

Grupo Financiero Banorte SAB de CV - Climate Change 2019

C0. Introducción

C0.1

(C0.1) Proporcione una descripción general y una presentación de su empresa.

Our Company, Grupo Financiero Banorte (hence, “GFNorte”, “the Group” or “Our Company”) is one of the leading institutions in Mexico, currently the second largest bank in Mexico; first in pension funds (Afore XXI Banorte), annuities resolutions and government loans, second in mortgage loans, third in car and payroll loans, consumer credits and point of sales (POS), and fourth in company loans and credit cards. Our Company has a network of 1,150 branches, 8,423 ATMs, 158,735 POS terminals and 28,227 third party correspondent banking locations; it is also the only large financial institution which is not owned in majority by a global international bank. Additionally, we operate the money transfer companies Motran and Uniteller, in California and New Jersey, respectively, as well as Banorte-Ixe Securities in New York.

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. At the end of March 2019, GFNorte manages US \$137 billion in assets in custody and is already the second largest financial group in Mexico since the acquisition of Grupo Financiero Interacciones, consolidated in July, 2018.

The shares of GFNorte are listed on the Mexican Stock Exchange (BMV) with the ticker "GFNORTEO" - the most relevant share in Mexico - 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: IPC Sustentable, Dow Jones Sustainability Index, FTSE 4Good and Vigeo Emerging Markets 70.

Grupo Financiero Banorte, S.A.B. de C.V. (“GFNorte”, “the Group” or “Our Company”) 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:

- (1) General market, macro-economic, governmental and regulatory trends;
- (2) Movements in local and international securities markets, currency exchange rates, and interest rates;
- (3) Competitive pressures;
- (4) Technological developments;
- (5) Changes in the financial position or credit worthiness of our customers, obligors and counterparties; and
- (6) Climate-related issues.

C0.2

(C0.2) Indique las fechas de comienzo y fin del año sobre el que proporciona información.

	Fecha de comienzo	Fecha de fin	Indique si proporcionará datos de emisiones para reportes de años anteriores
Fila 1	enero 1, 2018	diciembre 31, 2018	No

C0.3

(C0.3) Seleccione los países/las regiones sobre los cuales divulgará información.

México

Estados Unidos de América

C0.4

(C0.4) Seleccione la moneda utilizada para toda la información financiera divulgada en su respuesta.

MXN

C0.5

(C0.5) Indique la opción que mejor describa el alcance de la divulgación de información dentro del cual se informan los impactos relacionados con el clima en su actividad comercial. Observe que esta opción debe estar alineada con su enfoque de consolidación de su inventario de gases efecto invernadero de alcance 1 y alcance 2.

Control financiero

C1. Gobernanza

C1.1

(C1.1) ¿Existe la supervisión de asuntos relacionados con el clima por parte de la junta directiva en su organización?

Sí

C1.1a

(C1.1a) Identifique el (los) puesto(s) (no incluya nombres) de la(s) persona(s) en la Junta Directiva que es (son) responsable(s) de los asuntos relacionados con el clima.

Puesto de la/s persona/s	Explicación
Director Ejecutivo (CEO)	<p>Our CEO is the responsible for reviewing issues related to climate change, as he is the one who approves the sustainability strategy (climate change is one of our three priority issues). Likewise, the sustainability strategy is managed within the Sustainability Committee, which reports to the Risk Policy Committee of which he chairs it. The Sustainability Committee is made up of six senior management members who also report directly to him.</p> <p>On the other hand, our participation in different global initiatives first requires his authorization, this includes: CDP, Principles of Ecuador, Principles of Responsible Investment, Global Compact, among others, and the most recent Principles for Responsible Banking. Its authorization implies a previous evaluation of the initiative and its alignment to the Group’s strategy.</p>

C1.1b

(C1.1b) Proporcione más detalles sobre la supervisión de los asuntos relacionados con el clima por parte de la Junta Directiva.

Frecuencia con la que los asuntos relacionados con el clima se incluyen en la agenda como un elemento planificado	Mecanismos de gobernanza en los que se integra a los asuntos relacionados con el clima	Explicación
Esporádicamente - según surjan asuntos importantes	Revisión y orientación para la preparación de las estrategias Revisión y orientación para la preparación de los principales planes de acción	During 2018, the topics that were touched on the Board of Directors were adherence to the Principles for Responsible Banking (covers the reviewing and guiding strategy point as it will modify our sustainability strategy) and the proposal to acquire renewable energy (covers the reviewing and guiding point major plans of action as it is an initiative to reduce our environmental impact, specifically for climate change mitigation). The matters were presented to the Board of Directors as they emerged during the reporting year and became relevant.

C1.2

(C1.2) Proporcione las posiciones o comités de administración de más alto rango que tengan responsabilidad sobre asuntos relacionados con el clima.

Nombre de las posiciones y/o comités	Responsabilidad	Frecuencia con la que informan a la Junta Directiva sobre asuntos relacionados con el clima
Comité de sustentabilidad	Tanto evaluar como gestionar los riesgos y oportunidades asociadas con el clima	Cada seis meses

C1.2a

(C1.2a) Describa en qué parte de la estructura organizativa se encuentran estos puestos y/o comités, cuáles son las responsabilidades relacionadas y de qué manera se monitorean los asuntos relacionados con el clima (no incluya los nombres de las personas).

Since this year, a Sustainability Committee was developed and meets semi-annually. The Committee manages the sustainability strategy and aligns it to Banorte's vision, strategy and interests, and it is formed by six members (Chief Administration Officer, Chief Risk Officer, Chief Credit Officer, Public Relations Officer, Chief Legal Officer and the Investor Relations and Sustainability Executive Director) from strategic areas and a representative of the Internal Audit department. The Investor Relations and Sustainability Executive Director presides the Committee, and the Head of Sustainability and Responsible Investment serves as the secretary. The functions of this Committee include the following:

- (i) Define the Group's sustainability strategy and action plan;
- (ii) Periodically review sustainability policies;
- (iii) Promote environmental, social and corporate governance issues;
- (iv) Set goals and follow up on results;
- (v) Integrate environmental, social and corporate governance aspects into business risks;
- (vi) Communicate relevant sustainability issues related inside and outside the Group;
- (vii) Promote strategic alliances inside and outside the Group;
- (viii) Encourage employee's engagement in sustainability initiatives; and
- (ix) Assign a budget item and define the amount for the activities derived from the topics discussed in the Committee

The relation between the climate issues and the members of the Committee are the following;

- Chief Administration Officer (CAO): provide information about new projects related to the prevention and mitigation of operational environmental impacts from the GFNorte (building facilities, energy efficiency projects, among others);
- Chief Risk Officer (CRO): identify and manage environmental, social and corporate governance risks related to the business, present guidelines related to Risk Acceptance criteria, establish and apply guidelines related to risk management and process information for the detection of opportunities;
- Chief Credit Officer (CCO): provide information, identify and manage environmental, social and corporate governance risks related to the business, present proposals on the social, environmental and corporate governance component implicit in credit products, discuss customer

cases with impacts on environmental, social issues and relevant corporate governance and identify opportunities and present proposals for credit products, linked to the social, environmental or corporate governance component;

- Public Relations Officer (PRO): propose internal and external communication campaigns according to the strategies and alliances approved by the Committee;
- Chief Legal Officer (CLO): coordinate development of internal regulations and be aware of current and emerging regulations; and
- Investor Relations and Sustainability Executive Director: follow up on the sustainability action plan and goals and propose initiatives and best practices of corporate sustainability.

As the Committee was developed in this year, it has only been session once.

Likewise, subcommittees have been developed for each issue (risks, environment and social), which are made up of strategic operative positions and whose purpose is to follow up on the actions and comply with the goals established by the Committee and meet in a monthly frequency. The subcommittees that involves climate related issues are the environmental and risk subcommittees;

- Environment subcommittee: is comprised with the areas of sustainability, facilities, material resources and general services and aims to manage the strategy and plan of action against climate change, strengthen current initiatives and promote others to reduce our environmental impact, and to properly manage performance indicators of operations.
- Risk subcommittee: conformed by the area of sustainability, risk, credit and specialized areas (tourism, real estate and agriculture), the objective of this subcommittee is to promote the consideration of environmental and social risks (within the environmental, climate risks are considered) within the granting process of credit.
- Both subcommittees had session once as well.

Reporting line: the risks and environment subcommittees report directly to the Sustainability Committee and this Committee to the Risk Policies Committee (CPR), which is a Support committee for GFNorte's Board of Directors composed by five independent members of the Board, the CEO and the CRO. The CPR manage the risks that the Group is exposed to and oversee that its operations are adjusted to meet objectives, policies and procedures for the Comprehensive Risk Management, as well as to the global limitations of risk exposure approved by the Board.

C1.3

(C1.3) ¿Provee incentivos para la gestión de asuntos relacionados con el clima, incluido el cumplimiento de metas?

Sí

C1.3a

(C1.3a) Proporcione más detalles sobre los incentivos que provee para la gestión de asuntos relacionados con el clima (no incluya los nombres de las personas).

¿Quién tiene derecho a beneficiarse de estos incentivos?

Grupo de administración

Tipos de incentivos

Recompensa monetaria

Actividad incentivada

Meta de eficiencia

Comentario

A monetary reward is given as an annual bonus for the Sustainability and Responsible Investment and Energy and Maintenance personnel (including middle management to directors), that is directly related to performance and/results in: measuring environmental indicators management (energy consumption, GHG emissions, waste disposal, waste recycled, among others) and their performance and development of operational efficiency projects, such as energy efficiency projects to reduce consumption in electricity and fuels (reductions also are reflected in Scope 1 and 2 GHG emissions), waste disposal projects, such as reduce and recycle programs in general waste (paper priority), employees commuting to the organization and employee awareness about environmental issues.

¿Quién tiene derecho a beneficiarse de estos incentivos?

Todos los empleados

Tipos de incentivos

Reconocimiento (no monetario)

Actividad incentivada

Indicador relacionado con el cambio de comportamiento

Comentario

Our Sustainability Champions network aims to sensitize our employees and be spokespersons on sustainability issues regarding the programs, campaigns and activations that are implemented. For this, at least two Champions were convened per floor of our main administrative buildings, which sign a letter of commitment and attend monthly meetings where the Sustainability Directorate shares information regarding current issues of sustainability and ongoing projects. For each of them an acknowledgment signed by the Executive Directorate of Investor Relations, Sustainability and Financial Intelligence was given with which they can also be identified by other employees. Also, as the Social and Environmental Risk Management System (SEMS) have a group of executives that serve as a link between the Social and Environmental Risk Area (ARSA) and the Credit area to promote the proper management of social and environmental risks in all the territories of the country. They receive recognition awards and are periodically trained in this kind of issues.

¿Quién tiene derecho a beneficiarse de estos incentivos?

Otro directivo de primera línea

Tipos de incentivos

Recompensa monetaria

Actividad incentivada

Otro. Especifique.

Efficiency in operations

Comentario

A monetary reward is given to the Chief Administrative Officer (CAO) as percentage of the annual bonus that is directly related to performance and/results in decreasing the operating expenses: staff expense, administration and promotion expenses, among others. Within the administration category, the expenditure in energy consumption is measured. In conjunction with the Energy Department, initiatives to reduce this expense, such as the development of energy projects and energy consumption efficiency in operations, are performed. Furthermore, the

expense in other supplies is measured, such as paper consumption, reduced with digital tools, and the expenditure in business travel, reduced by video conferences and online meetings.

C2. Riesgos y Oportunidades

C2.1

(C2.1) Describir cuáles son los horizontes de corto, mediano y largo plazo para su organización.

	Desde (años)	Hasta (años)	Comentario
Corto plazo	0	3	
Mediano plazo	3	5	
Largo plazo	5	10	10 or more

C2.2

(C2.2) Seleccione la opción que mejor describa de qué manera los procesos de su organización para la identificación, evaluación y gestión de los asuntos relacionados con el clima están integrados a su gestión de riesgos general.

Integrado a procesos de identificación, evaluación y gestión de riesgos multidisciplinares para toda la empresa

C2.2a

(C2.2a) Seleccione las opciones que mejor describen la frecuencia y el horizonte de tiempo de su organización para identificar y evaluar riesgos relacionados con el clima.

	Frecuencia de monitoreo	¿Hasta qué fecha del futuro se toman en cuenta los riesgos?	Comentario
Fila 1	Cada seis meses o con más frecuencia	De 3 a 6 años	Climate risk monitoring is held within the following groups: (i) Environmental subcommittee (operational risks)

			<p>(ii) Business continuity committee (operational risks) (iii) Risk subcommittee (business risks)</p> <p>The environmental and risk subcommittees meet once a month. Not necessarily in all the sessions the topics related to the climate are touched. So far, they have only met once. The Recovery and Continuity Committee hold sessions on February, May, August and November. Furthermore, it can meet extraordinarily when convened by the Committee's Chairman or Secretary.</p>
--	--	--	--

C2.2b

(C2.2b) Proporcione más detalles acerca de los procesos de su organización para la identificación y evaluación de riesgos relacionados con el clima.

