



Sustainability Finance Framework

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Background

Banco Mercantil del Norte (Banorte, the bank, or the issuer), is the banking subsidiary of Grupo Financiero Banorte and its most significant. It is the second largest financial services holding company in Mexico in terms of total assets according to the National Banking and Stock Commission (CNBV). The bank is a Financial Institution authorized to operate banking and loan financial transactions. Its main activity is to offer all products and services within the universal banking industry in Mexico. Our business is organized in two main segments: retail banking and wholesale banking. For more information, visit the following [website](#).

Banorte recognizes the role financial institutions must play in the transition toward a sustainable global economy. Therefore, sustainability is integrated into its business strategy as the guiding principle for achieving goals, while protecting the natural and social capital.

Banorte has a series of principles, procedures, policies, and standards that establish the guidelines to be followed in ESG matters. In addition, Banorte has a Sustainability Committee formed by thirteen C-Suites and a representative of the Internal Audit department that meets three times a year. Its functions include the definition of the Group's sustainability strategy and the action plan, as well as the follow up on the ESG performance.

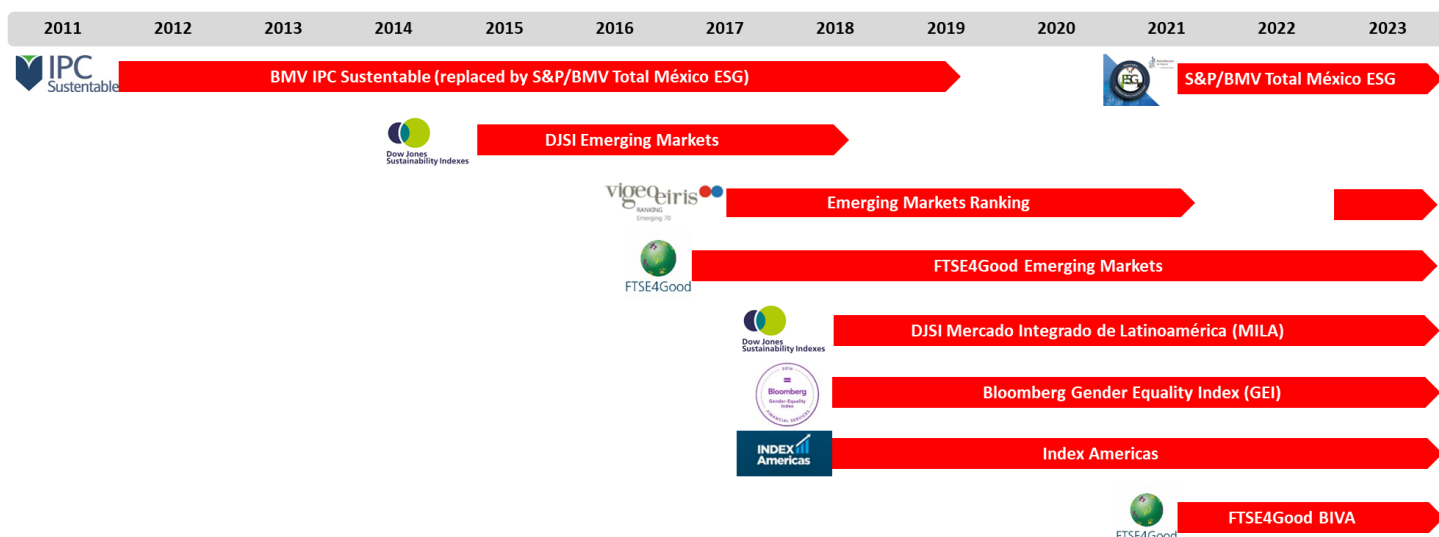
The bank is also aligned with different national and international initiatives that represent a framework of the best global sustainability practices. Of the most representative initiatives in the financial sector, Banorte is signatory of the Equator Principles (2012), the Principles for Responsible Investment (2017), the Principles of Responsible Banking (2018), and the Net-Zero Banking Alliance (2021), in which it is also a member of the Steering Group. Moreover, Banorte was the Co-Chair of the informal working group of the Taskforce on Nature-related Financial Disclosures (TNFD) in 2021, and currently, he is a formal member of the initiative and part of the Steering Committee.

