

Second-Party Opinion

Banorte Sustainability Finance Framework



Evaluation Summary

Sustainalytics is of the opinion that the Banorte Sustainability Finance Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021 and Social Bond Principles 2023. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds¹ are aligned with those recognized by the Green Bond Principles and Social Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDGs 2, 3, 4, 5, 6, 7, 8, 9, 11, 12, 14 and 15.



PROJECT EVALUATION AND SELECTION Banorte’s Project Selection and Evaluation Working Group is responsible for identifying eligible projects for the portfolio, under oversight of Banorte’s Sustainability Team. The Sustainability Team also manages socio-environmental risks according to the Banorte’s Socio-Environmental Risk Policy to ensure compliance with relevant legislation and Banorte’s exclusion list. Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS Banorte’s Treasury Team will track net proceeds on a portfolio basis using an internal tracking system. Banorte intends to allocate proceeds within 24 months after each issuance and has established a look-back period of 24 months or less for existing projects, except for capital expenditures related to renewable energy. Pending full allocation, proceeds will be temporarily invested in liquidity accounts, short term bonds and rates derivatives. This is aligned with market practice.



REPORTING Banorte commits to report on allocation of proceeds on its website on an annual basis until bond maturity. Allocation reporting will include net proceeds raised, amount of proceeds allocated per category, the amount used for financing or refinancing, and the total amount of unallocated proceeds. In addition, Banorte intends to report on key performance indicators. Sustainalytics considers the allocation and impact reporting commitments as aligned with market practice.

Evaluation date	January 19, 2024 ²
Issuer Location	Monterrey, Mexico

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¹ The use of proceeds categories are: Renewable Energy; Energy Efficiency; Green Buildings; Environmentally Sustainable Management of Living Natural Resources and Land use; Clean Transportation; Sustainable Water and Wastewater Management; Circular Economy Adapted Products; Production Technologies and Processes, and Certified Eco-Efficient Products; Pollution Prevention and Control; Affordable Basic Infrastructure; Access to Essential Services; Affordable Housing; Food Safety and Sustainable Food Systems; and Socio-Economic Advancement and Empowerment.

² This document updates the Second-Party Opinion originally provided by Sustainalytics in March 2022.

Introduction

Banco Mercantil del Norte S.A. (“Banorte” or the “Bank”), a subsidiary of Grupo Financiero Banorte S.A.B. de C.V. (“GFNorte” or the “Group”), provides products and services in the context of retail and wholesale banking, including chequing and savings accounts, credit cards, investment funds, insurance and retirement services. The Bank was established in 1899 in Monterrey, Mexico, and has more than 26,000 employees and 1,100 branches as of 2022.³

Banorte has developed the Banorte Sustainability Finance Framework dated January 2024 (the “Framework”) under which it intends to issue green, social and sustainability bonds, and use the proceeds to finance or refinance, in whole or in part, a loan portfolio of existing and future projects intended to contribute to decarbonization and socio-economic advancement in Mexico.

The Framework defines eligibility criteria under the following environmental categories:

1. Renewable Energy
2. Energy Efficiency
3. Green Buildings
4. Environmentally Sustainable Management of Living Natural Resources and Land Use
5. Clean Transportation
6. Sustainable Water and Wastewater Management
7. Circular Economy Adapted Products, Production Technologies and Processes, and Certified Eco-Efficient Products
8. Pollution Prevention and Control

The Framework defines eligibility criteria under the following social categories:

9. Affordable Basic Infrastructure
10. Access to Essential Services
11. Affordable Housing
12. Food Safety and Sustainable Food Systems
13. Socio-Economic Advancement and Empowerment

Banorte engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP), and Social Bond Principles 2023 (SBP).⁴ The Framework has been published in a separate document.⁵

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁶ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2023, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.15, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

³ Banorte, “2022 Annual Report”, at: https://investors.banorte.com/~/_media/Files/B/Banorte-IR/financial-information/annual-reports/en/2023/AR_Banorte_2022_ENG_FV.pdf

⁴ The Sustainability Bond Guidelines, Green Bond Principles and Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/>

⁵ The Banorte Sustainability Finance Framework is available on Banorte’s website at: <https://investors.banorte.com/en/sustainability/resources/policies-and-procedures>

⁶ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

As part of this engagement, Sustainalytics held conversations with various members of Banorte's management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Banorte representatives have confirmed (1) they understand it is the sole responsibility of Banorte to ensure that the information provided is complete, accurate and up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Banorte.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Banorte has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Sustainability Finance Framework

Sustainalytics is of the opinion that the Sustainability Finance Framework is credible, impactful and aligned with the four core components of the GBP and SBP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The eligible categories are aligned with those recognized by the GBP and SBP. The eligible categories are: Renewable Energy; Energy Efficiency; Green Buildings; Environmentally sustainable management of Living Natural Resources and Land Use; Clean Transportation; Sustainable Water and Wastewater Management; Circular Economy Adapted Products, Production Technologies and Processes, and Certified Eco-Efficient Products; Pollution Prevention and Control; Affordable Basic Infrastructure; Access to Essential Services; Affordable Housing; Food Safety and Sustainable Food Systems; and Socioeconomic Advancement and Empowerment.
 - In the Renewable Energy category, Banorte intends to invest bond proceeds in: i) construction, expansion, renovation or operation projects generating energy from onshore and offshore wind and solar, hydro, geothermal and waste biomass, as well as cogeneration power plants; ii) manufacture of renewable energy generation components, such as solar photovoltaic (PV) cells, concentrated solar power (CSP) systems, wind turbines and hydro turbines; and iii) renewable energy transmission and distribution projects.
 - For solar energy projects, the Framework specifies investments in solar PV plants, rooftop PV and CSP. Banorte has confirmed that CSP plants will generate at least 85% of electricity from solar sources.
 - For biomass projects, the Framework stipulates that the feedstock for biomass power generation will be procured from biodegradable municipal waste, excluding peat and palm oil as feedstock, and the facility will generate less than 100 gCO₂e/kWh of life cycle emissions. Sustainalytics considers the eligibility criteria to be aligned with market practice.

