

**1. Name of the Process.**

Environmental Policy

**2. Purpose of the Process**

To establish the reference framework and both internal and external commitments that Grupo Financiero Banorte has with stakeholders on environmental matters.

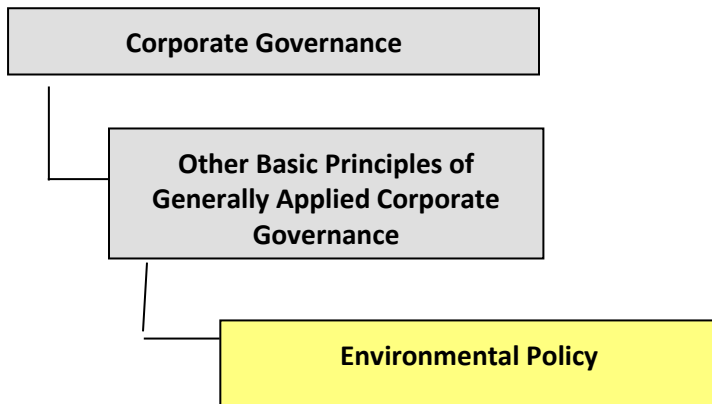
**3. Scope.**

Areas	This policy is applied to all companies and stakeholders pertaining to Grupo Financiero Banorte.
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**4. Process Route.**

Corporate Governance / Other Basic Principles of Generally Applied Corporate Governance / Environmental Policy.

**5. Hierarchical diagram.**



**6. General Policies associated with the Process.**

- Environmental Policy

## **1. Policy Name.**

Environmental Policy.

## **2. Scope.**

This policy is applied in general to all companies and stakeholders pertaining to Grupo Financiero Banorte.

## **3. Policy Content:**

### **1. Introduction:**

- A. Grupo Financiero Banorte (GFNorte) conceptualizes sustainability as maximizing profitability and growth of the institution, ensuring balanced development between the economic, social and environmental aspects inherent in our operation at all times.
  
- B. GFNorte, through the Sustainability and Responsible Investment Direction in conjunction with the Deputy General Directorate for Material Resources, shall establish structures, principles and guidelines for the planning, organization, execution, monitoring, control and continuous improvement of environmental initiatives that seek to achieve the objectives of sustainable development with the active participation of employees.
  
- C. For this reason, this policy is being introduced as part of established institutional regulations for the ethical, equitable and impartial acting in all circumstances involving social responsibility issues, in such a manner as to be trustworthy for stakeholders involved with GFNorte and its operations, thus improving business performance, products, services and the company's position as an institution committed to the country and natural environment.
  
- D. In order to maintain the present policy aligned with best practices and the latest national and international initiatives, the Sustainability and Responsible Investment Direction is in charge of monitoring compliance with this policy.

### **2. Regulatory Framework:**

- A. The environmental policy is based on the national and international agreements and initiatives of which GFNorte forms part, in the national legal framework, as well as the

regulations that frame the processes of the companies that belong to GFNorte. The following is an illustrative, non-limiting list of the main regulatory instruments:

**1. International Agreements and Initiatives.**

- a. Paris Agreement.
- b. Sustainable Development Goals.

**2. National Regulatory Framework:**

- a. General Law of Ecological Balance and Environmental Protection.
- b. General Law of Climate Change.
- c. General Law of the Prevention and the Integral Management of Waste.
- d. National Water Law.
- e. Federal Law of Environmental Responsibility.

**3. GFNorte Regulations:**

- a. Sustainability Committee.
- b. Natural Capital Policy.
- c. Socio-environmental Risk Policy.
- d. Responsible Investment Policy.

**3. External Initiatives and Commitments:**

A. Grupo Financiero Banorte manages actions through the Sustainability and Responsible Investment Direction to perform responsibly as a company to the environment and society of communities in which it operates, in order to prevent or correct incidents or conditions that jeopardize the health and safety of the environment and all who inhabit it.

B. For this reason, the Sustainability and Responsible Investment Direction will propose to the Sustainability Committee the adherence to initiatives and commitments with international principles of economic, environmental and social natures in order to meet the expectations on environmental issues established by the Government and other concerned entities. In this way, the institution will support its commitment through acts of sensitization and awareness to promote the transformation of capital into value and sustainable investment.