ESG Commitments Timeline



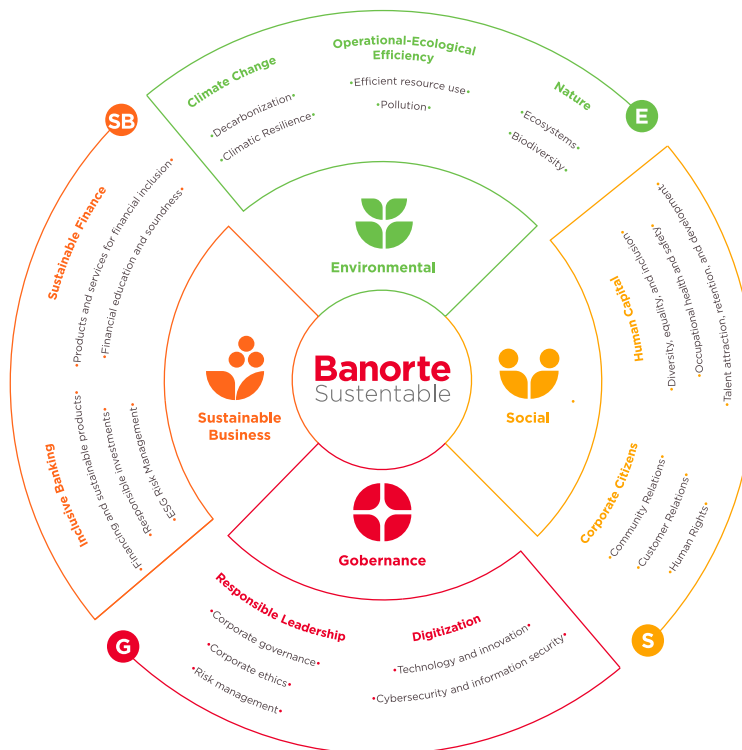
Banorte's ESG performance has prompted it to adhere to global sustainability indexes; S&P/BMV Total Mexico ESG Index, Index Integrated Market of Latin America Dow Jones Sustainability (DJSI MILA), FTSE4Good BIVA, FTSE4Good Emerging Markets, MSCI ACWI ESG Universal, among others.

GFNORTE's Sustainability Indices¹ Adherence Timeline



In 2023, Banorte updated its sustainability strategy and developed a short- and medium-term action plan that was approved by the Sustainability Committee. The strategy is based on the sustainability model that contemplate 22 material topics according to sector trends, as well as Banorte's business strategy and the regional context. Likewise, these topics were prioritized through a double materiality exercise that considers the externalities and the risks and opportunities associated with each topic.

Sustainability Model



¹ GFNORTE participates in more than 140 sustainability indices developed by MSCI that are not illustrated in previous image.

Double Materiality Matrix



Considering the top five material issues and Banorte's business strategy, the following priority approaches were defined for 2023-2025 period:

1. Be Mexico's main ally in its transition to a low-carbon economy through innovative and personalized products and services.
2. Empower our workforce and the communities in which we operate through a diverse, equitable and inclusive culture.
3. Promote financial inclusion through digital products and services aimed at different demographic segments.
4. Integrate sustainability into decision-making from the highest level and ensure its execution through solid governance.

The action plan will be executed through a multidisciplinary working group (called *Macro célula*), which oversees the correct implementation of all the projects contemplated within the strategy. In addition, the Sustainability Committee is responsible for monitoring the progress of the action plan periodically.

In line with all the above, Banorte has defined a Sustainable Finance Framework (SFF) which will allow to identify assets of its loan portfolio that have positive environment and social impacts through issuing one or more green, social or sustainability bonds. The type of financial product issued will depend on the different needs of the issuer including senior, subordinated, or structured debt.

Use of Proceeds

For the SFF purposes, all the proceeds will be used to finance or refinance, in whole or in part, a loans portfolio aligned with at least one of the eligible green or social categories listed in Tables 1 and 2. These eligible categories are based on the International Capital Market Association (ICMA) Green Bond Principles (GBP), Social Bond Principles (SBP), and Sustainability Bond Guidelines (SBG), as well as the [Mexican Sustainable Taxonomy](#) issued by the local Secretariat of Finance and Public Credit (SHCP by its acronym in Spanish), partially.

Table 1. Eligible Green Categories.