- Hydropower facilities that became or will become operational after the end of 2019 will have power density of greater than 5 W/m² and facilities that became operational before the end of 2019 will have power density of greater than 10 W/m². Banorte has communicated to Sustainalytics all projects financed by the Bank in the power sector, including hydropower, undergo a robust socio-environmental risk assessment. This includes due diligence carried out under the Equator Principles as well as the Bank's own Socio-environmental risk policy.⁷
- For cogeneration power plants, the Framework stipulates investments towards heat and electricity cogeneration facilities that generate less than 100 gCO₂e/kWh of life cycle emissions and not powered by fossil fuels. Banorte has confirmed to Sustainalytics that in the case of biomass energy sources, the feedstock will follow the eligibility criteria stipulated in the Framework.
- The Framework stipulates that renewable energy transmission and distribution networks financed, must be dedicated to connecting renewable energy generation facilities to the grid. In addition, the Framework also allows for financing of transmission and distribution grids where more than 67% of the newly connected generation capacity in the system is below 100 gCO₂e/kWh or, if the average emissions factor of the grid financed is below 100 gCO₂e/kWh, both over a five-year period.
- Sustainalytics considers expenditures under this category to be aligned with market practice.
- Under the Energy Efficiency category, the Framework stipulates investments toward energy-efficient electric-powered systems, including boilers, energy-efficient HVAC systems, refrigeration and lighting.
 - For refrigeration systems, Sustainalytics recommends Banorte to consider financing systems that use low-GWP refrigerants and promote refrigerant leak control, detection and monitoring, while ensuring recovery, reclamation, recycling or destruction of refrigerants at end of life.
 - Sustainalytics considers expenditures under this category to be aligned with market practice.
- Under the Green Buildings category, Banorte intends to finance or refinance: i) housing developments; ii) home mortgages; and iii) the construction, renovation or acquisition of industrial and commercial buildings, including warehouses, plants and service buildings.
 - All projects financed under this category will be certified LEED⁸ Gold or above, EDGE⁹ Advanced or Zero Carbon, the Living Building Challenge certifications,¹⁰ BREEAM¹¹ Excellent or above.
 - Additionally, industrial and commercial projects can also be certified by EarthCheck¹² Gold or Net Zero Energy Building,¹³ or BOMA Best (minimum Gold).¹⁴
 - Sustainalytics views these certifications to be credible and the levels selected as aligned with market practice.
- Under the Environmentally Sustainable Management of Living Natural Resources and Land Use category, the Bank contemplates investments toward the following activities as certified by a recognized third-party certification scheme: i) Sustainable agricultural activities, excluding meat production, certified by either UTZ,¹⁵ Rainforest Alliance¹⁶ or Organic SAGARPA Mexico;¹⁷ ii)

⁷ Banorte, "Socio-environmental risk policy", at: <https://investors.banorte.com/~media/Files/B/Banorte-IR/sustainability/policies-and-procedures/en/Socio-environmental%20Risk%20Policy.pdf>

⁸ LEED: <https://www.usgbc.org/leed>

⁹ EDGE: <https://edgebuildings.com/>

¹⁰ Living Building Challenge certifications: <https://living-future.org/lbc/>

¹¹ BREEAM: <https://bregroup.com/products/breem/>

¹² EarthCheck: <https://earthcheck.org/>

¹³ Net Zero Energy Building: <https://living-future.org/zero-energy/>

¹⁴ BOMA Best: <https://bomabest.org/>

¹⁵ Rainforest Alliance, UTZ Certification, at: <https://www.rainforest-alliance.org/utz/>

¹⁶ Rainforest Alliance Sustainable Agriculture Standard: <https://www.rainforest-alliance.org/resource-item/rainforest-alliance-sustainable-agriculturestandard-introduction/>

¹⁷ Control Union Mexico Organic SAGARPA Mexico, at: <https://mexico.controlunion.com/en/international-standards/organic-sagarpa-mexico>