Operational risks:

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.

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 subsequence, our operations. Our facilities and branches located less than 50 kms from the coast are classify as high risk, then, those who are located more than 50 km in near coastal states are catalogued with medium risk, the others are considered as low risk.

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.

Business risks:

We have integrated non-financial risk management as a fundamental part of our credit operations. Since 2012, we have a Social and Environmental Risk Management System (SEMS) aligned with the Equator Principles (EP).

The analysis follows a process of identification, categorization, evaluation and management of risk and impacts that is documented in a due diligence submitted to the Credit Committees, prior to the authorization of the credits. The process is detailed below:

- (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 (not risky or prohibited activities).
- (ii) Categorization; the ARSA assigns a level of socio-environmental risk to the credits depending on the magnitude of their impacts and the possibility of mitigating them, classified according to the EP in A (high risk), B (medium risk) and C (low risk).
- (iii) Evaluation; once the financings are categorized, the ARSA selects those that must be evaluated through a due diligence, depending on the amount of credit, the financial product and its destination. All sectors will be subject to evaluation, especially sensitive sectors. The evaluation consists in verifying the compliance of the projects to be financed with the national legal framework and the guidelines of the EP, the IFC Performance Standards and the SEMS Evaluation, so the ARSA asks customers for information related to permits, resolutions, licenses, plans, programs, specialized studies and good practices to elaborate the due diligence.
- (iv) Management; monitoring the socio-environmental performance of the credits during the life cycle of the financing. Mainly considers the credits analyzed under the EP and includes annual reviews, continuous advice for clients and business executives, site visits and reputational risk monitoring of the projects.

Also, the Group signed the Principles for Responsible Investment (PRI) in 2017. Our Responsible Investment strategy includes the analysis of ESG factors to identify risks and opportunities that have a material financial impact on the portfolio;

- (i) Afore XXI Banorte: we identify risks and opportunities for each type of industry and asset subject to investment, through a quantitative and qualitative model that analyses the commitment of companies to sustainable principles and their low incidence in controversies that mainly affect their reputation. The model uses a rating scale from AAA to CCC.
- (ii) Operadora de Fondos: Our ESG analysis is based on an internal methodology developed to evaluate the transparency of the issuers disclosure, as a means to gradually boost the responsible investment in the portfolio. This is complemented with the reputational monitoring of controversial ESG issues.

C2.2c

(C2.2c) ¿Cuáles de los siguientes tipos de riesgo se tienen en cuenta en las evaluaciones de riesgo relacionados con el clima de su empresa?

	Relevancia e inclusión	Explicación
Normas actuales	Relevante; siempre se incluye	<p>We analyze the regulatory demands in Mexico, the country where 99% of our operations is performed.</p> <p>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 Mexican General Climate Change Law, National Registry of Emissions.</p> <p>Business risks: there are no current regulations for climate-related issues for financial institutions. Nevertheless, as part of our SEMS process we verify that our clients comply with the national environmental regulations due this represent a risk for both.</p>
Normas emergentes	Relevante; siempre se incluye	<p>We anticipate climate related emerging regulations by seeking to comply with best practices and global trends.</p> <p>Additionally, we participate with other companies from different sectors in sustainability groups and committees to keep actualized of what is going on with Mexico´s regulation as part of the issues addressed in them.</p> <p>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.</p> <p>As part of n 2018, we attended several trainings on the new carbon market system in Mexico, which will take effect in 2021.</p> <p>Business risks: in Mexico there is no regulation related to climate-related issues for financial institutions yet. Nevertheless, we already have operating since 2012 our Social and Environmental risk Management System (SEMS) that analyzes the environmental and social risks involved in the activities we finance, and we have already developed an internal methodology to incorporate ESG issues into our investment decision-making. As part of the SEMS process, we follow up to actualizations of the current and new regulations in the Mexican government newspaper (DOF) and it is integrated to</p>

		our periodic reviews.
Tecnología	Relevante; siempre se incluye	<p>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.</p> <p>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.</p>
Legal	Relevante; siempre se incluye	<p>Operational risks: our Legal department attends claims and issues regarding environmental topics, in case these issues arise. In 2018, GFNorte did not receive any environmental fines, which was reported in our Integrated Annual Report and 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 that harm both parties.</p>
Mercado	Relevante; siempre se incluye	<p>We manage climate-related risks (physical and transitional) that could affect the market due to changes for certain commodities, products and services.</p> <p>Operational risks: we are looking for constant innovation in our processes that can keep us competitive in the market, such as technological & infrastructure actualizations, and the development of new financial products/services that can help us to increase clients attraction.</p> <p>Business risks: as a financial institution, we are in constant relation with most of socioeconomic sectors through our loan and investment activities. As an example for a transitional risk, Mexico is passing through a plastic regulation that will limit this industry and will open the market for substitutes such as recycling and others new materials (biodegradables).</p>

<p>Reputación</p>	<p>Relevante; siempre se incluye</p>	<p>It can represent a potential loss in the performance of Institution's activities, due to an inappropriate or unethical perception of the different stakeholders, internal or external, on their solvency and viability.</p> <p>Operational risks: because the Group is a publicly-owned corporation, it must effectively manage its behaviour, 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 rumours 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 is 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.</p>
<p>Físico agudo</p>	<p>Relevante; siempre se incluye</p>	<p>Operational risks: Our Maintenance Department constantly over watches the state of our buildings, particularly those in vulnerable areas to physical risks such as floods, hurricanes or cyclones. According to the Mexican Institute of Ecology and Climate Change, vulnerability in Mexico is a likely risk considering our geographic position (between two oceans, latitude and reliefs). The 14% of our branches is located in eight states with high vulnerability (Veracruz, Tabasco, Chiapas, Oaxaca, Guerrero, Michoacan, Baja California Sur and Quintana Roo). Nevertheless, the degree of direct exposure to tropical cyclones, in any of its 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 according to the Civil Protection Mexico's vulnerability report 2018. This scope increases the percentage of our vulnerable branches up to 37%.</p> <p>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 and internal civil protection programs.</p>
<p>Físico crónico</p>	<p>No relevante, incluido</p>	<p>Operational: The 35% of our branches are located in states with the higher temperatures of Mexico. In these states, these temperatures may affect the performance of air conditioning equipment in the long term. According to the National Meteorology System, the cities of Chihuahua, Guerrero, Coahuila y Oaxaca reached temperatures between 45-50°C (113-122°F), and Baja California Sur, Sonora, Sinaloa, Jalisco, Michoacán, Nuevo León, Durango, Zacatecas,</p>

		<p>Aguascalientes, San Luis Potosí, Hidalgo, Morelos y Veracruz temperatures between 40-45°C (102-113°F).</p> <p>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.</p>
Upstream	No relevante, incluido	<p>It is not relevant due most of our providers (consulting and basic products/services) does not have potential environmental impacts. However, our climate risks related to upstream activities correspond to purchased goods, waste and business travel, and we measure it every year through their associated emissions.</p> <p>Regarding Purchased goods, we consider the risks of emerging gas emissions/leakage of refrigerant gases, particularly the R—22. Our company purchases the recharge service to suppliers that give maintenance to AC. In order to diminish the use of chlorofluorocarbons, we constantly replace our air conditioning equipment. The waste risks due to incorrect disposition are avoided through reducing and recycling. The risks from business travel are diminished by our current digital transformation. We encourage employees to reduce unnecessary business travel, promoting a better use of technology-based alternatives like online meetings and other tools that support collaborative working from different locations.</p>
Downstream	Relevante; siempre se incluye	<p>As a financial company, the risks related with banking activities are always included in our risk assessment. Our Social and Environmental Management System analyses the impact of loans under Equator Principles, the IFC Performance Standards and an internal evaluation, depending in the credit amount. It assigns a level of social and environmental risk to credits, depending on the magnitude of their impacts and the possibility of mitigating them. Risk is classified into three categories: low risk (C), medium risk (B) and high risk (A). In addition, special attention is paid to sensitive industrial sectors such as mining, oil and gas, chemicals, among others, due to its high potential for affecting natural areas, indigenous communities and cultural heritage.</p> <p>Furthermore, we defined an investment strategy based on the analysis of ESG factors and involvement with issuers, whose purpose is to actively manage risks and opportunities, working together with the companies in our portfolios.</p>

C2.2d

(C2.2d) Describa sus procesos para gestionar los riesgos y oportunidades relacionados con el clima.

The decision to manage climate-related risks is performed by the Sustainability and Responsible Investment department, and it is approved by the Executive Direction of Investor Relations. The capitalization of opportunities is performed by several departments, supported by Sustainability and RI.

Operational level: through the RIECM, we analyse our operations' inputs and outputs to prioritize environmental issues.

Business level: through SEMS, we analyse loans' environmental sector-specific physical risks. It is based on national legal framework, IFC, World Bank and The Ecuador Principles. The result -from low to high risk- is reviewed by the Credit department, which approves or denies financing. Categories of assessment: i) more than 1 mdd: IFC; ii) more than 10 mdd: Principles of Ecuador; iii) less than 1 mdd: internal SEMS evaluation. The analysis of transition risks to a low carbon economy is performed by Material Resources department and Sustainability. For example, in order to buy renewable energy without further complications, in 2017 we performed the optimization of billing in our location-based supply.

On the other hand, as signatories of the Principles for Responsible Investment (PRI), in 2018, together with the Sustainability Area, we developed an internal policy to establish a frame of reference, guidelines, commitments and methodology for incorporating ESG issues into our investment operations, and we defined an investment strategy based on the analysis of ESG factors and involvement with issuers whose purpose is to actively manage risks and opportunities, working together with the companies in our portfolios.

C2.3

(C2.3) ¿Ha identificado algún riesgo inherente relacionado con el clima que pueda tener un impacto estratégico o financiero sustancial en su empresa?

Sí

C2.3a

(C2.3a) Proporcione detalles de los riesgos identificados que puedan tener un impacto estratégico o financiero sustancial en su empresa.

Identificador

Riesgo 1

¿En qué parte de la cadena de valor tiene lugar el factor de riesgo?

Operaciones directas

Tipo de riesgo

Riesgo de transición

Factor de riesgo principal relacionado con el clima

Política y legal: Mejores obligaciones de presentación de informes de emisiones

Tipo de impacto financiero

Mayores costos operativos (por ej.: costos más elevados de cumplimiento normativo, primas de seguros más altas)

Descripción específica de la empresa

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 70 thousand tons of CO2e each year.

Horizonte temporal

Actual

Probabilidad

Virtualmente seguro

Magnitud del impacto

Baja

¿Puede brindar una cifra de impacto financiero potencial?

Sí, un rango estimado

Cifra de impacto financiero potencial (moneda)

Cifra de impacto financiero potencial - mínima (moneda)

51.340

Cifra de impacto financiero potencial - máxima (moneda)

30.800.400

Explicación de la cifra de impacto financiero

If the data and documents required are not submitted the Federal Environmental Protection Agency (PROFEPA) may impose a fine of \$51,340 to \$308,040 MXN. Reporting false information should imply a fine of \$308,040 to \$1,026,800 MXN. This amount can be tripled in case of recurrence (\$3,080,400.00 MXN).

Método de gestión

Annually, we collect data needed for the emissions calculation with a 100% of coverage of GFNorte. This data is verified by an accredited external auditor since 2012 and by regulation since this year. Once this information is validated, it is reported to several entities, for example, to the Mexican Ministry of Environmental and Natural Resources (SEMARNAT) by the COA to accomplish with the law. In 2017 we created an emissions management system aligned with the ISO14064 for emissions accounting, which is also verified. This action ensures that there will be continuity in case of a sudden change of responsibilities in the Sustainability Department.

Costo de la gestión

71.054

Comentario

Since this year, the management of environmental data began to be carried out in-house with the same process of information collection, same scope and same data generated. Thanks to this, we stopped using the Sustainability Management System (SMS), and the management cost was reduced by about 95% compared to previous years.

Identificador

Riesgo 2

¿En qué parte de la cadena de valor tiene lugar el factor de riesgo?

Operaciones directas

Tipo de riesgo

Riesgo de transición

Factor de riesgo principal relacionado con el clima

Mercado: Mayor costo de las materias primas

Tipo de impacto financiero

Mayores costos de producción por cambios en los precios de los insumos (por ej.: energía, agua) y requerimientos de salida (por ej.: tratamiento de residuos)

Descripción específica de la empresa

According to the Mexican Ministry of Energy (SENER) in its last National Electricity Sector Prospect report, all scenarios show that in the short term, there will be a significant increase in the average cost of energy because until the year 2021 it will not be possible to add new capacity to the national electrical network (which currently supplies us with all the energy), so the system is forced to use similar quantities of natural gas, with a higher price; therefore, the price of electricity increases proportionally to the increase in the price of natural gas. In the same report it can be seen that in the medium term it seems that the price will remain stable as of 2022, but always upward.

On the other hand, the parastatal company responsible for managing the national electricity grid faces, in addition to the high costs of fuels and their volatility, interruptions in the supply of natural gas and droughts in recent years that affect the power of hydroelectric plants (this also damages the electrical emission factor), have made the price of energy continue rising.