GBP Category	Sub-category	Mexican Sustainable Taxonomy Alignment	SDG Addressed
Renewable energy	<p>1. Construction, expansion, renovation, and operation of power plants that generate energy from:</p> <ul style="list-style-type: none"> a) Wind including onshore and offshore plants. b) Solar including photovoltaic plants, rooftop photovoltaic and Concentrated Solar Power (CSP)². c) Hydro power plants with the following power density: <ul style="list-style-type: none"> • For facilities that became or will become operational after 2019, 10 Watts per square meter (W/m²). • For facilities that became operational before the end of 2019 and are being refinanced, 5 Watts per square meter (W/m²). d) Geothermal, that generates up to 100 grams of CO₂ per kWh (gCO₂e/kWh), of life-cycle emissions. e) Biomass from biodegradable municipal waste that generates up to 100 grams of CO₂ per kWh (gCO₂e/kWh), of life-cycle emissions, excluding projects where biomass sources deplete existing carbon pools and projects 	<p>Economic Sector:</p> <p>2.2 Generation, transmission, distribution and commercialization of electric energy, water supply to the end consumer.</p>	<p>7. Affordable and Clean Energy (7.2 and 7.a)</p> <p>9. Industry, Innovation, and Infrastructure (9.1)</p>

² At least 85% of the electricity generated from the CSP plants should be from solar energy.

	<p>using peat and palm oil as feedstock.</p> <p>f) Efficient cogeneration that generates up to 100 grams of CO₂ per kWh (gCO₂e/kWh), of life-cycle emissions that are not fossil fuel based.</p> <p>2. Manufacture of components for renewable energy generation systems, including:</p> <p>g) Photovoltaic cells.</p> <p>h) Concentrated Solar Power (CSP) systems.</p> <p>i) Wind turbines.</p> <p>j) Hydro turbines.</p> <p>k) Other components for renewable energy generation systems.</p> <p>3. Renewable energy transmission and distribution projects that meet at least one of the following criteria:</p> <p>a) Connection of renewable power generation plants to the main grid.</p> <p>b) If more than 67% of the newly connected generation capacity in the system is below 100 grams of CO₂ per kWh (gCO₂e/kWh), or if the average emissions factor of the grid is below 100 gCO₂e/kWh (both over a five-year period).</p>		
Energy efficiency	<p>1. Energy reduction projects that require acquisition or replacement for high energy efficiency electric-powered systems, such as HVAC systems, electric boilers, refrigeration, and lighting, excluding home appliances.</p>	Economic Sector: 2.3 Construction.	7. Affordable and Clean Energy (7.3)
Green buildings	<p>1. Housing developments with the following green building certifications:</p> <p>a) LEED, minimum Gold</p>	Economic Sector: 2.3 Construction.	11. Sustainable Cities and Communities (11.c)

	<ul style="list-style-type: none"> b) EDGE, minimum advanced or Zero Carbon c) BREEAM, minimum Very Good d) Living Building Challenge <p>2. Home Mortgages with the following green building certifications:</p> <ul style="list-style-type: none"> a) LEED, minimum Gold b) EDGE, minimum advanced or Zero Carbon c) BREEAM, minimum Very Good d) Living Building Challenge <p>3. Construction, renovation and acquisition of industrial warehouses and plants, as well as commercial and service buildings (except supervision), with any of the following certifications:</p> <ul style="list-style-type: none"> a) LEED, minimum Gold b) EarthCheck, minimum Gold c) EDGE, minimum advanced or Zero Carbon d) Living Building Challenge e) NZEB (Net Zero Energy Building) f) BREEAM, minimum Excellent level g) BOMA Best, minimum Gold 		
Environmentally sustainable management of living natural resources and land use	<p>1. Sustainable agriculture activities (excluding meat production projects), certified with:</p> <ul style="list-style-type: none"> a) Rainforest Alliance b) UTZ c) SAGARPA Organic <p>2. Forestry activities that are certified with:</p> <ul style="list-style-type: none"> a) PEFC b) FSC <p>3. Sustainable fishery activities certified with:</p> <ul style="list-style-type: none"> a) MSC b) ASC 	<p>Economic Sector:</p> <p>2.1 Agriculture, animal husbandry and exploitation, and forestry.</p> <p>Subsectors:</p> <p>Agriculture.</p> <p>Forestry.</p>	<p>2. Zero Hunger (2.4)</p> <p>14. Life Below Water (14.4 and 14.6)</p>

