as shareholders, we can suggest, in accordance with our ESG Policy for Responsible Investment in Active Property, that the Boards of Directors adopt policies or analyzes of environmental issues, such as enhancing sustainable practices in their operations, and water supply and its conservation.</p> <p>For more information, please referred to our Voting Exercise Policy (only available in Spanish): https://www.xxi-banorte.com/wp-content/uploads/2020/06/Politica_ejercicio.pdf</p> | |
|--|--|---|--|

FW-FS4.3

(FW-FS4.3) Does your organization provide financing and/or insurance to smallholders in the agricultural commodity supply chain?

| | Provide financing and/or insurance to smallholders in the agricultural commodity supply chain | Primary reason for not providing finance and/or insurance to smallholders | Explain why your organization does not provide finance/insurance to smallholders and any plans to change this in the future |
|-------|---|---|--|
| Row 1 | No, but we plan to in the next two years | Other, please specify Lack of internal resources for the information management. | We do provide financing and insurance to smallholders in the agricultural commodity supply chain, however, we have not established specific follow-up processes for this activity that allow us to provide more information. |

FW-FS4.4

(FW-FS4.4) Does your organization engage in activities that could directly or indirectly influence policy, law, or regulation that may impact forests and/or water security?

| External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact this issue area | |
|---|--|
| Forests | Yes, our membership of/engagement with trade associations could influence policy, law, or regulation that may impact this issue area |
| Water | Yes, our membership of/engagement with trade associations could influence policy, law, or regulation that may impact this issue area |

FW-FS5.1

(FW-FS5.1) Does your organization measure its portfolio impact on forests and/or water security?

| | We measure our portfolio impact on this issue area | Primary reason for not measuring portfolio impact on this issue area | Explain why your organization does not measure its portfolio impact on this issue area and any plans to change this in the future |
|---|--|--|--|
| Banking – Impact on Forests | No, but we plan to in the next two years | Important but not an immediate priority | The current priority is climate change, however, we understand that forests are an important topic and we will cover it in a short term. |
| Banking – Impact on Water | No, but we plan to in the next two years | Important but not an immediate priority | The current priority is climate change, however, we understand that water is an important topic and we will cover it in a short term. |
| Investing (Asset manager) – Impact on Forests | No, and we don't plan to in the next two years | Important but not an immediate priority | The current priority is climate change, however, we understand that forests are an important topic and we will cover it in a short term. |
| Investing (Asset manager) – Impact on Water | No, and we don't plan to in the next two years | Important but not an immediate priority | The current priority is climate change, however, we understand that water is an important topic and we will cover it in a short term. |
| Investing (Asset owner) – Impact on Forests | No, and we don't plan to in the next two years | Important but not an immediate priority | The current priority is climate change, however, we understand that forests are an important topic and we will cover it in a short term. |

| | | | |
|--|--|---|--|
| Investing (Asset owner) – Impact on Water | No, and we don't plan to in the next two years | Important but not an immediate priority | The current priority is climate change, however, we understand that forests are an important topic and we will cover it in a short term. |
| Insurance underwriting – Impact on Forests | No, and we don't plan to in the next two years | Important but not an immediate priority | The current priority is climate change, however, we understand that forests are an important topic and we will cover it in a short term. |
| Insurance underwriting – Impact on Water | No, and we don't plan to in the next two years | Important but not an immediate priority | The current priority is climate change, however, we understand that water is an important topic and we will cover it in a short term. |

FW-FS5.2

(FW-FS5.2) Does your organization provide finance or insurance to companies operating in any stages of the following forest risk commodity supply chains, and are you able to report on the amount of finance/insurance provided?

| | Finance or insurance provided to companies operating in the supply chain for this commodity | Amount of finance/insurance provided will be reported | Explain why your organization is unable to report on the amount of finance/insurance provided for this commodity |
|--|---|--|--|
| Lending to companies operating in the timber products supply chain | Yes | No, but we plan to assess our portfolio's exposure to this commodity in the next two years | Currently, the measurement of the financing of said raw material is not carried out, but we will work on the analysis of our portfolio to inform the financing provided. |
| Lending to companies operating in the palm oil products supply chain | No | | |