Horizonte temporal

Corto plazo

Probabilidad

Virtualmente seguro

Magnitud del impacto

Baja

¿Puede brindar una cifra de impacto financiero potencial?

Sí, una cifra única estimada

Cifra de impacto financiero potencial (moneda)

9.326.700

Cifra de impacto financiero potencial - mínima (moneda)

Cifra de impacto financiero potencial - máxima (moneda)

Explicación de la cifra de impacto financiero

According to the Mexican Ministry of Energy (SENER) in its last National Electricity Sector Prospect report, the average annual growth of fuel prices in a conservative scenario in a short-medium term are as follows: 0.8% carbon, 3.6% fuel oil, 2.5% diesel and 3.4% natural gas. Actually, the national grid depends on these fossil fuels and their prices, and by a weighted average of the current installed capacity, an approximate increase of 3.1% is estimated in the short-medium term. Considering that our electricity consumption does not have much variation, the report year expense was used as a basis to obtain the figure. This figure does not include inflation, nor the exchange rate from dollars to pesos.

Método de gestión

Because the current network generates electric power from the use of fossil fuels as the main source, the changes in electricity prices depend on fuel costs, which are also subject to the price of the dollar (both seems that will be increasing). On the other hand, the cost of renewable energy is approximately 30% cheaper than conventional energy because its sources do not imply a cost and are inexhaustible, and also it does not generate GHG emissions, or polluting gases. Currently, we are managing the purchase of renewable energy supply through a third party that is providing advice on the subject, as well as alternatives to evaluate and select a provider depending on our needs.

Costo de la gestión

210.000

Comentario

The management costs are related to the third party consulting.

Identificador

Riesgo 3

¿En qué parte de la cadena de valor tiene lugar el factor de riesgo?

Operaciones directas

Tipo de riesgo

Riesgo físico

Factor de riesgo principal relacionado con el clima

Agudo: Mayor gravedad de condiciones climáticas extremas como ciclones e inundaciones

Tipo de impacto financiero

Aumento del costo de capital (por ej.: daños a las a las instalaciones)

Descripción específica de la empresa

According to the Mexican Institute of Ecology and Climate Change, vulnerability in Mexico is a likely risk considering our geographic position (between two oceans, latitude and reliefs). The 14% of our branches is located in eight states with high vulnerability (Veracruz, Tabasco, Chiapas, Oaxaca, Guerrero, Michoacan, Baja California Sur and Quintana Roo). Nevertheless, the degree of direct exposure to tropical cyclones, in any of its 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 according to the Civil Protection Mexico's vulnerability report 2018. This scope increases the percentage of our vulnerable branches up to 37%.

Horizonte temporal

Corto plazo

Probabilidad

Probable

Magnitud del impacto

Medio-alto

¿Puede brindar una cifra de impacto financiero potencial?

Sí, una cifra única estimada

Cifra de impacto financiero potencial (moneda)

19.764.000

Cifra de impacto financiero potencial - mínima (moneda)

Cifra de impacto financiero potencial - máxima (moneda)

Explicación de la cifra de impacto financiero

According to a governmental analysis in Mexico, the maximum domestic cost derived from floods equals to 768.79 minimum wages or \$61 thousand MXN. Considering two rain periods per year in the vulnerable states in Mexico, the total cost estimated is 122,000 MXN per damaged building. We estimate the total financial implications considering the 14% of our branches, located in states with high vulnerability

Método de gestión

To address the Operating Risk caused by 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. This includes events related to natural disasters such as earthquakes, hurricanes, floods, among other physical events, for one particular site or a definite region that can affect our facilities and by subsequence, our operations. We have equipped 15 with anticyclone curtains, which can better withstand damage from storms, strong winds and flooding. This installation involves a cost of approximately 100 thousand MXN per branch. We estimate the total cost of the realization of opportunity considering the equipment of the 14% of our branches, located in states with high vulnerability

There is also 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.

Costo de la gestión

16.200.000

Comentario

C2.4

(C2.4) ¿Ha identificado alguna oportunidad relacionada con el clima que pueda tener un impacto estratégico o financiero sustancial en su empresa?

Sí

C2.4a

(C2.4a) Proporcione detalles de las oportunidades identificadas que puedan tener un impacto estratégico o financiero sustancial en su empresa.

Identificador

Op1

¿En qué parte de la cadena de valor tiene lugar la oportunidad?

Operaciones directas

Tipo de oportunidad

Fuente de energía

Factor de oportunidad principal relacionada con el clima

Uso de fuentes de energía de bajas emisiones

Tipo de impacto financiero

Menores costos operativos (por ej.: a través del uso de la reducción del costo más bajo)

Descripción específica de la empresa

Replacing the supply of conventional energy to renewable gives us economic and environmental benefits due renewables are not subject to a price of fuel, which allows it to be a fixed price (there is also variable costs for transmission, inflation and dollar price) and does not generate

GHG emissions, which allows us to reduce the cost of energy consumption and our environmental impact to achieve the goals set for our stakeholders.

Horizonte temporal

Corto plazo

Probabilidad

Probable

Magnitud del impacto

Medio-bajo

¿Puede brindar una cifra de impacto financiero potencial?

Sí, un rango estimado

Cifra de impacto financiero potencial (moneda)

Cifra de impacto financiero potencial - mínima (moneda)

72.000.000

Cifra de impacto financiero potencial - máxima (moneda)

90.000.000

Explicación de la cifra de impacto financiero

The savings were estimated considering 613 facilities and the price of kWh and the billable demand of these sites during the reporting year comparing it against a fixed price of the renewable energy kWh (wind source) provided as part of the proposal of our possible supplier , in which we can appreciate a potential savings of 44% for the price of each kWh. The minimum potential financial impact figure considering a supply of 80% of the energy from the facilities included in the scope because it is subject to the availability of the resource for its generation and the maximum considering 100% of the supply.

Estrategia para realizar la oportunidad

The strategy to realize the opportunity includes the evaluation of energy generating suppliers from renewable sources and the respective adjustments to our buildings and branches. This adecuacions will be maded to the facilities to be in compliance with the norms of physical ground, precision of the transformers, meters to the limit of property and any other applicable norm, in case they do not comply with something.

Costo para realizar la oportunidad

35.000.000

Comentario

The cost to realize the opportunity can be deducted from the potential savings, a pact can be sought with the provider to apply this modality. This cost is only an initial investment, after this, we estimate a cost of \$12 million pesos per year for the communication of our electricity consumption since the meters are independent of the national grid and must be segregated.

Identificador

Op2

¿En qué parte de la cadena de valor tiene lugar la oportunidad?

Cliente

Tipo de oportunidad

Fuente de energía

Factor de oportunidad principal relacionada con el clima

Pasar a una generación de energía descentralizada

Tipo de impacto financiero

Mayor disponibilidad de capital (por ej.: en la medida en que más inversionistas favorecen a los fabricantes con bajo nivel de emisiones)

Descripción específica de la empresa

Mexico has great potential in terms of renewable energy resources whose development will allow the country to have a greater diversification of energy sources, expand the industrial base in an area that may have strategic value in the future, and mitigate the environmental impacts caused by the production, distribution and end use of conventional forms of energy. Also, as a commitment of Mexico in the Paris Agreement,

the national contribution of clean energy should be 35% and 50% by 2024 and 2050, respectively. Clean energies are gaining more and more strength in Mexico and globally, and it is expected that the use of renewables will double by 2030, and it is estimated that 15 percent must be financed by the public sector.

We already participate in financing projects to generate electrical energy from renewable sources since 2012. We have financed 11 projects with a total capacity of 1,190 MW, which represented an investment of 1.09 billion dollars —479 million of it from Banorte representing 44% of the investments.

Horizonte temporal

Mediano plazo

Probabilidad

Probable

Magnitud del impacto

Alta

¿Puede brindar una cifra de impacto financiero potencial?

Sí, una cifra única estimada

Cifra de impacto financiero potencial (moneda)

7.862.640.000

Cifra de impacto financiero potencial - mínima (moneda)

Cifra de impacto financiero potencial - máxima (moneda)

Explicación de la cifra de impacto financiero

For the period 2018 to 2022 it is expected that through the electric auctions 48 new projects will be generated for the generation of electric energy from renewable/clean sources; wind, photovoltaic, geothermal, hydroelectric and combined cycle (according to the law, the latter is

considered as clean energy). This will require an investment of 1.9 billion dollars for electric auctions, equivalent to an investment rate of about 400 million dollars per year (\$7,862.64 million pesos considering the exchange rate at the end of 2018).

Estrategia para realizar la oportunidad

Banorte is executing an active strategy for linking investors, the Federal Government and banking so that projects can be carried out. In this process, making the projects bankable is key to taking advantage of all the opportunities that the Energy Reform has generated in the electric power market. Likewise, it is important to develop “green” financial products that serve as incentives to capture projects of this type, such as preferential interest rates. These products can be developed by analyzing the financial behavior of previously financed projects.

Costo para realizar la oportunidad

0

Comentario

- (i) There is some uncertainty about the projections of possible renewable energy projects as it depends on the decisions of the current government.
- (ii) The analysis and evaluation for the development of financial products are done internally (does not imply cost). These products can be replicated for other projects that also have sustainable characteristics.

C2.5

(C2.5) Describa dónde y cómo han impactado en su empresa los riesgos y oportunidades identificados.

	Impacto	Descripción
Productos y servicios	Impactado para algunos proveedores, instalaciones o líneas de productos	<p>Opp 2. Beginning on July 5, 2018, Banorte joined the Green SME Programs created by Nacional Financiera (the national development bank) to promote financing to small and mid-sized enterprises who want to operate with energy efficiency and renewable energy. We were one of the first banks to join in the government initiative through Eco-Credits for Energy Efficiency and Interconnected Solar Energy system projects;</p> <p>(i) The Eco-Credit program to support Energy Efficiency finances overall energy efficiency projects as well the acquisition or replacement of old equipment for newer and more efficient models (lighting, refrigerators, air conditioning, boilers).</p>

		(ii) The program to support Interconnected Solar Energy Systems is intended to finance the acquisition and installation of solar systems under the distributed clean energy scheme. Magnitude of the impact: Medium.
Cadena de suministro y/o cadena de valor	Impactado	Risk 3. GFNorte works together with public and private institutions in building safe and resilient economies and communities. In an effort to give our customers peace of mind about their property and their own safety in natural disasters, Seguros Banorte has insured 202,743 homes, 9,572 offices and 586 hotels. Magnitude of impact: High.
Actividades de adaptación y mitigación	Impactado	Risk 3. In Banorte's branches in coastal regions we installed anti-cyclone curtains and provide preventive maintenance against premature erosion of buildings from humidity. Magnitude of the impact: Medium.
Inversiones en investigación y desarrollo	No hemos identificado ningún riesgo ni oportunidad	
Operaciones	Impactado	Risk 3. During 2018 we had no major effects due natural disasters, even if there were 9 hurricanes during the year (3 along the Gulf coast and 6 along the Pacific coast), which meant taking preventive measures; activation of anticyclonic curtains, glass reinforcement in doors and windows and the evacuation of branch staff, the last one affecting us decreasing hours of operation and changing schedules at branches. Magnitude of the impact: Low.
Otro. Especifique.		

C2.6

(C2.6) Describa dónde y cómo han impactado los riesgos y oportunidades identificados en su proceso de planificación financiera.

	Relevancia	Descripción
Ingresos	Impactado	Opp 2. We participate in financing projects to generate electrical energy from renewable sources. Since

		<p>2012, we have financed 11 projects with a total capacity of 1,190 MW (647 from wind energy, 433 photovoltaic and 110 from natural gas), which represented an investment of 1.09 billion dollars —479 million of it from Banorte.</p> <p>Also, at the end of 2018 we placed the first Eco-Credit for SME, for \$564,750, which for us was a big step forward toward consolidating our sustainable financing activities.</p> <p>Magnitude of the impact: Medium.</p>
Costos operativos	Impactado	<p>Risk 2. During the reporting year, the Energy Reform was modified so that electric rates could be updated according to the actual electricity generation costs, since the parastatal company that manages the national electricity grid was facing a deficit for charging less for their service. Even though the Group's electricity consumption was almost the same in the past three years, in the reporting year the cost of electricity increased by \$65 million pesos compared to 2017 (+27%) due this change.</p> <p>Also, the cost per unit of fuel (depending on fuel) increased by 17% for diesel, 24% for L.P. and 41% for gasoline, which was reflected in a total of \$9 million pesos additional to what was spent in 2017. Nevertheless, the energy produced by fuels was reduced by 14%.</p> <p>Therefore, the expenditure in energy consumption, including electricity and fuels, increase \$74 million pesos compared to 2017.</p> <p>Magnitude of the impact: Medium.</p>
Gastos de capital/asignaciones de capital	Impactado	<p>Risk 3. During 2018, an investment of \$6,290,666.75 pesos was made for the installation of 6 anticyclonic curtains in our high risk branches in order to avoid or reduce the impact of natural disasters (hurricanes, cyclones and floods), as well as avoid premature moisture deterioration. Eligible sites are those that are identified as high risk due to their location less than 50 kilometers off the coast.</p> <p>Magnitude of impact: Medium.</p>
Adquisiciones y desinversiones	Impactado	<p>Risk 2. We increase the conventional energy consumption due to the acquisition of Grupo Financiero Interacciones. This represented an increase of 503,137 kWh (265.65 tonCO2e) and an additional cost of \$ 2,006,482 pesos since it was fully consolidated.</p> <p>Magnitude of the impact: Low.</p>
Acceso a capital	No hemos identificado ningún riesgo ni	

	oportunidad	
Activo	Impactado	Opp 2. In 2018, we identified and categorized the social and environmental risks of 3,462 loans, finding that our loan portfolio represented an overall low risk. We also evaluated 31 new projects under international standards such as the Equator Principles and the Performance Standards of the International Finance Corporation (IFC). This year we financed \$3.96 billion pesos in sustainable projects. Magnitude of impact: Medium
Pasivo	No hemos identificado ningún riesgo ni oportunidad	
Otro		

C3. Estrategia de negocio

C3.1

(C3.1) ¿Los asuntos relacionados con el clima forman parte de su estrategia de negocio?