Clean transportation	<ol style="list-style-type: none"> 1. Construction, expansion, renovation, and operation of transportation systems that meet any of the following criteria: <ol style="list-style-type: none"> a) Infrastructure for transport with zero direct emissions, for example, electric charging points, hydrogen fueling stations or electric highways, excluding standalone parking facilities. b) Infrastructure and equipment (including fleets) for active mobility, for example, sidewalks, bicycles, e-bikes, and e-scooters. 2. Clean transport acquisition and renovation, including: <ol style="list-style-type: none"> a) Electric, plug-in hybrid and low carbon emission vehicles that emits less than 75 grams of CO₂e per passenger – kilometer (gCO₂e/p-km). b) Rail passenger transport powered by an electric or hydrogen system or that emits less than 50 grams of CO₂e per passenger – kilometer (gCO₂e/p-km). c) Rail or road transport of goods (excluding fossil fuels transportation), powered by an electrical system, hydrogen or that emits less than 25 grams of CO₂e per ton – kilometer (gCO₂e/ton-km). d) New fleet for urban, suburban, foreign and tourist collective passengers transport whose emissions are less than 20 grams of CO₂e per passenger – kilometer (gCO₂e/p-km). e) Fleet renewal for urban, suburban, foreign and tourist collective 	<p>Economic Sectors:</p> <p>2.3 Construction.</p> <p>2.5 Transport.</p>	<p>11. Sustainable Cities and Communities (11.2)</p>
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	<p>passengers transport whose emissions are less than 30 grams of CO₂e per passenger – kilometer (gCO₂e/p-km).</p> <p>f) Urban and suburban collective passenger transport in trolleybuses, light trains, and metro whose emissions are less than 50 grams of CO₂e per passenger kilometer (gCO₂e/p-km).</p> <p>3. Manufacture, retrofitting, repurposing, and upgrade of clean transport that have zero direct tailpipe CO₂ emissions, such as electric or hydrogen powered vehicles.</p>		
Sustainable water and wastewater management	<p>1. Construction, expansion and operation of water collection, purification and distribution systems that meet the following criteria:</p> <p>a) Average net energy consumption for extraction and purification equal or less than 0.5 kWh per cubic meter (kWh/m³) of water supplied.</p> <p>b) Structural leaks equal or less than 1.5 of water supplied according to the Structural Leakage Index (ILI).</p> <p>c) If a desalination plant is used, global emissions equal or less than 100 grams of CO₂e per kWh (gCO₂e/kWh) and an adequate program for brine treatment or disposal in place.</p> <p>2. Renewal of water collection, purification and distribution systems that meet the following criteria:</p> <p>a) Improves energy efficiency by 20% compared to its average reference performance of the last three years.</p>	Economic Sector: 2.2 Generation, transmission, distribution and commercialization of electrical energy, water supply to the final consumer.	6. Clean Water and Sanitation (6.1, 6.2 and 6.3)

Circular economy adapted products, production technologies and processes, and/or certified eco-efficient products	<ol style="list-style-type: none"> 1. Cement production with an emissions intensity (only considering scope 1 GHG emissions), less than: <ol style="list-style-type: none"> a) 0.55 tCO₂e per ton of cement produced until 2025. b) 0.53 tCO₂e per ton of cement produced in 2026. c) 0.50 tCO₂e per ton of cement produced in 2027. d) 0.48 tCO₂e per ton of cement produced in 2028. e) 0.45 tCO₂e per ton of cement produced in 2029. f) 0.43 tCO₂e per ton of cement produced in 2030. 2. Steel complexes dedicated to the primary smelting of raw iron and the manufacture of steel, ferroalloys, finished products and coke that meet the corresponding criteria: <ol style="list-style-type: none"> a) Sintered mineral production with an emissions intensity less than 0.163 tCO₂e per ton produced. b) Electric arc furnace (EAF) process, with an emissions intensity less than 0.24 tCO₂e per ton produced. c) Coke production (excluding lignite coke), with an emissions intensity less than 0.144 tCO₂e per ton produced. 	Economic Sector: Manufacturing Industries	9. Industry, Innovation and Infrastructure (9.4)
Pollution prevention and control	<ol style="list-style-type: none"> 1. Collection and transportation of non-hazardous waste³, such as municipal solid waste and special handling waste, including recyclable materials, which are separated at least into organic and inorganic waste from their source of origin. 	Economic Sector: 1.6. Waste Management and Remediation Services	11. Sustainable Cities and Communities (11.6) 12. Responsible Consumption and Production (12.2, 12.4 and 12.5)

³ Waste collection vehicles must also meet the green transport eligibility criteria.