C. GFNorte respects and/or participates in the following environmental commitments and initiatives at national and international level:

1. Natural Capital Declaration.
2. CDP.
3. United Nations Environment Program Financial Initiative (UNEP FI).
4. Equator Principles (EP).
5. Principles for Responsible Investment (PRI).
6. Programa GEI México.
7. UN Global Compact.

#### **4. Internal Initiatives and Commitments:**

A. The Sustainability and Responsible Investment Direction is responsible to boost, promote and implement environmental practices in daily operations and the community that GFNorte is comprised of.

B. To such effect, this Direction will seek to implement the following activities:

1. Design and annually update a matrix for the identification, evaluation and classification of environmental aspects of our operations, in order to carry out the following tasks:
  - a. Identify and evaluate the environmental impacts related to these operations in order to devise strategies for their mitigation and/or compensation through appropriate preventive or corrective actions according to each particular case.
  - b. Verify that GFNorte operations are in full compliance with applicable environmental legislation through an environmental impact analysis carried out by the matrix.
  - c. Review and update annually the environmental impacts derived from operations, as well as the applicable environmental legislation for GFNorte.

2. Assess GFNorte's environmental performance with respect to specific objectives through periodic reviews and verifications or audits, either internally or by a third party to ensure that conduct and environmental culture is in alignment with the principles set out in this policy or, if necessary, implement the necessary corrective or preventive measures to fulfill established goals and meet applicable regulations.

3. To carry out annual monitoring of material environmental indicators identified by GFNorte, such as the carbon footprint and the estimation of water consumed to register its environmental performance for subsequent disclosure in public reports.

4. Perform the following tasks in conjunction with the Deputy General Directorate for Material Resources:

- a. Execute initiatives for the sustainable use of resources; energy, fuels, materials and water. (See Natural Capital Policy).
- b. Develop effective strategies for reducing environmental impacts due to the transportation of GFNorte products, as well as those related to the use of the different means of transportation used by collaborators.
- c. Establish a management plan for urban solid waste and wastewater that is strictly in accordance with the applicable environmental regulations and approved by the relevant authorities for the reduction and revaluation of waste generated by companies belonging to GFNorte.
- d. Seek the proper management of hazardous waste generated by Group companies in accordance with applicable environmental regulations.
- e. Gradually integrate the necessary environmental considerations into the procurement procedure established by GFNorte's supplier selection policy.
- f. Promote environmental practices among the first-level suppliers that make up the supply chain of GFNorte companies.

5. In a transparent manner, to annually gather, evaluate and report through appropriate communication channels an analysis of physical or transitional risks and opportunities that the company identifies as possible or actual in relation to climate change issues. (See Climate Change Policy, which is under development).

6. Collaborate with non-governmental organizations linked to environmental issues and initiatives to protect different ecosystems and biodiversity in general, in such a way that mutual benefits are generated for the Institution, the community and the environment. (See Natural Capital Policy).

7. Generate a responsible environmental culture in our stakeholders and GFNorte collaborators through online or face-to-face trainings, communications and awareness events or workshops.

#### **5. Credit and Investment Activities:**

A. GFNorte recognizes that financial institutions play an important role as engines of economic growth and drivers of sustainable development. For this reason, through our Social and Environmental Risk Management System (SEMS) we assume the commitment not to damage the environment and to be responsible to society in our financing operations. (See Socio-environmental Risk Policy).

B. GFNorte has defined Responsible Investment as the incorporation of Environmental, Social and Corporate Governance (ESG) factors into investment processes, as they are fundamental to investment decisions as they represent risks or opportunities for the financial and business sector. (See Responsible Investment Policy).

#### **6. Communication:**

A. GFNorte distinguishes knowledge, understanding and awareness of social and environmental issues as a crucial factor in the development of a sustainable culture, which is why it focuses on increasing the coverage of the information distributed continuously through our different communication channels.