Sí

C3.1a

(C3.1a) ¿Su organización utiliza análisis de escenarios relacionados con el clima para informar su estrategia comercial?

No, pero planificamos hacerlo dentro de los próximos dos años

C3.1c

(C3.1c) Explique de qué manera los problemas relacionados con el clima están integrados a sus objetivos y estrategia comercial.

Our sustainability strategy is aligned to the business strategy and it is based on three fundamental pillars; Responsible Business, Our Planet and Our People (for climate-related issues, consider only the first two pillars). Also, we reiterate our commitment to climate change mitigation and adaptation as it is one of three transversal issues defined as priorities within our sustainability strategy.

(i) Our Planet: we carry our initiatives to generate a culture of environmental protection within the institution, as well as to measure and reduce our consumption of resources and generation of pollutants, in order to mitigate the direct and indirect impacts of our operations; Our operations are aligned to the clauses of our Environmental Policy. This Policy is publicly available, and it is based on the United Nations Framework Convention on Climate Change and the Rio Declaration on Environment and Development, in order to ensure compliance with their current strategies and commitments. Additionally, it considers a transparent analysis of the risks and opportunities that the Company identifies as latent or current in relation to climate change and the adoption of practices that promote the efficient and responsible use of resources under the concept of eco-efficiency.

Also, we have aligned our emissions reduction target to the National Determined Contributions hence, we plan to reduce our emissions intensity per employee in 30% by 2020 against 2009 levels and we have committed to the SBT initiative to reduce our carbon footprint with a regulated contribution according to our business and country. Our SBT are consistent with our long term horizon.

(ii) Responsible Business: we consider environmental, social and corporate governance factors in our offering of products and services in order to contribute to environmental protection, social balance and the economic development of our country;

We have adhered to different global initiatives for financial institutions which are our guidelines to comply with best practices and operate our businesses in a sustainable manner. Each of them is described below with an explanation of how they have been integrated into our strategy in the different business activities;

- Equator Principles (EP): the Social and Environmental Risk Management System (SEMS) is the analyzing tool for the social and environmental risks and impacts generated by the activities we finance. It is based on the EP and the IFC Performance Standards, its objective is to promote that our clients develop socially and environmentally responsible projects, in compliance with the law and applying best practices. The analysis process was integrated into Banorte's internal policies and procedures since 2015, and by now it is operating as part of the credit process of Corporate and Commercial Banking.
- Principles for Responsible Investment (PRI): we became a PRI signatory in 2017, however, for the only subsidiaries that apply the initiative is for the pension fund manager of Afore XXI Banorte and the asset manager Operadora de Fondos, which is part of Banorte. Our Responsible Investment strategy represents a mixed strategy that includes the analysis of ESG factors to identify risks and opportunities that have a material financial impact on the portfolio, and, actions of engagement with the issuers that have areas of opportunity in disclosure of ESG factors and/or controversies. The main objective of this strategy is to improve the management of ESG risks and opportunities, considering a long-term investment scenario, in which our assets are resilient. Our strategy considers the value of an active management that involves working together with the issuers that are part of the investment portfolio to help companies develop this resilience.

- Principles for Responsible Banking (PBR): In 2018, 28 banks of the world took the initiative, together with the United Nations Environmental Program for Financial Initiatives (UNEP FI) to develop the PBR. Banorte is the only Mexican bank, and one of only three Latin American banks, in this founding group. These Principles were the subject of a global consultation in November 2018, and seek to define banks' role in society and economies of the 21st century. The document will be signed by all the world's banks in September 2019 at the United Nations headquarters in New York. These Principles seek to align banks with the goals of society, as expressed in the United Nations Sustainable Development Objectives and the Paris Agreement. They establish a baseline for what it means to be a responsible bank, and provide a guide to action on how to achieve it. They promote the ambition and issue a challenge to banks to continually contribute to building a sustainable future.

Facing a global panorama of increasing deterioration, it is important to take actions to preserve nature, curb climate change and achieve sustainable development, which is why we have developed the following policies;

- (i) Socio-environmental Risks Policy: the consideration of non-financial risks is essential for a resilient future in the face of climate change, the scarcity of natural resources and social inequality. Integrate environmental and social impact and risk management is an essential part of our operations, paying special attention to sensitive sectors and vulnerable regions
- (ii) Natural Capital Policy: we recognize the value of natural capital as an indispensable asset that makes life possible and provides the necessary goods and services for societies to prosper and economies to grow. Also, we understand that the responsible management of natural resources, as well as the conservation of ecosystems and biodiversity, are crucial for the profitability and resilience of companies.

Furthermore, the demand of environmental, social and corporate governance (ESG) data by our investors has been increasing and their level of demand is increasing. Our performance in ESG issues is constantly evaluated, and the most recurrent and priority issues in environmental matters are our strategy and plan of action against the climate change, one of the most relevant current global problems. This has led us to focus our efforts on operations and business in order to properly manage and address this risk.

Finally, being a leading sustainability company is a competitive advantage for us. As leaders in sustainability in Mexico, our action has adhered to national and international indexes and received the following awards:

Indexes:

- IPC Sustentable
- Dow Jones Sustainability Index (MILA)
- FTSE4Good Index Series
- VigeoEiris Emerging Market Index
- IndexAmericas

- Bloomberg GEI

Recognitions:

- Best Investor Relations Team in Latin America, Institutional Investor Magazine
- Best ESG Metrics (second place ESG/SRI metrics), Institutional Investor Magazine
- Socially Responsible Company, Mexican Center for Philanthropy (CEMEFI)
- GEI2 Recognition from the Mexican Environmental Ministry's GHG Mexico program

C3.1g

(C3.1g) ¿Por qué su organización no utiliza análisis de escenarios relacionados con el clima para informar su estrategia comercial?

Currently, we are developing the bases to begin with the analysis of the climate-related scenarios in line with the TCFD since there is a commitment of us to do it as part of the founding group of the Principles for Responsible Banking. For this, we have initially identified and evaluated the climate risks and opportunities in the short, medium and long term in our operations. Additionally, we are in the process of mapping these aspects of our credit and investment portfolios, whose climate impacts in their activities have repercussions on the profitability of the business.

Also, we calculate our scope 1 and 2 emissions under national and international methodologies and emission factors, and they are verified by an accredited third party. Likewise, we have set short, medium and long term goals to reduce the emissions of these scopes with the Autodesk C-Fact methodology, as part of the SBT initiative. For financing and investment activities (scope 3), which turn out to be our greatest impact as a banking sector, we are still working on its measurement because there are still no well-established methodologies to carry it out.

Likewise, we have achieved the creation of the Sustainability Committee which will allow us to raise this issue to Senior Management, and subsequently, to the Board of Directors.

All these efforts constitute the starting point to be able to adapt our risks and opportunities to the different future scenarios.

C4. Metas y desempeño

C4.1

(C4.1) ¿Tenía un meta de emisiones activa durante el año de reporte?

Metas absolutas y de intensidad

C4.1a

(C4.1a) Proporcione detalles sobre sus metas de emisiones absolutas y el avance con respecto a dichas metas.

Número de referencia de la meta

Abs 1

Alcance

Alcance 1+2 (basado en la localización)

% de emisiones en alcance

100

% de reducción respecto del año base

14

Año base

2013

Año de comienzo

2016

Emisiones cubiertas por la meta del año base (toneladas métricas de CO₂e)

69.647

Año meta

2020

¿Esta es una meta basada en la ciencia?

No, pero estamos informando otra meta que sí es basada en la ciencia.

% alcanzado (emisiones)

0

Estado de la meta

En progreso

Explicación

Considering our commitment for setting science based targets, our Company presented to the SBTi team its proposed targets based in the methodology C-FACT, publicly disposed by Autodesk. According the scientific methodology in emerging countries a reduction of 50% in 2050 in absolute emissions must be achieved. Therefore our medium and long term targets are adjusted to 14% and 50% of reduction, respectively, accomplishing a 2.1 year-over-year absolute reduction. The base year 2013 was selected for its accuracy and certainty according its coverage (no exclusions) and its complete verification. Please bear in mind the emission figure provided for base year is the one published in the 2015 CDP report, which includes emission figures for 2013 with and adjustment on their electricity emission factor (the electricity emission factor is published by SEMARNAT –the Mexican Ministry of Environment and Natural Resources– with one year of lag). Both targets are completely focused to support and reach our emissions intensity target per employee (Int1) and our science based target for intensity per revenue (Int2). The proposed targets (absolute and intensity for S1 and S2) are not validated yet by Science Based Targets Initiative because our lending and investment activities represent more than 5% of our annual revenues (the SBTi threshold for financial institutions' Scope 3 significance) and the methodology for setting SBT's for Scope 3 of financial sector has not been released yet. Thus, any targets of financial institutions cannot be officially reviewed by now.

Número de referencia de la meta

Abs 2

Alcance

Alcance 1+2 (basado en la localización)

% de emisiones en alcance

100

% de reducción respecto del año base

54

Año base

2013

Año de comienzo

2016

Emisiones cubiertas por la meta del año base (toneladas métricas de CO2e)

69.647

Año meta

2050

¿Esta es una meta basada en la ciencia?

Sí, consideramos que es una meta basada en la ciencia, pero no ha sido aprobada por la Iniciativa Science Based Targets.

% alcanzado (emisiones)

0

Estado de la meta

En progreso

Explicación

Considering our commitment for setting science based targets, our Company presented to the SBTi team its proposed targets based in the methodology C-FACT, publicly disposed by Autodesk. According the scientific methodology in emerging countries a reduction of 50% in 2050 in absolute emissions must be achieved. Therefore our medium and long term targets are adjusted to 14% and 50% of reduction, respectively, accomplishing a 2.1 year-over-year absolute reduction. The base year 2013 was selected for its accuracy and certainty according its coverage (no exclusions) and its complete verification. Please bear in mind the emission figure provided for base year is the one published in the 2015 CDP report, which includes emission figures for 2013 with and adjustment on their electricity emission factor (the electricity emission factor is published by SEMARNAT –the Mexican Ministry of Environment and Natural Resources– with one year of lag). Both targets are completely

focused to support and reach our emissions intensity target per employee (Int1) and our science based target for intensity per revenue (Int2). The proposed targets (absolute and intensity for S1 and S2) are not validated yet by Science Based Targets Initiative because our lending and investment activities represent more than 5% of our annual revenues (the SBTi threshold for financial institutions' Scope 3 significance) and the methodology for setting SBT's for Scope 3 of financial sector has not been released yet. Thus, any targets of financial institutions cannot be officially reviewed by now.

C4.1b

(C4.1b) Proporcione detalles sobre sus metas de intensidad de emisiones y el avance con respecto a dichas metas.

Número de referencia de la meta

Int 1

Alcance

Alcance 1+2 (basado en la localización)

% de emisiones en alcance

100

% de reducción respecto del año base

30

Unidad de medida

Toneladas métricas de CO2e por unidad de empleado FTE

Año base

2009

Año de comienzo

2014

Emisiones cubiertas por la meta del año base normalizado (toneladas métricas de CO2e)

2,94

Año meta

2020

¿Esta es una meta basada en la ciencia?

No, pero estamos informando otra meta que sí es basada en la ciencia.

% de la meta alcanzado

39,13

Estado de la meta

En progreso

Explicación

In 2014 we achieved a 20% of reduction in the emissions intensity per FT employee. Since 2014, we decided to increase the coverage of this goal to 30% with 2020 as target year, using 2009 as the base year (56,821 tonCO2e and 19,327 FTE). For 2018, it is considered 72,600.22 tonCO2e and 30,548 FTE, obtaining an intensity indicator of 2.38 tonCO2/FTE.