- Forestry activities with FSC¹⁸ or PEFC¹⁹ certification; and iii) Fishery and aquaculture activities with MSC²⁰ or ASC²¹ certification.
- Sustainalytics views these certifications to be credible and the levels selected as aligned with market practice.
- Under Clean Transportation, the Framework stipulates investments toward:
- Construction, expansion, renovation or operation of infrastructure projects that support zero direct emissions transportation systems, including transit corridors dedicated to electric vehicles and stations to charge electric vehicles and hydrogen fuel cell vehicles. The Bank has confirmed to Sustainalytics that standalone parking facilities will be excluded from the Framework.
 - Construction, expansion or renovation of active mobility infrastructure, such as sidewalks, as well as purchase of active mobility equipment, such as bicycles, e-bikes and e-scooters.
 - Manufacture, retrofit, repurposing and upgradation of vehicles that have zero direct tailpipe CO₂ emissions, such as electric or hydrogen powered vehicles.
 - Road and rail transport with the following emissions thresholds: i) zero direct emissions electric road passenger vehicles; ii) plug-in hybrid and low-carbon emissions road passenger vehicles generating less than 75 gCO₂e/pkm; iii) passenger rail, trolleybuses, light trains and metro generating less than 50 gCO₂e/pkm or powered by an electric or hydrogen system; and iv) rail or road freight transport that emits less than 25 gCO₂e/tkm.
 - The Framework follows the Mexican Standard for testing vehicles emissions.²² As per this standard, vehicles must undergo testing that simulate a vehicle's performance in the city and on the highway to determine its exhaust emissions.
 - For Freight Transport, the Bank has confirmed to Sustainalytics the exclusion of fossil fuel transportation.
 - Sustainalytics considers expenditures under this category to be aligned with market practice.
- Under Sustainable Water and Wastewater Management category, the Framework stipulates investments toward the construction, expansion, operation and renewal of water collection, purification and distribution systems.
- Water extraction and purification projects will meet the following criteria: i) an energy usage threshold of 0.5 kWh per cubic meter of water supplied; and ii) limiting leaks at up to 1.5, as per the Structural Leakage Index.²³ For renewal of water collection, purification and distribution systems, an energy efficiency improvement of 20% compared to its average reference performance of the last three years will be required.
 - Sustainalytics notes positively the inclusion of energy usage, water leakage and energy efficiency improvement thresholds.
 - The Framework stipulates that eligible desalination plants will: i) have an appropriate waste management plan for brine disposal; ii) be powered by low-carbon sources with an average carbon intensity of the electricity used for desalination up to 100 gCO₂e/kWh; and iii) exclude integrated water and power plants with fossil fuels or supplying water to fossil fuel activities.
 - Sustainalytics considers expenditures under this category to be aligned with market practice.
- The Circular Economy Adapted Products, Production Technologies and Processes, and Certified Eco-Efficient Products Category includes the production of cement and manufacturing of steel.

¹⁸ Forest Stewardship Council: <https://fsc.org/en/fsc-standards>

¹⁹ PEFC: <https://www.pefc.org/standards-implementation>

²⁰ Marine Stewardship Council Fisheries Standards, at: <https://www.msc.org/standards-and-certification/fisheries-standard>

²¹ Aquaculture Stewardship Council, at: <https://www.asc-aqua.org/what-we-do/our-standards/farm-standards/>

²² Mexican Standard for testing vehicles emissions, at: https://dof.gob.mx/nota_detalle.php?codigo=5303391&fecha=21/06/2013#gsc.tab=0

²³ The Infrastructure Leakage Index (ILI) is a metric used in the field of water supply management and infrastructure to evaluate the efficiency of a water distribution system. ILI serves as an indicator to quantify the efficiency of water infrastructure by measuring the ratio between real losses (leakage) and the amount of water supplied to consumers.

Winarni, W. (2009). Infrastructure Leakage Index (ILI) as Water Losses Indicator, Civil Engineering Dimension, at: <https://doaj.org/article/4cf5a276268b4b5ebf01826bedb24611>

- For cement production, the Framework stipulates emissions intensity thresholds as follows:
 - Until year 2025: 0.55 tCO₂e/ ton cement produced.
 - Year 2026: 0.53 tCO₂e/ ton cement produced.
 - Year 2027: 0.50 tCO₂e/ ton cement produced.
 - Year 2028: 0.48 tCO₂e/ ton cement produced.
 - Year 2029: 0.45 tCO₂e/ ton cement produced.
 - Year 2030: 0.43 tCO₂e/ ton cement produced.
 - The above annual emission intensity path for cementitious product, aligns with the Transition Pathway Initiative's (TPI) below 2-degree scenario. Sustainalytics notes positively that the Framework's decarbonization trajectory follows a steeper reduction curve and this leads intensity reduction targets that are lower than the targets listed by TPI (under below 2-degree scenario) for the year 2027,2028,2029 and 2030.
 - For steel production, the Framework stipulates financing facilities that produce steel using the Electric arc furnace (EAF) process, with emissions intensity below 0.24 tCO₂e/ton of steel produced. This is aligned with market practice.
 - Additionally, the Framework allows for production of sintered minerals with emission intensity below 0.163 tCO₂e/ton and coke with emissions intensity below 0.144 tCO₂e/ton. Sustainalytics notes that these thresholds are aligned with those defined in the EU Taxonomy. Sintered minerals and coke are an integral part of conventional steel production, which will require decarbonization over time in order to contribute to broad, international climate objectives.
 - The Bank has defined its emissions reduction targets²⁴ under the 1.5°C scenario for seven hard to abate sectors, including cement and steel sector and has communicated to Sustainalytics that it is in the process of finalizing a transition plan for the listed hard to abate sectors.
- Under the Pollution Prevention and Control category, Banorte intends to finance or refinance the collection, transportation and treatment of non-hazardous waste through the following activities:
- Waste collection will include municipal solid and special handling waste as well as recyclable materials, which will be separated at their source. Eligible waste collection vehicles will meet the clean transport eligibility criteria stated in the Framework.
 - Eligible waste treatment facilities will involve anaerobic digestion that meets the following criteria:
 - Biowaste used for digestion will be at least 70% organic fraction of urban solid waste. Up to 30% of input may consist of sludge from wastewater treatment plants.
 - Eligible biowaste may include residual biomass from food, agricultural, forestry and livestock waste. Sustainalytics notes that animal fats, oils and other animal products from livestock or meat processing facilities, as well as wastewater from fossil fuel operations and hard-to-abate industries, are excluded.
 - Any digestate produced through anaerobic digestion will be used for soil improvement or as raw material in another production chain.
 - Any biogas produced will be used for thermal or electrical energy generation with life cycle emissions either at or below the threshold of 100 gCO₂e/kWh or at least 65% lower than a fossil fuel baseline.²⁵
 - Treatment will include composting waste to be used for soil improvement or fertilizer.
 - Waste treatment will also include expenditures toward material recovery facilities to recover recyclables including e-waste. Banorte has confirmed to Sustainalytics that the financed facilities will have waste management processes to mitigate associated risks posed by processing electronic waste.

