









## Performance Standards on Environmental and Social Sustainability

The Performance Standards aim to prevent, mitigate and manage risks and impacts as a way of doing business in a sustainable manner. There are eight Performance Standards, in which environmental and social impacts are identified. The following description focuses on the social analysis of project finance that is carried out through Banorte's Social and Environmental Risk Management System (SEMS).

Performance Standards		What do we assess?
	Assessment and Management of Environmental and Social Risks and Impacts	A social assessment is carried out to identify, analyze and describe the impacts generated by the projects in a site, as well as to consider mitigation or compensation measures for workers or communities that may be affected by the project.
	Labor and Working Conditions	We check that the client complies with current labor legislation, in addition to having measures in place to prevent accidents, injuries and occupational illnesses.
	Resource Efficiency and Pollution Prevention	We evaluate whether the client has measures in place to help it improve efficiency in the consumption of resources (energy, water, waste, pesticides, emissions, etc.) that could have an impact on workers and communities.
	Community Health, Safety, and Security	The risks and impacts to which the communities may be exposed due to the construction of the project are identified, in addition to establishing compensation measures for the impacts generated.

	<p>Land Acquisition and Involuntary Resettlement</p>	<p>Projects that have generated physical or economic displacement of populations are identified and, if applicable, we review whether the client considered any alternative to minimize displacement or if any compensation was offered to the affected groups.</p>
	<p>Biodiversity Conservation and Sustainable Management of Living Natural Resources</p>	<p>Ecosystem services (water, soil, biodiversity) are considered, which may be adversely impacted by the generation of projects, and the mitigation measures used by the client to reduce the impact are analyzed, since the provisions of Article 4 of the Mexican Constitution must be taken into account, which establishes that everyone has the right to a healthy environment for their development and wellbeing. The State will guarantee respect for this right. Environmental damage and deterioration will generate responsibility for whoever causes it in terms of the law.</p>
	<p>Indigenous Peoples</p>	<p>We consider whether there are indigenous communities in the area where the project will be located that could be affected, as well as analyze the measures used by the client to mitigate the impact that could be caused.</p>
	<p>Cultural Heritage</p>	<p>We analyze whether the project is located in a site where cultural heritage elements could be found, as well as the client's compliance with the national legislation in force regarding the protection of cultural heritage.</p>