% de cambio anticipado en las emisiones absolutas de alcances 1+2

21

% de cambio anticipado en las emisiones absolutas de alcance 3

0

Número de referencia de la meta

Int 2

Alcance

Alcance 1+2 (basado en la localización)

% de emisiones en alcance

100

% de reducción respecto del año base

50

Unidad de medida

Toneladas métricas de CO₂e por unidad de ingreso

Año base

2013

Año de comienzo

2016

Emisiones cubiertas por la meta del año base normalizado (toneladas métricas de CO₂e)

5,16

Año meta

2020

¿Esta es una meta basada en la ciencia?

Sí, consideramos que es una meta basada en la ciencia, pero esta meta no ha sido aprobada por la Iniciativa Science Based Targets.

% de la meta alcanzado

100

Estado de la meta

Logrado

Explicación

Considering our commitment for setting science based targets, our Company presented to the SBTi team its proposed targets based in the methodology C-FACT, publicly disposed by Autodesk. According the scientific methodology in emerging countries a reduction of 50% in 2050 in

absolute emissions must be achieved. Therefore our intensity target per revenue (millions of MXN) was adjusted and comprises a 50% reduction for 2025 (2.58 tonCO₂/million pesos of revenue at mid-term) and 80% reduction for 2050 (1.03 tonCO₂/million pesos of revenue at long term) against intensity of 2013. The base year 2013 was selected for its accuracy and certainty according its coverage (no exclusions) and its complete verification. Please bear in mind the emission figure provided for base year is the one published in the 2015 CDP report, which includes emission figures for 2013 with and adjustment on their electricity emission factor (the electricity emission factor is published by SEMARNAT –the Mexican Ministry of Environment and Natural Resources– with one year of lag). Figures used in the base year were 69,647.51 tonCO₂e and \$13,508 million pesos of revenues. The proposed targets (absolute and intensity for S1 and S2) are not validated yet by Science Based Targets Initiative because our lending and investment activities represent more than 5% of our annual revenues (the SBTi threshold for financial institutions’ Scope 3 significance) and the methodology for setting SBT’s for Scope 3 of financial sector has not been released yet. Thus, any targets of financial institutions cannot be officially reviewed by now. Due to our revenue growth of 33.67% and our emissions decreased 9.96% (both VS 2017) we already achieved our medium-term goal.

% de cambio anticipado en las emisiones absolutas de alcances 1+2

-13,81

% de cambio anticipado en las emisiones absolutas de alcance 3

0

C4.2

(C4.2) Proporcione detalles de otras metas clave relacionadas con el clima que no se hayan informado en la pregunta C4.1/a/b.

Meta

Desechos

KPI – Numerador de la métrica

Paper metric tons

KPI – Denominador de la métrica (sólo metas de intensidad)

Full Time Employee (FTE)

Año base

2014

Año de comienzo

2015

Año meta

2020

KPI en el año base

0,044

KPI en el año meta

0,037

% logrado en el año de informe

100

Estado de la meta

Logrado

Explicación

Our recycling program focuses primarily on paper, which accounts for the majority of the waste the Group generates. We have set a target for this reason to reduce 15% in total paper consumed per employee in Banking Sector, setting 2014 as the base year.

Parte de la meta de emisiones

0

¿Esta meta es parte de una iniciativa global?

No, no es parte de una iniciativa global

C4.3

(C4.3) ¿Tenía iniciativas para la reducción de emisiones activas durante el año de informe? Observe que estas puede incluirlas en las fases de planificación y/o implementación.

Sí

C4.3a

(C4.3a) Identifique la cantidad total de iniciativas en cada etapa de desarrollo, y para aquellos en las etapas de implementación, los ahorros estimados de CO2e.

	Número de iniciativas	Estimado del ahorro total anual de CO2e en toneladas métricas de CO2e (únicamente para las filas marcadas con *)
Bajo investigación	0	0
Se implementará*	0	0
Implementación iniciada*	1	1.652,23
Implementado*	0	0
No se implementará	0	0

C4.3b

(C4.3b) Proporcione detalles sobre las iniciativas implementadas en el año del informe en la siguiente tabla.

Tipo de iniciativa

Eficiencia energética: Procesos

Descripción de la iniciativa

Optimización de procesos

Estimado del ahorro anual de CO2e (toneladas métricas de CO2e)

1.652,23

Alcance

Alcance 2 (basadas en localización)

Voluntario/Obligatorio

Voluntario

Ahorro económico anual (unidad monetaria, de acuerdo con su elección en C0.4)

6.915.609

Inversión necesaria (unidad monetaria, de acuerdo con su elección en C0.4)

0

Período de recuperación

<1 año

Estimado de la vida útil de la iniciativa

>30 años

Comentario

In order to promote environmental awareness and improve our energy efficiency, we developed a program for automatically shutting down computer equipment during non-business hours. By monitoring equipment in the network of administrative buildings, we were able to introduce automatic shutoff systems and establish metrics for tracking their use (excluding equipment that must always remain on for operational reasons). More than 7,000 computers were connected to this initiative, which has saved an estimated 66,452 kWh in energy during 2018 since it was begun in September.

C4.3c

(C4.3c) ¿Qué métodos utiliza para impulsar la inversión en actividades de reducción de emisiones?

Método	Comentario
Presupuesto dedicado para la eficiencia energética	Automated charge control system for lighting, light signs and air conditioning equipment to increase energy efficiency, replacing air conditioning equipment, curtains for hurricane protection in certain branches of coastal areas, energy efficient light bulbs, green roof.
Presupuesto dedicado para otras actividades de reducción de otras emisiones	Paperless project, solar panels, digitalization, e-banking, electronic platforms and videoconferencing.
Cálculos de optimización financiera	Cost-benefit analysis of new systems and investments.
Compromiso de los empleados	Raising awareness campaign through internal communication.
Incentivas/programas de reconocimiento internos	Sustainability Champions.

C4.5

(C4.5) ¿Clasifica algunos de sus bienes y/o servicios existentes como productos bajos en carbono o ellos permiten que un tercero evite emisiones de GEI?

Sí

C4.5a

(C4.5a) Proporcione detalles de sus productos y/o servicios que usted clasifica como productos bajos en carbono o que permiten que un tercero evite emisiones de GEI.

Nivel de agregación

Grupo de productos

Descripción del producto/grupo de productos

Online banking, mobile banking and digital account statements. These services help customers to avoid certain activities and therefore the greenhouse gas (GHG) emissions associated with these, such as: a) Travelling by vehicle to our branches in order to perform their financial transactions (Scope 1 emissions) b) Consumption of paper receipts and bank slips the branch would normally issue to customers c) Consumption of printed account statement d) Use of a cellular token instead of a physical one, reducing manufacturing and waste treatment procedures. Avoided emissions for third-parties: 2, 045,361 tons of CO₂e.

¿Son productos con bajo nivel de carbono o permiten emisiones evitadas?

Emisiones evitadas

Taxonomía, proyecto o metodología utilizada para clasificar producto(s) como bajo(s) en carbono o para calcular emisiones evitadas

Evaluar los impactos de reducción de carbono de ICT

% de ingresos procedentes de productos bajos en carbono durante el año de referencia

0

Comentario

The group of products here described are part of the entire customer experience that we offer to our clients, they do not have an extra cost for their use, therefore there are no revenues directly obtained from these products. (i) Methods: The avoided emissions were estimated by our 2015's study -with triennial renewal- where we obtained the kg of CO₂e avoided by our customers who use Bxl and Banorte Móvil and travel by car. (ii) Input: frequency of use, distance to preferred branch, means of transportation. (iii) Conversion factor: DEFRA gasoline/petrol 2014. (iv) Results: For our customers that travel by car to our branches: we estimate an average of 1.195 kg of CO₂e avoided per transaction done in Bxl, and an average of 1.109 kg of CO₂e avoided per transaction done using our Mobile banking app. In 2018, 1,423 and 311 millions of transactions were performed through Bxl and Mobile Banking, respectively.

C5. Metodología de las emisiones

C5.1

(C5.1) Indique su año base y las emisiones del año base (alcances 1 y 1)

Alcance 1

Inicio del año base

enero 1, 2013

Fin del año base

diciembre 31, 2013

Emisiones año base (toneladas métricas de CO₂e)

4.021,11

Comentario

Alcance 2 (basadas en localización)

Inicio del año base

enero 1, 2013

Fin del año base

diciembre 31, 2013

Emisiones año base (toneladas métricas de CO₂e)

65.626,41

Comentario

Alcance 2 (basada en el mercado)

Inicio del año base

Fin del año base

Emisiones año base (toneladas métricas de CO2e)

Comentario

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

C5.2

(C5.2) Seleccione el nombre del estándar, el protocolo o la metodología que usó para recolectar datos de actividad y calcular las emisiones de alcance 2 y alcance 1.

ISO 14064-1

Programa GEI México

El protocolo para gases de efecto invernadero: Norma corporativa de contabilización y generación de informes (Edición revisada)

C6. Datos sobre las emisiones

C6.1

(C6.1) ¿Cuáles fueron las emisiones brutas de CO2e en toneladas métricas del alcance 1 de su organización?

Año de informe

Emisiones brutas globales del alcance 1 (toneladas métricas de CO2e)

4.202,51

Fecha de comienzo

enero 1, 2018

Fecha de fin

diciembre 31, 2018

Comentario

C6.2

(C6.2) Describa el enfoque de su organización para divulgar emisiones de alcance 2.

Fila 1

Alcance 2, basado en la localización

Reportamos una cifra de alcance 2, basada en la localización

Alcance 2, basada en el mercado

No disponemos de operaciones en las que podemos acceder a factores de emisión del proveedor de electricidad o factores de emisión residuales y no podemos reportar una cifra de alcance 2, basada en el mercado

Comentario

C6.3

(C6.3) ¿Cuáles fueron las emisiones brutas de CO2e en toneladas métricas del alcance 2 de su organización?

Año de informe

Alcance 2, basada en localización

68.397,71

Fecha de comienzo

enero 1, 2018

Fecha de fin

diciembre 31, 2018

Comentario

C6.4

(C6.4) ¿Hay alguna fuente (por ej. instalaciones, GEI específicos, actividades, geografías, etc.) de emisiones del alcance 1 y alcance 2 que se encuentren dentro de los límites seleccionados que no estén incluidas en su divulgación?

No

C6.5

(C6.5) Justifique las emisiones de alcance 3 de su organización, divulgue y explique cualquier exclusión.

Bienes o servicios comprados

Estado de evaluación

Relevante, calculado

Toneladas métricas de CO₂e

4.437,62

Metodología de cálculo de las emisiones

Includes paper purchases from all subsidiaries as well as merchandising printing services (such as flyers) from Banorte (265.62 tCO₂e). The emissions from paper purchases were calculated with a factor tonCO₂e/ton paper obtained from DEFRA 2017 and by multiplying the 500-sheet packages by a kg factor that takes into account height, width and weight of the paper used in Banorte (1,074.56 tCO₂e). The rest were calculated from expenditure data and converted using DEFRA's 2009 tonCO₂e/\$GBP spend factors, considering UK's yearly inflation from 2009 to 2017 and using the yearly average exchange rate from GBP to MXN in 2018. Also, this year we worked to include emerging gas emissions/leakage of refrigerant gases. Because Banorte purchases the recharge service to suppliers that give maintenance to ACs, we report such emissions as Scope 3 (3,097.41 tCO₂e). Such emissions were calculated using the GWP published by the Federation in the Official Journal and the compositions given in the safety sheets of our suppliers; therefore a weighted factor was used.

Porcentaje de las emisiones calculado sobre la base de los datos obtenidos de proveedores o socios de la cadena de valor

0

Explicación

Bienes de capital

Estado de evaluación

Relevante, calculado

Toneladas métricas de CO₂e

1.338,23

Metodología de cálculo de las emisiones

Includes laptops and tokens bought by Banorte in the reporting year. These were calculated from expenditure data and converted using DEFRA's 2009 tonCO₂e/\$GBP spend factors, considering UK's yearly inflation from 2009 to 2018 and using the yearly average exchange rate from GBP to MXN in 2018. For 2018, we estimate 1,338.23 tonCO₂e from this input.

Porcentaje de las emisiones calculado sobre la base de los datos obtenidos de proveedores o socios de la cadena de valor

0

Explicación

Actividades relacionadas con combustible y energía (no incluidas en el alcance 1 o 2)

Estado de evaluación

Relevante, calculado

Toneladas métricas de CO₂e

11.695,73

Metodología de cálculo de las emisiones

Includes the following aspects: electricity transmission and distribution (T&D), well to tank (WTT) of fuels, corporate air travels, electricity consumption and electricity T&D by using the DEFRA factors for 2018. Factors used as tonCO₂e/kWh or tonCO₂e/volume. Data includes all subsidiaries. We estimate 11,695.73 tonCO₂e associated to this activities.

Porcentaje de las emisiones calculado sobre la base de los datos obtenidos de proveedores o socios de la cadena de valor

0

Explicación

Transporte y distribución upstream

Estado de evaluación

Relevante, calculado

Toneladas métricas de CO₂e

2.795,41

Metodología de cálculo de las emisiones

Includes transport of documents, suitcases, packages and others related to Banorte's business. These were calculated from expenditure data an converted using DEFRA's 2009 tonCO2e/\$GBP spend factors, considering UK's yearly inflation from 2009 to 2018 and using the yearly average exchange rate from GBP to MXN in 2018. For upstream transportation and distribution, we calculate 2,795.41 tonCO2e.