²⁴ Banorte's Progress Report on Decarbonization 2022-2023, at: <https://investors.banorte.com/~media/Files/B/Banorte-IR/Sustainability%202023/SBTi/NBZA%20Progress%20Report%202023.pdf>

²⁵ Banorte has confirmed that it will report on the fossil fuel baseline used to calculate the emission thresholds of eligible waste treatment facilities that generate thermal or electrical energy.

- Sustainalytics views expenditures under this category to be aligned with market practice.
- Under Affordable Basic Infrastructure, Banorte intends to finance or refinance the construction, renovation, improvement or expansion of the following: i) healthcare facilities; ii) educational facilities; iii) energy infrastructure and related technologies; iv) safe and affordable drinking water; v) accessible transport systems; and vi) telecommunication infrastructure.
 - Healthcare facilities may include hospitals, outpatient and inpatient rehab, and care facilities. Banorte has confirmed to Sustainalytics that all facilities will be public and accessible to all regardless of ability to pay.
 - The Bank has confirmed that all eligible educational facilities will be public and accessible to all regardless of ability to pay.
 - Financing related to energy infrastructure will be dedicated to areas that currently have no access to electricity or where service is inadequate, such as areas with recurrent power cuts. Banorte has confirmed that eligible energy infrastructure will not be connected to dedicated fossil fuel power plants.
 - Eligible projects to provide safe and affordable drinking water will include the construction of water treatment plants and related infrastructure.²⁶
 - Financing for accessible transport will include road infrastructure and public transportation projects.
 - Road infrastructure projects will be dedicated to areas where there is currently no access or where existing road systems are significantly inadequate.
 - Eligible public transportation systems will improve access to excluded or marginalized populations and communities.²⁷
 - Banorte has confirmed that all public transport systems will comply with the emissions thresholds set under the Clean Transportation category.
 - Eligible projects related to the installation for telecommunication infrastructure will be limited to communities in areas that have no or inadequate service.
 - Sustainalytics considers expenditures under this category are expected to enhance access to critical infrastructure for the aforementioned target populations.
- Under Access to Essential Services, the Framework stipulates investments toward increasing access to financial services for MSMEs.
 - Banorte defines MSMEs as enterprises with an annual income up to MXN 250 million (USD 14.6 million).²⁸
 - Banorte has confirmed to Sustainalytics that eligible MSMEs will not be engaged in any activities or industries stipulated in the Framework's exclusionary list.
 - Sustainalytics views positively Banorte's intention to support its lending to MSMEs with responsible lending practices in order to avoid opportunistic and predatory lending. For more details, please refer to Section 2.
- Under Affordable Housing, Banorte intends to finance or refinance real estate loans to build affordable housing for low-income populations that comply with Infovanit development programmes.
 - Banorte defines low-income populations as those who fall into Decile IV or less according to the National Survey of Household Income and Expenditure (INEGI)²⁹ or

²⁶ Banorte has confirmed that there will be no double counting of financing between expenditures related to water infrastructure and that any investments related to Desalination plants will adhere to the criteria listed in the aforementioned category.

²⁷ Banorte defines excluded or marginalized populations and communities as: i) People who live in inaccessible areas, such as indigenous people; or ii) People who live in marginalized areas according to the most recent Marginalization index by state and municipality published by the General Secretariat of the National Population Council (CONAPO)

²⁸ Banorte uses the following definition of MSMEs: Micro-enterprises are those from any sector with up to 10 workers and an annual sales range up to MXN 4 million. Small enterprises are those in the commerce industry with up to 30 workers, and industries and services sectors with up to 50 workers with annual income up to MXN 100 million. Medium enterprises are those in the commerce and services sectors with up to 100 workers and in the industry sector with up to 250 workers with an income up to MXN 250 million a year.

²⁹ In 2022, the average quarterly income in the fourth decile of earnings in Mexico was MXN 35,947 (USD 2,138). Approximately 5.6% of households fall into this Decile, with 4.6% in Decile III, 3.5% in Decile II, and 2.1% in Decile I. INEGI, "Encuesta Nacional de Ingresos y Gastos de los Hogares 2022," (2023), at: https://en.www.inegi.org.mx/contenidos/programas/enigh/nc/2022/doc/enigh2022_ns_presentacion_resultados.pdf