| | | | |
|--|-----|--|--|
| Lending to companies operating in the cattle products supply chain | Yes | No, but we plan to assess our portfolio's exposure to this commodity in the next two years | Currently, the measurement of the financing of said raw material is not carried out, but we will work on the analysis of our portfolio to inform the financing provided. |
| Lending to companies operating in the soy supply chain | Yes | No, but we plan to assess our portfolio's exposure to this commodity in the next two years | Currently, the measurement of the financing of said raw material is not carried out, but we will work on the analysis of our portfolio to inform the financing provided. |
| Lending to companies operating in the rubber supply chain | Yes | No, but we plan to assess our portfolio's exposure to this commodity in the next two years | Currently, the measurement of the financing of said raw material is not carried out, but we will work on the analysis of our portfolio to inform the financing provided. |
| Lending to companies operating in the cocoa supply chain | Yes | No, but we plan to assess our portfolio's exposure to this commodity in the next two years | Currently, the measurement of the financing of said raw material is not carried out, but we will work on the analysis of our portfolio to inform the financing provided. |
| Lending to companies operating in the coffee supply chain | Yes | No, but we plan to assess our portfolio's exposure to this commodity in the next two years | Currently, the measurement of the financing of said raw material is not carried out, but we will work on the analysis of our portfolio to inform the financing provided. |
| Investing (asset manager) to companies operating in the timber products supply chain | No | | |
| Investing (asset manager) to companies operating in the | No | | |

| | | | |
|--|-----|--|---|
| palm oil products supply chain | | | |
| Investing (asset manager) to companies operating in the cattle products supply chain | No | | |
| Investing (asset manager) to companies operating in the soy supply chain | No | | |
| Investing (asset manager) to companies operating in the rubber supply chain | No | | |
| Investing (asset manager) to companies operating in the cocoa supply chain | No | | |
| Investing (asset manager) to companies operating in the coffee supply chain | No | | |
| Investing (asset owner) to companies operating in the timber products supply chain | Yes | No, but we plan to assess our portfolio's exposure to this commodity in the next two years | We will work on the analysis of our investment portfolio regarding this raw material. |
| Investing (asset owner) to companies operating in the palm oil products supply chain | Yes | No, but we plan to assess our portfolio's exposure to this commodity in the next two years | We will work on the analysis of our investment portfolio regarding this raw material. |
| Investing (asset owner) to companies operating in the cattle products supply chain | Yes | No, but we plan to assess our portfolio's exposure to this commodity in the next two years | We will work on the analysis of our investment portfolio regarding this raw material. |

| | | | |
|---|-----|--|---|
| Investing (asset owner) to companies operating in the soy supply chain | Yes | No, but we plan to assess our portfolio's exposure to this commodity in the next two years | We will work on the analysis of our investment portfolio regarding this raw material. |
| Investing (asset owner) to companies operating in the rubber supply chain | Yes | No, but we plan to assess our portfolio's exposure to this commodity in the next two years | We will work on the analysis of our investment portfolio regarding this raw material. |
| Investing (asset owner) to companies operating in the cocoa supply chain | Yes | No, but we plan to assess our portfolio's exposure to this commodity in the next two years | We will work on the analysis of our investment portfolio regarding this raw material. |
| Investing (asset owner) to companies operating in the coffee supply chain | Yes | No, but we plan to assess our portfolio's exposure to this commodity in the next two years | We will work on the analysis of our investment portfolio regarding this raw material. |
| Insuring companies operating in the timber products supply chain | No | | |
| Insuring companies operating in the palm oil products supply chain | No | | |
| Insuring companies operating in the cattle products supply chain | Yes | No, but we plan to assess our portfolio's exposure to this commodity in the next two years | We will work on the analysis of our portfolio regarding this raw material. |
| Insuring companies operating in the soy supply chain | Yes | No, but we plan to assess our portfolio's exposure to this commodity in the next two years | We will work on the analysis of our portfolio regarding this raw material. |

| | | | |
|---|-----|--|--|
| Insuring companies operating in the rubber supply chain | No | | |
| Insuring companies operating in the cocoa supply chain | Yes | No, but we plan to assess our portfolio's exposure to this commodity in the next two years | We will work on the analysis of our portfolio regarding this raw material. |
| Insuring companies operating in the coffee supply chain | Yes | No, but we plan to assess our portfolio's exposure to this commodity in the next two years | We will work on the analysis of our portfolio regarding this raw material |

FW-FS6.1

(FW-FS6.1) Have you published information about your organization's response to forests- and/or water-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Focus of the Publication

Forests

Publication

Other, please specify

GFBanorte Natural Capital Policy

Status

Complete

Attach the document

 Poltica de Capital Natural.pdf



Page/Section reference

All

Content elements

Governance

Response to forests- and/or water-related risks and opportunities

Comment

Document in process of updating

Focus of the Publication

Water Security

Publication

Other, please specify

GFBanorte Natural Capital Policy

Status

Complete

Attach the document

 Poltica de Capital Natural.pdf

Page/Section reference

All

Content elements

Governance

Response to forests- and/or water-related risks and opportunities



Comment

It is being updated, but it is mentioned throughout the document.

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

| | I understand that my response will be shared with all requesting stakeholders | Response permission |
|---------------------------------------|---|---------------------|
| Please select your submission options | Yes | Public |

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