Porcentaje de las emisiones calculado sobre la base de los datos obtenidos de proveedores o socios de la cadena de valor
0

Explicación

Desechos generados en las operaciones

Estado de evaluación

Relevante, calculado

Toneladas métricas de CO2e

2.193,68

Metodología de cálculo de las emisiones

Includes waste generation for Banorte, based on an estimation carried out for Banorte's buildings. Waste information is based on a study performed in accordance to the Mexican norms NMX-AA-61-1985 and NMX-AA-15-1985 for the determination of waste generated. For this study, certain buildings from Banorte were monitored: Contact Center, Torre Sur, a traditional branch, an administrative facility with a branch, a preferent center, a module and dual center; each building had its waste generation traced for several days (comprising complete weeks) in order to calculate an average per day and estimate per month. We could thus obtain an intensity factor to determine the waste generation (in tons) per employee for each kind of building. Later, by means of an employee headcount and kind of building where they work, we used these data in order to estimate the total waste generation in Banorte's buildings. It is noteworthy that the number above does not include recycled waste, as it is not considered as waste per se. We then used the factors from Exhibit 17 from EPA's Landfilling WARM Version 14 (March 16) to create an integrated factor of 63% paper, 16% cardboard, 19% municipal solid waste, 0.66% glass, 0.66% metal, 0.66% plastic. These figures used were obtained from the actual data of waste from a corporate offices building where Banorte Securities operates. We then multiplied by the estimated tons of waste. From the 3,664.8 tons of waste generated, we estimate 2,193.68 tonCO2e.

Porcentaje de las emisiones calculado sobre la base de los datos obtenidos de proveedores o socios de la cadena de valor

0

Explicación

Viajes de negocios

Estado de evaluación

Relevante, calculado

Toneladas métricas de CO2e

1.781,52

Metodología de cálculo de las emisiones

The calculation includes all the subsidiaries. Given that the available information was the distance travelled in kilometers, we used DEFRA 2018 factors for Average class – Domestic (<500 km traveled), Short Haul (>500 and <3,700 km traveled) and Long Haul (>3,700 km traveled) air travels. For 2018, the emissions calculated were 1,781.52 tonCO2e corresponding to a distance of 18, 436,512.52 km travelled.

Porcentaje de las emisiones calculado sobre la base de los datos obtenidos de proveedores o socios de la cadena de valor

0

Explicación

Viajes de los empleados al lugar de trabajo

Estado de evaluación

Relevante, calculado

Toneladas métricas de CO2e

78,67

Metodología de cálculo de las emisiones

As part of our triennial study, we conducted a survey in our Contact Center (housing near a 10% of our employees) asking about their preferred transport method to move to and from the Contact Center. Questions aimed to acquire information about the traveled distance, time and zip code in order to estimate the distance they travel each day. We were able to obtain a total travel distance in km per day for each transport category, which was then extrapolated to a yearly amount and to represent the total employees in the Contact Center. With this study, we estimate 78.67 tonCO₂e. We will update this calculation during 2019.

Porcentaje de las emisiones calculado sobre la base de los datos obtenidos de proveedores o socios de la cadena de valor

0

Explicación

Activos alquilados upstream

Estado de evaluación

No relevante, explicación provista

Explicación

Though GFNorte leases a high percentage of the buildings and facilities where it operates (i.e., it acts as a lessee) , due to an improvement in our accounting methodology, we have reclassified all the emissions generated therein are now already fully reported as emissions disclosed in their corresponding Scope 1 and Scope 2 from the Company's own operations, according to each emissions source's nature. For this reason, there are no Scope 3 emissions to report in this specific category.

Transporte y distribución downstream

Estado de evaluación

Relevante, calculado

Toneladas métricas de CO₂e

1.840,39

Metodología de cálculo de las emisiones

Includes delivery services from Banorte to clients in relation to account statements, credit cards and other mailing aspects. We gathered expenditure data regarding these categories. These figures were then calculated from DEFRA's 2009 tonCO2e/\$GBP spend factors, considering UK's yearly inflation from 2009 up to 2018 and using the yearly average exchange rate from GBP to MXN in 2018. For the reporting year, we calculate 1,840.39 tonCO2e related to this activity.

Porcentaje de las emisiones calculado sobre la base de los datos obtenidos de proveedores o socios de la cadena de valor
0

Explicación

Procesamiento de productos vendidos

Estado de evaluación

No relevante, explicación provista

Explicación

GFNorte, as financial institution, does not sell products that are raw materials or intermediate products for other company's processes or operations.

Utilización de productos vendidos

Estado de evaluación

No relevante, explicación provista

Explicación

GFNorte's products do not fall into this category. No direct use-phase emissions are generated because they do not consume energy nor emit GHGs during / while in use, as opposed to fuels, feedstock and other industries.

Tratamiento al final de la vida útil de los productos vendidos

Estado de evaluación

No relevante, explicación provista

Explicación

GFNorte manages the treatment of its products by reclaiming physical tokens and cards at the end of their useful life. This was stated in “Waste generation in operations” above; we consider that this is not a relevant category to the Company, because it refers to the end-of-life treatment / disposal methods used by the customers, rather than the Company’s.

Activos alquilados downstream

Estado de evaluación

No relevante, explicación provista

Explicación

GFNorte does not lease owned buildings or facilities, i.e., it does not act as a lessor in any situation.

Franquicias

Estado de evaluación

No relevante, explicación provista

Explicación

This is not part of its business model. GFNorte does not grant this kind of licenses.

Inversiones

Estado de evaluación

Relevante, calculado

Toneladas métricas de CO2e

1.013.870

Metodología de cálculo de las emisiones

The figure includes the emissions derived from the equity portfolio of Afore XXI Banorte, one of our main subsidiaries with investment activities; representing a 28% of the Group total investment. The report was generated by the consultancy groups South Pole and YourSRI and measures the carbon footprint of a portfolio taking scope 1-2 emissions into account from the sectors Materials,



Industrials, Consumer Staples (61%) and other sectors. The relative carbon footprint is a normalized measure of the portfolio's contribution and is defined as the total carbon emissions of the portfolio per million MXN invested (28.5 tCO₂e/Million MXN invested; for Afore XXI Banorte in one year). The Afore XXI-Banorte is associated with greenhouse gas emissions of 1'013'870 tons per year. Each holding's contribution to the carbon footprint is calculated on an equity ownership basis. Taking into consideration the dynamism of the portfolio, this study by a third party organisation will be renewed every 3 years.

Porcentaje de las emisiones calculado sobre la base de los datos obtenidos de proveedores o socios de la cadena de valor

0

Explicación

Otros (upstream)

Estado de evaluación

Explicación

Otros (downstream)

Estado de evaluación

Explicación

C6.7

(C6.7) ¿Las emisiones de dióxido de carbono provenientes del carbono secuestrado biológicamente son relevantes para su organización?

Sí

C6.7a

(C6.7a) Proporcione las emisiones de dióxido de carbono en toneladas métricas de CO2 provenientes del carbono secuestrado biológicamente relevantes para su organización.

Fila 1

Emisiones de carbono secuestrado biológicamente (toneladas métricas de CO2)

308

Comentario

In 2018 we participated in two reforestation events with Reforestamos México, restoring three hectares of the Cumbres Park in Monterrey and the Nevado de Toluca near Mexico City by planting 2,600 trees. With this we want to expand the environmental benefits of the forest zones; protect and conserve biodiversity, avoid soil erosion, improve water infiltration capacity to subsoil and clean the air. Furthermore, these species are estimated to capture 308 metric tons of carbon once they grow.

C6.10

(C6.10) Describa sus emisiones globales brutas combinadas del alcance 1 y 2 para el año de informe en toneladas métricas de CO2e por ingresos totales por unidad monetaria y proporcione las métricas de intensidad adicionales adecuadas para sus operaciones comerciales.

Cifra de intensidad

0,0000022717

Numerador métrico (Emisiones combinadas globales brutas del alcance 1 y el alcance 2)

72.600,21

Denominador métrico

ingreso total por unidad

Denominador métrico: Total unitario

31.958.000.000

Cifra de alcance 2 utilizada

Basada en localización

% de cambio desde el año anterior

32,06

Dirección del cambio

Disminuyó

Motivo del cambio

Due to our revenue growth of 33.67% and our emissions decreased 9.96% (both VS 2017) we reduce this indicator a 32.06%, considering that all the external factors, such as global warming potencial, calorific powers and emission factors did not have big changes and the calculation methodology was the same.

C7. Desglose de emisiones

C7.1

(C7.1) ¿Su organización desglosa sus emisiones de alcance 1 por tipo de gas de efecto invernadero?

Sí

C7.1a

(C7.1a) Desglose sus emisiones totales globales brutas de alcance 1 por tipo de gas de efecto invernadero e incluya el origen de cada potencial de Calentamiento Global (PCG) utilizado.

Greenhouse Gas Protocol:	Emisiones de alcance 1 (toneladas métricas de CO2e)	Referencia de PCG
CO2	4.045,44	Quinto Informe de Evaluación del IPCC (AR5 – 100 años)
CH4	1,42	Quinto Informe de Evaluación del IPCC (AR5 – 100 años)
N2O	0,44	Quinto Informe de Evaluación del IPCC (AR5 – 100 años)

C7.2

(C7.2) Desglose sus cifras globales brutas totales de emisiones de alcance 1 por país/región

País/Región	Emisiones de alcance 1 (toneladas métricas de CO2e)
México	4.202,51

C7.3

(C7.3) Indique qué desglose de emisiones brutas globales de alcance 1 puede proporcionar.

Por división de la empresa

Por actividad

C7.3a

(C7.3a) Desglose sus cifras globales brutas totales de emisiones de alcance 1 por división de la empresa.

División de la empresa	Emisiones de alcance 1 (tonelada métricas de CO2e)
Afore XXI Banorte	198,54
Almacenadora Banorte	44,89
Arrendadora y Factoraje Banorte	108,67
Banorte	1.667,11
Seguros y Pensiones Banorte	2.183,28

C7.3c

(C7.3c) Desglose sus cifras globales brutas totales de emisiones de alcance 1 por actividad comercial.

Actividad	Emisiones de alcance 1 (toneladas métricas de CO2e)
Warehousing vehicles	37,69
Transportation vehicles	4.053,18
Emergency power plants	79,26
Kitchens	32,39

C7.5

(C7.5) Desglose sus cifras globales brutas totales de emisiones de alcance 2 por país/región.

País/Región	Alcance 2, con base en la localización (toneladas métricas de CO2e)	Alcance 2, con base en el mercado (toneladas métricas de CO2e)	Electricidad, calor o refrigeración comprados y consumidos (MWh)	Electricidad, calor, vapor o refrigeración con bajo nivel de carbono comprados y consumidos contabilizados en el enfoque con base en el mercado (MWh)
México	68.382,48	0	0	0
Estados Unidos de América	15,23	0	0	0

C7.6

(C7.6) Indique qué desgloses de emisiones brutas globales de alcance 2 puede proporcionar.

Por división de la empresa

Por actividad

C7.6a

(C7.6a) Desglose sus cifras globales brutas totales de emisiones de alcance 2 por división de la empresa.

División de la empresa	Alcance 2, emisiones basadas en la localización (toneladas métricas de CO2e)	Alcance 2, emisiones basadas en el mercado (toneladas métricas de CO2e)
Afore XXI Banorte	1.969,06	0
Almacenadora Banorte	138,69	0
Banorte	64.475,44	0
Banorte Securities	15,23	0
Seguros y Pensiones Banorte	1.799,3	0

C7.6c

(C7.6c) Desglose sus cifras globales brutas totales de emisiones de alcance 2 por actividad comercial.

Actividad	Alcance 2, emisiones basadas en la localización (toneladas métricas de CO2e)	Alcance 2, emisiones basadas en el mercado (toneladas métricas de CO2e)
Office activities	68.397,71	0

C7.9

(C7.9) ¿Cómo se comparan sus emisiones globales brutas (de alcances 1 y 2 en conjunto) del año del informe con las del año de informe anterior?

Disminuyó

C7.9a

(C7.9a) Identifique los motivos de cualquier cambio en sus emisiones globales brutas (de alcances 1 y 2 en conjunto) y por cada uno de ellos especifique cómo se comparan sus emisiones con las del año anterior.