- socioeconomic levels D+, D or E according to the Mexican Association of Marketing Research and Public Opinion Agencies (AMAI).³⁰
- Banorte has confirmed to Sustainalytics that eligible projects will comply with one of two Infonavit housing development programmes: i) Sustainable housing: Integral Life Infonavit; and ii) Comprehensive Credit (home construction Line III packages), both of which provide for the development of high-quality accommodations aimed at benefitting lower-income households.³¹ Infonavit is a housing agency that operates in cooperation with the Mexican government to offer credit for Mexican workers to purchase, build, renovate or decorate their homes.^{32,33} Sustainalytics notes that Infonavit offers discounted interest rates on mortgages scaled to income and that it has contributed significantly to the provision of mortgages to low-income populations in Mexico.³⁴
 - Sustainalytics expects investments under this category to improve access to affordable housing and encourages Banorte to report on the positive impacts for its target population.
- Under Food Safety and Sustainable Food Systems, Banorte intends to finance or refinance loans to smallholder farmers to cover operational expenditures and equipment.
 - Banorte follows the definition of small-scale agricultural producers provided by Fideicomisos Instituidos en Relacion con la Agricultura (FIRA) in Mexico. FIRA defines small-scale agricultural producers as those who farm up to 5 hectares, or up to 0.2 hectares of irrigated land, and who receive up to 160,00 investment units (UDI).³⁵
 - Sustainalytics considers expenditures under this category to be socially impactful.
 - Under Socio-Economic Advancement and Empowerment Banorte, intends to finance or refinance loans to MSMEs that are owned or led by women.
 - Eligible MSMEs include individual female entrepreneurs and companies that meet one of the following criteria: i) majority (more than 50%) owned by women; ii) the Chairman of the Board of directors is a woman; iii) more than 50% of the board of directors are women; or v) the sole administrator is a woman at the time of the credit application.
 - Sustainalytics considers expenditures under this category to be socially impactful.
 - The Framework specifies a list of activities that will be excluded from financing: i) production or activities that involve forced labour or child labour; ii) all illegal production or commerce; iii) pornography and prostitution; iv) wildlife crime as regulated by CITES; v) production or trade of radioactive material, asbestos, polychlorinated biphenyl and other internationally prohibited chemicals; vi) production and trade of any internationally prohibited pharmaceuticals, pesticides and herbicides; vii) production or trade of any internationally prohibited substances that destroy ozone; viii) sea fishing nets more than 2.5 km long; ix) commercial forestry in primary tropical rainforest; x) any activity in violation of environmental health or industrial safety laws; xi) churches, xii) gambling; xiii) military equipment; xiv) candidates, politically exposed persons, unions, and political organizations except with approval from the Central Credit Committee; and xv) fossil fuel activities, including upstream, midstream and downstream activities.
- Project Evaluation and Selection:

³⁰ The Mexican Association of Marketing Research and Public Opinion Agencies (AMAI) classifies households using Mexico's Socioeconomic Level Index (SES), which groups households on their ability to meet certain needs with level A being the highest, and E the lowest. These levels are based on six characteristics: i) education level of the head of the household; ii) number of bedrooms; iii) number of full bathrooms; iv) number of employed persons aged 14 and over; v) number of cars; and vi) internet tenure. Approximately 14% of the population falls under level D+, 24% under D, and 8% under E. For more information: "Nivel Socioeconómico AMAI 2022", at: https://www.amai.org/descargas/Nota_Metodologico_NSE_2022_v5.pdf

³¹ "Vivienda sustentable: Vida Integral Infonavit" and "Crédito Integral (construcción de vivienda en paquetes de Línea III)" Infonavit, "Infonavit Programs for Developers" at: https://portalmx.infonavit.org.mx/wps/portal/infonavit.web/proveedores-externos/para-tu-gestion/desarrolladores/programa-desarrolladores/!ut/p/z1/jZDNCoJQEafpYXLnFHjYu00zBlpgySbTWjYTTcVqCW9fdLPshbs5vhnJnhA4llqIivGY-bTBRx3vU7YnmIs6nI23peqijemVvgIC3Dd_X

³² World Finance, "Infonavit on reshaping Mexico's mortgage market," <https://www.worldfinance.com/inward-investment/infonavit-on-reshaping-mexicos-mortgage-market>

³³ Infonavit, "Que Credito me conviene?," at: <https://infonavitfacil.mx/category/que-credito-me-conviene/>

³⁴ Government of Mexico, "INFONAVIT is the main Mexican state institution for ensuring that families can exercise their constitutional right to decent housing," at: <https://www.gob.mx/epn/prensa/infonavit-is-the-main-mexican-state-institution-for-ensuring-that-families-can-exercise-their-constitutional-right-to-decent-housing-epn>

³⁵ The Mexican investment unit (UDI) (ISO 4217 code MXV) is an index unit of funds used in Mexico's credit system that is constantly adjusted to inflation.

- Banorte's Project Selection and Evaluation Working Group, which includes members from the wholesale banking, consumer banking, leasing, treasury, and sustainability departments, is responsible for identifying eligible projects for the portfolio.
- Banorte's Sustainability Team provides oversight for eligibility decisions made by the Project Selection and Evaluation Working Group. The Sustainability Team also manages socio-environmental risks according to the Bank's Socio-environmental Risk Policy and ensures compliance with both relevant legislation and the Bank's exclusion list. For additional details, please see Section 2.
- Based on the allocation of responsibilities for project selection and risk management, Sustainalytics considers this process to be aligned with market practice.
- Management of Proceeds:
 - Banorte's Treasury Team will track the net proceeds on a portfolio basis using an internal tracking system.
 - Pending allocation, net proceeds will be temporarily invested in accordance with Treasury Team's preapproved investment policies, which may include placement in liquidity accounts, short term bonds and rates derivatives.
 - Banorte will allocate net bond proceeds within 24 months after each issuance.
 - The Bank has established a look-back period of 24 months or less for refinancing existing projects while exempting capital expenditures for renewable energy projects, specifically wind and solar projects. Sustainalytics notes that the asset life cycle of wind and solar projects is approximately 25 years and therefore considers the refinancing of these physical assets to be aligned with market expectations.
- Reporting:
 - Banorte commits to report on the allocation and impact of proceeds on its website on an annual basis until bond maturity. Allocation reporting will include net proceeds raised, amount of proceeds allocated per category, the amount used for financing or refinancing, and the total amount of unallocated proceeds.
 - Impact reporting may include key performance indicators such as renewable energy capacity installed and generated (in MW), GHG emissions avoided (in tCO₂e), transmission lines installed (in km), sustainable agriculture production volume (in tonnes), water saved (in m³), transportation infrastructure built, number of loans granted to MSMEs and number of small-scale agriculture producer benefitted.
 - Based on Banorte's commitment to both impact and allocation reporting, Sustainalytics considers this process to be aligned with market practice.