B. This policy, as well as all the advances and results related to the activities described therein, will be available publicly through appropriate channels in order to ensure effective, internal and external communication to inform all of our stakeholders.

C. The communication strategy, oriented in an internal and external manner, is intended to raise awareness, engage, generate culture and publicize the results of the Sustainability and Responsible Investment Direction programs and initiatives.

D. GFNorte, through the Sustainability and Responsible Investment Department, undertakes to comply with the foregoing; however, if there were to be any act in non-compliance with this environmental policy can it can be reported with discretion to the following email: [sustentabilidad@banorte.com](mailto:sustentabilidad@banorte.com).

## Glossary of Terms

	Concept	Description
1.	<b>Paris Agreement</b>	Agreement within the framework of the United Nations Framework Convention on Climate Change whose objective is to reinforce the global response to this threat, establishing measures for the reduction of greenhouse gas (GHG) emissions and for the mitigation, adaptation and ecosystem resilience to global warming effects.
2.	<b>Natural Capital</b>	Reserve of renewable and non-renewable natural resources (plants, animals, air, water, soils) that combine to generate benefits for people called ecosystem services. Natural capital encompasses biodiversity and natural resources and includes environmental problems such as climate change.
3.	<b>Responsible Investment</b>	An investment approach that recognizes the relevance of environmental, social and corporate governance (ESG) factors to the investor, as well as the stability and health of the markets as a whole over the long term. Responsible Investment integrates ESG factors to better manage risk and generate better returns over the long term. It is based on an active ownership approach and the belief that these aspects can have an impact on the financial performance of investments.
4.	<b>GFNorte Exclusion List</b>	Economic activities or operations classified as risky or prohibited situations, located in the Credit Philosophy chapter of the GFNorte Credit Manual.
5.	<b>Sustainable Development Goals (SDGs)</b>	The SDGs, also known as the Global Goals, are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. There are 17 Goals based on the achievements of the



		<p>Millennium Development Goals, which include new areas such as climate change, economic inequality, innovation, sustainable consumption, peace and justice, among other priorities.</p>
6.	<b>Equator Principles (EP)</b>	<p>They constitute a voluntary framework for the identification, evaluation and management of social and environmental risks in financing operations. They represent the most important standard in the matter within the financial sector, promoting the granting of financing only in cases where the client can demonstrate that his projects are managed with social and environmental responsibility.</p>
7.	<b>Principles for Responsible Investment (PRI)</b>	<p>The Principles for Responsible Investment (PRI), is an initiative of international investors in collaboration with the United Nations Environment Programme Finance Initiative (UNEP FI) and the Global Compact.</p>
8.	<b>Social and Environment Risk Management System (SEMS)</b>	<p>The SEMS is the tool for analyzing the risks and impacts generated by the activities financed by Banorte in Corporate and Empresarial Banking, whose objective is to promote that the clients of the portfolio develop projects in a socially and environmentally responsible manner, in compliance with the law and applying best practices.</p> <p>Based on the Equator Principles, the Performance Standards of the IFC (International Finance Corporation) and the GFNorte exclusion list, the SEMS was integrated into the Bank's regulations in 2015, operating as part of the credit process in charge of the Socio-Environmental Risk (ARSA).</p> <p>The analysis process consists of the identification, categorization, evaluation and management of risks and impacts that are presented in a socio-environmental due</p>

		<p>diligence prior to the authorization of the credits requested from Banorte. In this way, the Credit Committee considers the opinion, recommendations and conditions imposed by ARSA on loans to grant authorization.</p>
9.	<b>ESG Factors</b>	<p>They correspond to the Environmental, Social and Corporate Governance (ESG) factors.</p> <p>Environmental factors: biodiversity, land use, greenhouse gas emissions, climate change, energy use, waste management, water management, among others.</p> <p>Social Factors: community engagement, customer relations, responsible products and marketing, employee relations, human capital management, human rights, diversity and inclusion, labor standards, relations with unions, among others.</p> <p>Corporate Governance factors: structure and size of the Board of Directors, duality of the CEO, senior compensation schemes, ownership structure, shareholders' rights, voting procedures, transparency, anti-corruption measures, among others.</p>