	Cambio en las emisiones (toneladas métricas de CO2e)	Dirección del cambio	Valor de emisiones (porcentaje)	Explique el cálculo
Cambio en el consumo de energía renovable	12,62	Disminuyó	0	Two of the branches have solar panels installed, which we estimate saves a 14,054 kWh a year, avoiding the emission of 7.4 metric tons of CO2e. This energy generated from the solar panels was estimated by a theoretical calculation, however, since the reporting year it began to be estimated with the difference in current consumption charged to us from the grid and what was consumed previous to the solar panels installation.
Otras actividades de reducción de emisiones	35,09	Disminuyó	0	In order to promote environmental awareness and improve our energy efficiency, we developed a program for automatically shutting down computer equipment during non-business hours. By monitoring equipment in the network of administrative buildings, we were able to introduce automatic shutoff systems and establish metrics for tracking their use (excluding equipment that must always remain on for operational reasons). More than 7,000 computers were connected to this initiative, which has saved an estimated 66,452 kWh in energy since it was begun in September 2018.
Desinversión				

Adquisiciones	265,65	Aumentó	0	Increase in conventional energy consumption due to the acquisition of Grupo Financiero Interacciones. This represented an increase of 503,137 kWh (265.65 tonCO2e) since it was fully consolidated.
Fusiones				
Cambio en los resultados				
Cambio en la metodología	7.110,72	Disminuyó	9,79	The fuel consumption for the fleet of Insurance and Pensions and Banorte was stopped. Previously, these estimates were calculated with the expenses of the fleet, however, from this year our supplier began to send us the actual consumption, where we identify that in addition to the gasoline, diesel is also consumed (76.74 tonCO2e increased associated with this change). Additionally, to calculate our Scope 2 emissions derived from electrical consumption, we updated the National Electrical System Emission factor (location-based Mexico/CFE) according to the estimated by the Energy Regulatory Commission, based on methodologies issued under Article 12 of the regulation in the Law of Energy Transition. In 2018 a 9.45% decrease was registered in this emission factor (from 0.582 tCO2e/MWh to 0.527 tCO2e/MWh), which reflects in the calculation of absolute Scope 2 emissions generated by our institution. This represent a reduction of 7,187.46 tonCO2e considering the difference of the emission factors multiplied by the energy consumption. Therefore, the sum of both calculations is 7,110.72 tonCO2e.
Cambio en los límites				
Cambio en las condiciones operativas físicas				

No identificado				
Otro				

C7.9b

(C7.9b) ¿El cálculo del desempeño de emisiones en C7.9 y C7.9a se fundamenta en una cifra de emisiones de alcance 2 basadas en la ubicación o basadas en el mercado?

Basada en localización

C8. Energía

C8.1

(C8.1) ¿Qué porcentaje de su gasto operacional total del año de reporte se destinó a energía?

Más de 0% pero menos o igual a 5%

C8.2

(C8.2) Seleccione qué actividades relacionadas con la energía ha implementado su organización.

	Indique si su organización implementa esta actividad relacionada con la energía
Consumo de combustible (sin incluir materias primas)	Sí
Consumo de electricidad comprada o adquirida	Sí
Consumo de calor comprado o adquirido	No
Consumo de vapor comprado o adquirido	No
Consumo de refrigeración comprada o adquirida	No
Generación de electricidad, calor, vapor o refrigeración	Sí

C8.2a

(C8.2a) Informe los totales de consumo de su organización (sin incluir las materias primas) en MWh.

	Valor calórico	MWh de fuentes renovables	MWh de fuentes no renovables	MWh totales
Consumo de combustible (sin incluir materias primas)	LHV (Valor calórico menor)	0	16.505,85	16.505,85
Consumo de electricidad comprada o adquirida		0	129.871,43	129.871,43
Consumo de energía renovable no combustible propia		14,05		14,05
Consumo total de energía		14,05	146.377,29	146.391,34

C8.2b

(C8.2b) Seleccione las aplicaciones del consumo de combustible de su organización.

	Indique si su organización implementa esta aplicación del combustible
Consumo de combustible para la generación de electricidad	Sí
Consumo de combustible para la generación de calor	No
Consumo de combustible para la generación de vapor	No
Consumo de combustible para la generación de refrigeración	No
Consumo de combustible por co generación o tri generación	No

C8.2c

(C8.2c) Indique cuánto combustible en MWh ha consumido su organización (sin incluir materias primas) por tipo de combustible.

Combustibles (excluye materias primas)

Diésel

Valor calórico

LHV (Valor calórico menor)

MWh de combustible total consumido por la organización

886,43

MWh de combustible consumidos para la autogeneración de electricidad

886,43

MWh de combustible consumido para la autogeneración de calor

0

Comentario

Combustibles (excluye materias primas)

Gas licuado del petróleo (GLP)

Valor calórico

LHV (Valor calórico menor)

MWh de combustible total consumido por la organización

303,79

MWh de combustible consumidos para la autogeneración de electricidad

303,79

MWh de combustible consumido para la autogeneración de calor

0

Comentario

Combustibles (excluye materias primas)

Gasolina natural

Valor calórico

LHV (Valor calórico menor)

MWh de combustible total consumido por la organización

15.315,63

MWh de combustible consumidos para la autogeneración de electricidad

15.315,63

MWh de combustible consumido para la autogeneración de calor

0

Comentario

C8.2d

(C8.2d) Enumere los factores de emisión promedio de los combustibles informados en el punto C8.2c.

Diésel

Factor de emisión

2,81369

Unidad

kg de CO2e por litro

fuelle del factor de emisión

Official Gazette of the Federation of Mexico (2015, September 03). AGREEMENT that establishes the technical particularities and formulas for the application of methodologies for the calculation of emissions of greenhouse gases or compounds. Mexico, Ministry of Environment and Natural Resources.

Comentario

Gas licuado del petróleo (GLP)

Factor de emisión

1,16469

Unidad

kg de CO2e por litro

fuelle del factor de emisión

Official Gazette of the Federation of Mexico (2015, September 03). AGREEMENT that establishes the technical particularities and formulas for the application of methodologies for the calculation of emissions of greenhouse gases or compounds. Mexico, Ministry of Environment and Natural Resources.

Comentario

Gasolina natural

Factor de emisión

2,33852

Unidad

kg de CO2e por litro

fuentes del factor de emisión

Official Gazette of the Federation of Mexico (2015, September 03). AGREEMENT that establishes the technical particularities and formulas for the application of methodologies for the calculation of emissions of greenhouse gases or compounds. Mexico, Ministry of Environment and Natural Resources.

Comentario

C8.2e

(C8.2e) Proporcione detalles sobre la electricidad, calor, vapor y refrigeración que su organización ha generado y consumido durante el año de reporte.

	Generación bruta total (MWh)	Generación consumida por la organización (MWh)	Generación bruta de fuentes renovables (MWh)	Generación de fuentes renovables consumida por la organización (MWh)
Electricidad	310,18	310,18	14,05	14,05
Calor	0	0	0	0
Vapor	0	0	0	0
Refrigeración	0	0	0	0

C8.2f

(C8.2f) Proporcione detalles de la cantidad de electricidad, calor, vapor o refrigeración que fue considerada a un factor de baja emisión de carbono en la cifra de alcance 2 basada en el mercado indicada en C6.3.

Base para aplicar un factor de baja emisión de carbono

Consumo de energía fuera de la red desde una instalación en el sitio o a través de una línea directa a un generador fuera de las instalaciones propiedad de otra empresa

Tipo de tecnología de bajo nivel de carbono

Energía solar fotovoltaica

Región de consumo de electricidad, calor, vapor o refrigeración con bajo nivel de carbono

América Latina

MWh consumidos asociados a la electricidad, calor, vapor o refrigeración con bajo nivel de carbono

14,05

Factor de emisión (en toneladas métricas de CO2e por MWh)

0

Comentario

Two of the branches have solar panels installed, which we estimate saves a 14,054 kWh a year, avoiding the emission of 7.4 metric tons of CO2e.

C9. Métricas adicionales

C9.1

(C9.1) Indique cualquier otra métrica relacionada con el clima que sea relevante para su empresa.

Descripción

Desechos



Valor de la métrica

0,37

Numerador de la métrica

Metric paper ton

Denominador de la métrica (únicamente la métrica de intensidad)

Full Time Employee (FTE)

% de cambio desde el año anterior

2,7

Dirección del cambio

Aumentó

Explicación

Additional 33.93 tons of paper were generated during 2018, mainly due to the consolidation process with Grupo Financiero Interacciones.

C10. Verificación

C10.1

(C10.1) Indique el estado de verificación/garantía que se aplica a las emisiones reportadas

	Estado de verificación/garantía
Alcance 1	Proceso de verificación o garantía de terceros implementado
Alcance 2 (basadas en la localización o en el mercado)	Proceso de verificación o garantía de terceros implementado
Alcance 3	Proceso de verificación o garantía de terceros implementado

C10.1a

(C10.1a) Proporcione más detalles de la verificación/garantía adoptada para sus emisiones de alcance 1 y/o alcance 2 y adjunte las declaraciones pertinentes

Alcance

Alcance 1

Ciclo de verificación o garantía implementado

Proceso anual

Estado en el año del informe actual

Completo

Tipo de verificación o garantía

Garantía razonable

Adjunte la declaración

 Declaración_CDP_Banorte _ ENG.PDF

Referencia de página/sección

All.

Estándar relevante

ISO14064-3

Proporción de emisiones informadas verificadas (%)

100

Alcance

Alcance 2 basada en la localización

Ciclo de verificación o garantía implementado

Proceso anual


Estado en el año del informe actual

Completo

Tipo de verificación o garantía

Garantía razonable

Adjunte la declaración

 Declaración_CDP_Banorte _ ENG.PDF

Referencia de página/sección

All

Estándar relevante

ISO14064-3

Proporción de emisiones informadas verificadas (%)

100

Alcance

Alcance 1

Ciclo de verificación o garantía implementado

Proceso anual

Estado en el año del informe actual

Completo

Tipo de verificación o garantía

Garantía limitada

Adjunte la declaración

 ANUALREPORT1BANORTE2018.pdf

 Banorte_Reporte de RevIndependiente_inglés.pdf

Referencia de página/sección

Deloitte's Independent Assurance Report: All.

Integrated Annual Report: pages 134 and 135. Please bear in mind that emissions reported in this document differ with those reported in CDP because it was verified by a different auditor (Deloitte).

Estándar relevante

ISAE3000

Proporción de emisiones informadas verificadas (%)

100

Alcance

Alcance 2 basada en la localización

Ciclo de verificación o garantía implementado

Proceso anual

Estado en el año del informe actual

Completo

Tipo de verificación o garantía

Garantía razonable

Adjunte la declaración

 ANUALREPORT1BANORTE2018.pdf

 Banorte_Reporte de RevIndependiente_ingles.pdf

Referencia de página/sección

Deloitte´s Independent Assurance Report: All.

Integrated Annual Report: pages 134 and 135. Please bear in mind that emissions reported in this document differ with those reported in CDP because it was verified by a different auditor (Deloitte).

Estándar relevante

ISAE3000

Proporción de emisiones informadas verificadas (%)

100

C10.1b

(C10.1b) Proporcione más detalles de la verificación/garantía adoptada para sus emisiones de alcance 3, y adjunte las declaraciones pertinentes

Alcance

Alcance 3 - todas las categorías relevantes


Ciclo de verificación o garantía implementado

Proceso anual

Estado en el año del informe actual

Completo

Adjunte la declaración

 Declaración_CDP_Banorte _ ENG.PDF

Referencia de página/sección

All.

Estándar relevante

ISO14064-3

Alcance

Alcance 3 - todas las categorías relevantes

Ciclo de verificación o garantía implementado

Proceso anual

Estado en el año del informe actual

Completo

Adjunte la declaración

 ANUALREPORT1BANORTE2018.pdf

 Banorte_Reporte de RevIndependiente_ingles.pdf

Referencia de página/sección

Deloitte´s Independent Assurance Report: All.
 Integrated Annual Report: pages 134 and 135.

Estándar relevante

ISAE3000


C10.2

(C10.2) ¿Verifica la información relacionada con el clima informada en su divulgación a CDP que no sean las cifras de emisiones reportadas en los puntos C6.1, C6.3 y C6.5?

Sí

C10.2a

(C10.2a) ¿Qué puntos de entrada de datos en su divulgación de CDP se han verificado y qué estándares de verificación se utilizaron?

La verificación del módulo de divulgación se relaciona con	Datos verificados	Estándar de verificación	Explicación
C5. Resultado de emisiones	Cambio en las emisiones año tras año (alcance 1 y 2)	ISAE3000	A third party verifies the reduction in energy from our Company, in accordance with GRI Standards, specifically in indicator 302-4: Reduction of energy consumption.  1, 2
C8. Energía	Otro. Especifique. Energy consumption and energy intensity	ISAE3000	A third party verifies the energy consumption from our Company, in accordance with GRI Standards, specifically in indicator 302-1: Energy consumption within the organization and indicator 302-3: Energy intensity

			📎 1, 2
C8. Energía	Cambio en las emisiones año tras año (alcance 1 y 2)	ISAE3000	A third party verifies the reduction in energy from our Company, in accordance with GRI Standards, specifically in indicator 302-4: Reduction of energy consumption 📎 1, 2

📎 ¹ANUALREPORT1BANORTE2018.pdf

📎 ²Banorte_Reporte de RevIndependiente_ingles.pdf

C11. Precio del carbono

C11.1

(C11.1) ¿Algunas de sus operaciones o actividades están reguladas por un sistema de fijación de precio del carbono (es decir, ETS, Límite y comercio o Impuesto al carbono)?