Alignment with Sustainability Bond Guidelines 2021

Sustainalytics has determined that the Banorte Sustainability Finance Framework aligns with the four core components of the GBP and SBP.

Section 2: Sustainability Strategy of Banorte

Contribution to Banorte's sustainability strategy

Sustainalytics is of the opinion that Banorte demonstrates a commitment to sustainability. As a subsidiary of GFNorte, Banorte follows the sustainability and corporate governance principles of the Group.

In 2023, the Bank updated its sustainability policy to focus on four primary pillars that cover nine sub-categories: i) Environmental, including climate change, operational-ecological efficiency, and nature; ii) Social, including corporate citizens and human capital; iii) Governance, including responsible leadership and digitization; and iv) Sustainable Business, covering inclusive banking and sustainable finance.³⁶ Based on a double materiality matrix, the Bank's top four priorities are to contribute to the transition to a low-carbon economy, support workforce empowerment through a diverse, equitable and inclusive culture, promote financial inclusion, and integrate sustainability into C-suite decision-making through governance, which have been included in an Action Plan for 2023-2025.³⁷

³⁶ Banorte's 2023 Sustainability Strategy was shared with Sustainalytics confidentially.

³⁷ Ibid.

The Bank has set targets related to the emission profile of its lending portfolio and integrates responsible investing into its lending practices.³⁸ Additionally, the Bank has established emissions reduction goals for its financed scope 3 emissions based on the recommendations of the Net Zero Banking Alliance.³⁹ In October 2023, the Bank received validation from the Science Based Targets initiative for the emissions reduction targets at the Group level, where Banorte's targets were included alongside those of the other subsidiaries.⁴⁰ Further, the Bank is a signatory of the Equator Principles, a founding signatory of the Principles for Responsible Banking and follows the guidelines outlined in the IFC Performance Standards in its evaluation of financing projects.^{41,42}

To exemplify the Bank's commitment to environmentally sustainable practices, it uses energy efficiency technology in its branches and is targeting approximately 30% of Banorte's consumption for 2025 to be from renewable sources.^{43,44} In support of its social strategy, the Bank also invested USD 213 million⁴⁵ in initiatives targeting women, including MSME financing, access to financing for entrepreneurs, and loans to working women from agricultural communities without access to funding.⁴⁶

Based on the above, Sustainalytics considers Banorte to be well positioned to issue sustainable bonds, given the extensive policies, programmes and commitments it adheres to as part of GFNorte. Furthermore, the issuance of sustainable bonds aligns with the Group's sustainability strategy and will contribute to the realization of its sustainability goals.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the net proceeds from the bonds issued under the Framework will be directed towards eligible projects that are expected to generate positive environmental and social impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key risks possibly associated with such projects include land use biodiversity issues associated with large infrastructure projects; emissions, effluents and waste generated and during construction; occupational health and safety; stakeholder relations; client protection and predatory lending; and the exacerbation of inequalities if underserved groups are not appropriately targeted.

Sustainalytics acknowledges that the activities financed under the Framework will not be carried out by Banorte itself but rather by the companies and individuals receiving financing from Banorte. Nonetheless, Sustainalytics is of the opinion that the Bank is well positioned to manage or mitigate potential risks through the implementation of the following:

- To manage land use and biodiversity issues associated with large infrastructure projects, emissions, effluents and waste generated, and occupational health and safety risks during construction, GFNorte has in place a Social and Environmental Risk Management System (SEMS). Through the SEMS, GFNorte identifies, categorizes, evaluates and tracks social and environmental risks related to the projects it is considering financing. Projects are classified as high, medium or low risk according to the magnitude of the associated impacts and the potential for mitigation. The SEMS is based on the Mexican national legal framework, regulations and the Equator Principles.⁴⁷ The Bank also has a Natural Capital Policy which promotes the consideration of natural resources, ecosystems and biodiversity in its operations.⁴⁸
- In relation to stakeholder relations, every employee or member of a governing body in the Bank must abide by the Bank's Code of Conduct, which covers human rights, workplace safety and conduct with clients, suppliers and communities. Additionally, the Bank's Code of Conduct stipulates that any

³⁸Banorte, "Sustainable Finance", (2023), at: <https://investors.banorte.com/en/sustainability/sustainability-strategy/sustainable-finance#:~:text=Since%202012%20we%20have%20developed,develop%20socially%20and%20environmentally%20responsible>

³⁹ Banorte, "Environmental", (2023), at: <https://investors.banorte.com/en/sustainability/sustainability-strategy/ambiental>

⁴⁰ Ibid.

⁴¹Banorte, "Sustainable Finance", (2023), at: <https://investors.banorte.com/en/sustainability/sustainability-strategy/sustainable-finance#:~:text=Since%202012%20we%20have%20developed,develop%20socially%20and%20environmentally%20responsible>

⁴² UN Environment Programme Finance Initiative, "Signatories", (2023), at: <https://www.unepfi.org/banking/prbsignatories/>

⁴³ Banorte, "Environmental", (2023), at: <https://investors.banorte.com/en/sustainability/sustainability-strategy/ambiental>

⁴⁴ Banorte shared its 2025 energy consumption target with Sustainalytics.

⁴⁵ Ps 4.29 million converted to USD using 2022 annual average exchange rate.

⁴⁶ Banorte, "Building the Future We Envision: 2022 Annual Report", (2022), at: https://investors.banorte.com/~media/Files/B/Banorte-IR/financial-information/annual-reports/en/2023/AR_Banorte_2022_ENG_FV.pdf

⁴⁷Banorte, "Sustainable Finance", (2023), at: <https://investors.banorte.com/en/sustainability/sustainability-strategy/sustainable-finance#:~:text=Since%202012%20we%20have%20developed,develop%20socially%20and%20environmentally%20responsible>

⁴⁸ Banorte, "Natural Capital Policy", (2023), at: <https://investors.banorte.com/~media/Files/B/Banorte-IR/sustainability/policies-and-procedures/en/Natural%20Capital%20Policy.pdf>

activities with clients and other stakeholders should not have a negative impact on society or their community's natural resources.⁴⁹

- With regard to risks related to client protection and predatory lending, the Bank's Code of Conduct requires all employees to communicate with customers via official channels, provide truthful information and avoid: i) selling products that a customer does not need; ii) omitting complete descriptions of products including risks to the customer; and iii) making false or misleading comparisons to other products on the market.⁵⁰
- To mitigate the potential exacerbation of inequalities due to the inappropriate targeting of underserved groups, the Bank has in place the SEMS process and the Socio-Environmental Risk Policy. The policy outlines the responsibility to monitor the positive and negative impacts resulting from the Bank's operations and if a negative outcome is identified, requires the Bank to develop and implement corresponding strategies and action plans to manage the situation.⁵¹
- To assess additional material risks, the Group has established control mechanisms and audit systems to periodically review compliance with the Group's policies and standards and applicable regulations.⁵²

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Banorte has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All 13 use of proceeds categories are aligned with those recognized by the GBP or SBP. Sustainalytics has focused on two below where the impact is specifically relevant in the local context.

Importance of Renewable Energy in Mexico

In 2022, 31.2% of Mexico's power generation was produced from clean energy sources.⁵³ Although there was an increase in renewable energy generation capacity over the last decade, the corresponding carbon intensity has remained almost unchanged.⁵⁴ This can be attributed to the rise in fossil-based sources used to meet growing energy demands. As a result, total CO₂ emissions of Mexico's energy sector have risen by more than 51% between 1990 and 2019.⁵⁵

In 2015, the Mexican government established the Energy Transition Law to advance renewable energy projects that support the country's achievement of its Nationally Determined Contribution (NDC) under the Paris Agreement.^{56,57} The law aims to increase the share of clean energy in Mexico to 35% by 2024 and 43% by 2030.⁵⁸ Furthermore, the International Renewable Energy Agency estimates that renewable energy has the potential to reduce Mexico's total coal demand by 62%, natural gas by 21% and oil by 6%, compared to business as usual to 2030.⁵⁹ Therefore, transitioning to renewable energy can significantly contribute towards Mexico's NDC of reducing GHG emissions by 35% relative to a business-as-usual scenario by 2030.⁶⁰

Sustainalytics considers that Banorte's investments in renewables have the potential to contribute to expanding renewable energy capacity in Mexico and advancing the country's long-term climate targets.

⁴⁹ GF Banorte, "Code of Conduct", (2022), at: https://investors.banorte.com/~media/Files/B/Banorte-IR/Sustainability%202023/Pol%C3%ADticas%202022/Code%20of%20Conduct_290523.pdf

⁵⁰ GF Banorte, "Code of Conduct", (2022), at: https://investors.banorte.com/~media/Files/B/Banorte-IR/Sustainability%202023/Pol%C3%ADticas%202022/Code%20of%20Conduct_290523.pdf

⁵¹ Banorte, "Social and Environmental Risk Policy", (2023), at: <https://investors.banorte.com/~media/Files/B/Banorte-IR/sustainability/policies-and-procedures/en/Socio-environmental%20Risk%20Policy.pdf>

⁵² GF Banorte, "Code of Conduct", (2022), at: https://investors.banorte.com/~media/Files/B/Banorte-IR/Sustainability%202023/Pol%C3%ADticas%202022/Code%20of%20Conduct_290523.pdf

⁵³ International Trade Association, "Mexico- Renewable Energy", (2023), at: <https://www.trade.gov/country-commercial-guides/mexico-renewable-energy>

⁵⁴ Climate Transparency, "Climate Transparency Report: Mexico", (2022), at: <https://www.climate-transparency.org/countries/americas/mexico>

⁵⁵ Ibid.

⁵⁶ International Energy Agency, "General Law of Climate Change", (2022), at: <https://www.iea.org/policies/8683-general-law-of-climate-change-mexico>

⁵⁷ Gobierno Federal, "Intended Nationally Determined Contribution", at: https://www.gob.mx/cms/uploads/attachment/file/162973/2015_indc_ing.pdf

⁵⁸ Ibid.