No, y no planificamos estar regulados en los próximos tres años

C11.2

(C11.2) ¿Su organización ha originado o comprado algún crédito de carbono basado en proyectos en el periodo de presentación de informes?

No

C11.3

(C11.3) ¿Su organización utiliza un precio interno del carbono?

No, pero planificamos hacerlo dentro de los próximos dos años

C12. Compromiso

C12.1

(C12.1) ¿Interactúa con su cadena de valor en asuntos relacionados con el clima?

Sí, nuestros proveedores

Sí, nuestros clientes

C12.1a

(C12.1a) Proporcione detalles sobre su estrategia de compromiso de los proveedores con respecto al clima.

Tipo de interacción

Recopilación de información (comprender el comportamiento de los proveedores)

Detalles de la interacción

Recopilar información sobre cambio climático y carbono de los proveedores al menos anualmente

% de proveedores por número

100

% del gasto total de adquisición (directo e indirecto)

100

% de emisiones del alcance 3 como se informó en la pregunta C6.5

0

Fundamento de la cobertura de su interacción

As part of our compliance with our suppliers, we launched the ARIBA tool from SAP as a collaborative project for the management of suppliers and the inclusion of climate change criteria. This tool allows us to reach a 100 percent of scope in our newest suppliers (nationals and foreigners) from the categories: Dining rooms, Technology, Marketing, Works and maintenance; Operations (i.e. ATM's, transfer of values); General services, Health services and Security and protection. Through ARIBA, we include socio environmental criteria in the approbation chain for those suppliers. We consider a 100% of our suppliers because all of them passed through this phase in the acquisition process. Since 2017 we are developing a matrix aligned with the Supply Chain Sustainability practical guide of the United Nations Global Compact, which considers: 1. The supplier's activities belong to a high risk sector activity, 2. The supplier provides products with a high environmental risk, 3. The supplier works in a high-risk country. This matrix classifies the supplier according its potential social and environmental risks with regards to the particularities of its sector and geographic location.

Impacto del compromiso, incluso medidas del éxito

During 2018, 467 suppliers affirmed their knowledge of the Global Compact Principles within their contracts. In addition, the ESG criteria of 166 suppliers were evaluated, representing 48% of the total of the new suppliers. Also, we included in 2017 a clause to promote the adoption of ESG practices. The interested suppliers may be candidates to sponsorship from our Company in order to be recognized with the Mexican Award Socially Responsible Company. The interested suppliers will work with our Sustainability Department to fulfill the requirements of the award and the impact will be measured by the practices performed.

Comentario

C12.1b

(C12.1b) Indique información detallada sobre su estrategia de compromiso para con sus clientes en relación con el clima.

Tipo de interacción

Compartir educación/información

Detalles de la interacción

Compartir información acerca de sus productos y los esquemas relevantes de certificación (es decir, Energía STAR)

% de clientes por número

100

% de emisiones del alcance 3 como se informó en la pregunta C6.5

0

Explique el razonamiento para seleccionar este grupo de clientes y alcance del compromiso

On a daily basis, we perform identification, allocation, evaluation and management of risks related to our loan and financing activities, based on the national legal framework, IFC performance standards and The Ecuador Principles. This strategy involves the departments SEMS and Credit, which review the customer's activity, the financial product, the destination of the credit and reputation. We assess the risks identified assigning a level of socio-environmental risk, depending on the magnitude of their impacts and the possibility of mitigating them (low risk (C), medium risk (B) and high risk (A)). The result is reviewed by the Credit department, who manages it in order to approve or denial financing. The financial impact of the credit determines standard of assessment: i) superior to 1 million dollars: Performance Standards; ii) superior to 10 million dollars: Principles of Ecuador; iii) lower than 1 million dollars: internal SEMS evaluation. The 100% of the credits that meet these considerations and fall in categories A, B or C; are assessed. As a result of the analysis, our SEMS department establishes direct contact with customers with potential risks and emits recommendations. The categories of assessment include: Environmental and social risk, environmental and social evaluation, Environmental management systems, resources management and reduction of pollution, biodiversity and sustainability and environmental risks and impacts. The aforementioned topics may include the management of GHG emissions, in case of applicable.

Impacto del compromiso, incluso medidas del éxito

During 2018, we identified and categorized risks for 3,462 loans and evaluated 31 new projects under due diligence procedure (7 under Equator Principles, 15 under IFC Performance Standards and 9 under SEMS assesment).

For our Business and Corporate clients from our credit portfolio, we conducted 17 visits to tourist and wind farming projects; our site visits in 2018 confirmed the interest of the Credit and Business areas in managing non-financial risks, as well as our strong relationship with clients and their commitment to applying best practices for their respective industries.

We helped face emerging risks; in 2018, the arrival of an explosion of Sargasso seaweed on Mexican's Caribbean beaches raised a nationwide alert about the environmental, economic and health hazards this imbalance represents. Concerned about responding to this issue, Banorte developed practical guidelines for preventing and managing the spread of Sargasso, which it made available to clients in the tourism and

agricultural industries. The guidelines were distributed through the immediate action of our Peninsula Credit Department, the Specialized Tourism Area and the Socio-Environmental Risk Area.

C12.3

(C12.3) ¿Participa en actividades que podrían influir de manera directa o indirecta en las políticas públicas relacionadas con el clima mediante alguna de las siguientes opciones?

Asociaciones comerciales

C12.3b

(C12.3b) ¿Está usted en la Junta directiva de alguna asociación comercial o aporta fondos más allá de la afiliación?

Sí

C12.3c

(C12.3c) Ingrese los detalles de esas asociaciones comerciales que probablemente adopten una posición respecto de la legislación sobre el cambio climático.

Asociación comercial

Asociación de Bancos de México (ABM – Mexican Banking Association)

¿Su posición con respecto al cambio climático coincide con la de ellos?

Coincide

Explique la posición de la asociación comercial

The ABM's posture includes the following point:

- Represent and defend the general interests of its associates in any common management before the public administration and before private organizations.

- Facilitate communication between partner institutions to build consensus on issues that require the establishment of standards that increase the efficiency of the sector.
- Promote the development of banking activities through forums in which national and international experiences are shared that result in best practices and innovation.
- Carry out studies and research oriented to the development and proper functioning of the banking and financial system in general, as well as those related to the improvement of its methods and operating practices.
- Present to the various authorities proposals for updating laws, regulations, circulars, rules and regulations to adapt them to the changing reality of the financial system, the economy and international practices, to increase the competitiveness of the institutions operating in Mexico.
- Disseminate information on products, services, agreements and topics of the national agenda in which there is a trade interest.

These points include, but are not limited to, to integrate climate change into the operations and businesses of the financial institutions and are managed within the Sustainability Committee of this same association.

¿Cómo ha influenciado o intenta influenciar la posición?

Banorte participates in the ABM as board member and in the Sustainability Committee, actively participating in the project towards the benchmark elaboration. The reports issued by the ABM enable GFNORTE to analyze its position in relationship with the trends of our industry, and gave us insight on the distribution of emissions and it's most important factors. Also, our posture is to make the banking sector more sustainable and to seek alignment with the Paris Agreement and the SDGs by sharing our experience in the adoption of global initiatives and good practices for financial institutions. In addition, we encourage adherence to all the frameworks in which we participate, mainly to PBR, PRI and EP.

Asociación comercial

Natural Capital Declaration (NCD)

¿Su posición con respecto al cambio climático coincide con la de ellos?

Coincide

Explique la posición de la asociación comercial

The NCD Project voluntary initiative by the financial industry, created during the Rio +20 Earth Summit, recognizing the role of natural resources in the economy through integration of these criteria into financial products and services. It seeks to provide financial institutions with tested

methodologies and approaches for identifying natural capital risks, in order to reduce such risks, increase the portfolios' resilience, provide financial security for clients and efficiently allocate capital.

¿Cómo ha influenciado o intenta influenciar la posición?

We are part of a group of five companies that are currently developing a pilot to apply the natural capital protocol, a methodology to determine the dependencies and impacts of activities. In the case of Banorte, the pilot aims to determine the climatic risks in the tourism sector.

Asociación comercial

United Nations Environmental Program Finance Initiative (UNEP FI)

¿Su posición con respecto al cambio climático coincide con la de ellos?

Coincide

Explique la posición de la asociación comercial

The UNEP FI is a global partnership between UNEP and the financial sector. Over 200 institutions, including banks, insurers and fund managers, work with UNEP to understand the impacts of environmental and social considerations on financial performance and to identify, promote and encourage adoption of best sustainability practices at all levels for financial institutions.

¿Cómo ha influenciado o intenta influenciar la posición?

In 2018, 28 banks of the world took the initiative, together with the United Nations Environmental Program for Financial Initiatives (UNEP FI) to develop what are called the Principles for Responsible Banking. Banorte is the only Mexican bank, and one of only three Latin American banks, in this founding group.

Asociación comercial

UN Principles of Responsible Investment (PRI)

¿Su posición con respecto al cambio climático coincide con la de ellos?

Coincide

Explique la posición de la asociación comercial

The UNPRI initiative comprises six principles that seek to improve the ability to meet commitments with beneficiaries and align investment activities with ESG issues.

¿Cómo ha influenciado o intenta influenciar la posición?

In the first year of membership, we focus on the fourth principle: Promote the acceptance and application of the PRI in the investment sector. Also, in July 2017, we joined the call of a group of 390 global investors representing \$ 22 billion in assets, so that the leaders of the G20 maintain their commitments of the Paris Agreement.

Asociación comercial

Mexican Alliance for Business and Biodiversity (AMEBIN)

¿Su posición con respecto al cambio climático coincide con la de ellos?

Coincide

Explique la posición de la asociación comercial

AMEBIN is an initiative created in 2016 within the framework of COP 13 on Biodiversity, in which large companies, financial institutions, civil society organizations and international cooperation agencies promote action towards conservation, sustainable use and restoration of biodiversity.

¿Cómo ha influenciado o intenta influenciar la posición?

We participate as a private sector company that has biodiversity among its priority sustainability issues, forming part of the Alliance's working groups and periodically assisting to the events that have arisen from it. We also seek to be a reference for the financial sector in the consideration of natural capital in business, being one of the two banks participating in this initiative.

C12.3f

(C12.3f) ¿Qué procesos tiene implementados para garantizar que todas sus actividades directas e indirectas que influyen las políticas sean coherentes con su estrategia general respecto del cambio climático?

Through the area of Sustainability and Responsible Investment, current and emerging regulations related to environmental and social issues (including climate change) are reviewed, which apply both to the Group and to our clients to verify their respective compliance. Likewise, we have a Socio-environmental Risk, Natural Capital and Environmental policies aligned to a regulatory framework (subject to updates and changes), which includes:

(i) Agreements and initiatives to which we adhere:

1. Basel Agreements;
2. Paragraph 510 of Basel II and Basel III, Pillar 1 on the appropriate treatment and analysis of systemic environmental risks;
3. Equator Principles;
4. Principles of Responsible Investment; and
5. Principles of Responsible Banking.

(ii) National legal framework:

1. General Law of Ecological Balance and Environmental Protection;
2. Regulation on Environmental Impact and Risk;
3. Regulation on Environmental Impact Assessment;
4. Internal Regulations of the Ministry of Energy; and
5. Evaluation of social impact.

(iii) Internal regulations:

1. Sustainability Committee;
2. Credit Manual;
3. Risk Manual;
4. Environmental Policy;
5. Social Policy;
6. Responsible Investment Policy;
7. Natural Capital Policy; and
8. Socio-environmental Risk Policy.

C12.4

(C12.4) ¿Ha publicado información sobre la respuesta de su empresa al cambio climático y el desempeño en materia de emisiones de GEI del año de reporte, en lugares diferentes a CDP? En caso afirmativo, adjunte la(s) publicación(es)

Publicación

En informes de sostenibilidad voluntarios

Estado

Completo

Adjunte el documento

 ANUALREPORT1BANORTE2018.pdf

Referencia de página/sección

Pages 84 to 93 for Natural Capital chapter (for operational issues), and 105 to 123 for the Sustainability chapter (for business issues). Please bear in mind that emissions reported in this document differ with those reported in CDP because it was verified by a different auditor (Deloitte).

Elementos del contenido

Gobernanza
Estrategia
Riesgos y oportunidades
Cifras de emisiones
Metas de emisión
Otras métricas

Comentario



C14. Firma

C-FI

(C-FI) Utilice este campo para proporcionar cualquier información adicional o contexto que sienta es relevante para la respuesta de su organización. Observe que este campo es opcional y no se califica.

C14.1

(C14.1) Proporcione detalles de la persona que ha firmado (aprobado) el cuestionario de cambio climático de CDP.

	Cargo	Categoría del puesto correspondiente
Fila 1	Managing Director, Finance and Operations.	Director de Finanzas (CFO)

Enviar respuesta

¿En qué idioma envía su respuesta?

Inglés

Confirme cómo CDP debe manejar su respuesta

	Envío público o no público	Estoy enviando a
Estoy enviando mi respuesta	Público	Inversionistas



Confirme lo siguiente

He leído y acepto los Términos y Condiciones aplicables