⁵⁹ IRENA, "Renewable Energy Roadmap 2030", at: https://www.irena.org/~media/Files/IRENA/Agency/Publication/2015/IRENA_REMap_Mexico_report_2015.pdf

⁶⁰ <https://www.forbes.com/sites/energyinnovation/2019/05/20/mexico-climate-policy-can-boost-its-economy-save-5-billion-prevent-26000-deaths-by-2030/?sh=43c917291615> Enerdata, "Mexico's updated NDC increases its emission reduction targets for 2030", (2022), at: <https://www.enerdata.net/publications/daily-energy-news/mexicos-updated-ndc-increases-its-ghg-emissions-reduction-targets-2030.html>

Importance of MSME Financing in Mexico

In the context of Mexico's emerging market economy, MSMEs make up a vital part of the economy and overall employment. In 2022, Mexico had 4.86 million SMEs, generating 14.6% of the national GDP and employing nearly 50% of the entire workforce.⁶¹ However, the lack of access to finance for MSMEs has become a significant impediment to employment, economic development and shared prosperity in the country. MSMEs in Mexico face a financing gap of USD163.9 billion, accounting for 14% of GDP, the second-highest gap by volume among all Latin American countries.^{62,63} Additionally, 2018 data from the OECD shows a 5.9% interest rate spread between SMEs and larger firms as the average interest rates correlate with the size of the borrowing company, which further burdens MSMEs seeking financing in Mexico.⁶⁴ The MSME financing gap leads to a wide labour productivity gap, with Mexico having the lowest labour productivity of SMEs among all OECD countries, which further aggravates income inequalities and slows economic growth in Mexico. The importance of addressing these concerns is represented in the steps the Mexican federal government has taken in implementing specific programmes targeted at micro and small enterprises. These include initiatives aimed at lowering the personal income tax rate, providing management training, and adopting ICT in micro businesses. The Financial Inclusion Action Plan, launched in 2016, for example, addresses the importance of MSME financing among its priorities.⁶⁵

By continuing to provide financial services to underserved populations, Banorte's financing under the Framework is expected to contribute to creating job opportunities and help promote the economic development of the communities targeted. Therefore, Sustainalytics is of the view that Banorte's provision of loans for micro, small and rural businesses will have a positive impact on job generation in Mexico.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the Sustainability Finance Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Energy and Resource Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Green Buildings	9. Industry Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
	11. Sustainable Cities and Communities	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management

⁶¹ OECD, "Financing SMEs and Entrepreneurs 2022: An OECD Scoreboard. Full Country Profile: Mexico", (2022), at: https://read.oecd-ilibrary.org/industry-and-services/financing-smes-and-entrepreneurs-2022_53f52411-en#page1

⁶² SME Finance Forum, "MSME Finance Gap", at: <https://www.smefinanceforum.org/data-sites/msme-finance-gap>

⁶³ IFC, "MSME Finance Gap- Assessment of the Shortfalls and Opportunities in Financing Micro, Small and Medium Enterprises in Emerging Markets", (2017), at: <https://www.smefinanceforum.org/sites/default/files/Data%20Sites%20downloads/MSME%20Report.pdf>

⁶⁴ OECD, "Financing SMEs and Entrepreneurs 2022: An OECD Scoreboard. Full Country Profile: Mexico", (2022), at: https://read.oecd-ilibrary.org/industry-and-services/financing-smes-and-entrepreneurs-2022_53f52411-en#page1

⁶⁵ OECD, "Mexico Policy Brief", (2017), at: <https://www.oecd.org/mexico/mexico-raising-productivity-in-small-traditional-enterprises.pdf>

Environmentally sustainable management of living natural resources and land use	2. Zero Hunger	2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality
	15. Life on Land	15.a Mobilize and significantly increase financial resources from all sources to conserve and sustainable use biodiversity and ecosystems
	14. Life Below Water	14.2 By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.
Sustainable Water and Wastewater Management	6. Clean Water and Sanitation	6.a By 2030, expand international cooperation and capacity-building support to developing countries in water- and sanitation related activities and programmes, including water harvesting, desalination, water efficiency, wastewater treatment, recycling and reuse technologies
Circular Economy adapted products, production technologies and processes, and/or certified eco-efficient products	12. Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Pollution Prevention & Control	11. Sustainable Cities and Communities	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management

Affordable Basic Infrastructure	3. Good Health and Well-being	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality and affordable essential medicines and vaccines for all
	4. Quality Education	4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship
	8. Decent Work and Economic Growth	8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all
	9. Industry, innovation and infrastructure.	9.c Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries by 2020
	11. Sustainable Cities and Communities.	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Access to Essential Services	8. Decent Work and Economic Growth	8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all
Affordable Housing	11. Sustainable Cities and Communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
Food Safety and Sustainable Food Systems	2. Zero Hunger	2.3 By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment

Socioeconomic Advancement and Empowerment	5. Gender Equality	5.a Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws
	8. Decent Work and Economic Growth	8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all

Conclusion

Banorte has developed Banorte Sustainability Finance Framework under which it intends to issue green, social and sustainability bonds, and use the proceeds to finance or refinance, in whole or in part, a portfolio of loans funding existing and future projects intended to contribute to decarbonization and socio-economic advancement in Mexico. Sustainalytics considers that the projects funded by the sustainability bond proceeds are expected to provide positive environmental and social impacts.

The Sustainability Finance Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Sustainalytics considers that the Framework is aligned with the Bank’s overall sustainability strategy and that the use of proceeds will contribute to the advancement of the UN Sustainable Development Goals 2, 3, 4, 5, 6, 7, 8, 9, 11, 12, 14 and 15. Additionally, Sustainalytics considers that Banorte has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Based on the above, Sustainalytics is confident that Banorte is well positioned to issue sustainability bonds and that Banorte Sustainability Finance Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2021 and Social Bond Principles 2023.

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