	<p>2. Non-hazardous waste treatment through anaerobic digestion that meets the following criteria:</p> <ul style="list-style-type: none"> a) Residual biomass from food, agricultural, forestry and livestock sources⁴, according to the National Biomass Atlas (ANBIO). b) Biowaste must constitute at least 70% of the input raw material of the organic fraction of urban solid waste (FORSU), measured by weight, as an annual average, considering a co-substrate that could increase the generation of biogas. c) Codigestion is only admissible with a minor part (up to 30% of sludge from wastewater treatment plants) and the rest with FORSU, or other waste streams that meet the similar characteristics of FORSU. Other favorable substrates for anaerobic digestion can be excreta, sargassum, bagasse, etc. d) If digestate is produced, it must be used as fertilizer/soil improver or as raw material within another production chain. e) If biogas is produced, it must be used for energy generation (thermal and/or electrical), that generates up to 100 gCO₂e per kWh of life-cycle emissions or which life-cycle emissions are at least 65% lower than fossil fuel baseline. <p>3. Treatment of non-hazardous waste through composting for fertilizer or soil improver.</p>		
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⁴ Animal fats, oils, and other animal processing products coming from industrial livestock or meat processing facilities, as well as wastewater from fossil fuels operations and other hard-to-abate industries are excluded.

	4. Materials recovery facilities from waste such as used PET bottles, used aluminum cans, used cardboard, used paper, used glass, old iron, used textiles, electronic scrap, and other recyclable materials.		
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Table 2. Eligible Social Categories.

SBP Category	Sub-category	SDG Addressed
Affordable Basic Infrastructure	<ol style="list-style-type: none"> 1. Build or upgrade of public⁵ hospitals, outpatient and inpatient rehab and care facilities, and medical and health-care facilities. 2. Build or upgrade of public⁵ education facilities. 3. Expand infrastructure and upgrade technology for supplying energy⁶ in areas with no access or inadequate service. 4. Access to safe and affordable drinking water. 5. Affordable, accessible and sustainable transport systems: <ol style="list-style-type: none"> a) Road construction in places that have no access to road infrastructure, or the infrastructure is significantly inadequate (excluding highways). b) Public transport systems for excluded and/or marginalized populations and/or communities that also comply with the thresholds set under the Sustainable Mobility criteria, including buses, subways, railways, or cable cars. 6. Installation of telecommunication infrastructure for communities located in areas with no access or inadequate service. 	<ol style="list-style-type: none"> 3. Good Health and Well Health (3.8) 4. Quality Education (4.a) 6. Clean Water and Sanitation (6.1 and 6.2) 7. Affordable and Clean Energy (7.1) 8. Decent Work and Economic Growth (8.10) 9. Industry, Innovation and Infrastructure (9.1) 11. Sustainable Cities and Communities (11.2)
Access to Essential Services	<ol style="list-style-type: none"> 1. Increase access to financial services for micro-, small-, and medium- enterprises (MSME's), including affordable credit. 	<ol style="list-style-type: none"> 9. Industry, Innovation and Infrastructure (9.3)

⁵ Accessible to all, regardless ability to pay.

⁶ Energy infrastructure excludes connection to dedicated fossil fuel power plants.

Affordable Housing	1. Real Estate loans to build adequate, safe, and affordable housing ⁷ for low-income population.	11. Sustainable Cities and Communities (11.1)
Food Safety and sustainable food systems	1. Loans to small-scale agriculture producers ⁸ for: <ul style="list-style-type: none"> a) Inputs expenditures including seeds, fertilizer (excluding synthetic fertilizers), water and energy. b) Equipment including greenhouses, irrigation systems, plot drainage, warehouses, sorting machinery, machinery and process equipment, deep wells, fumigators, and silos. 	2. Zero Hunger (2.3 and 2.5)
Socioeconomic advancement and empowerment	1. Loans to MSME's that meets the following criteria: <ul style="list-style-type: none"> a) Lead by a woman in case of individuals with business activities (PFAE by its acronym in Spanish). b) Legal entities that meet at least one of the following criteria: <ul style="list-style-type: none"> • 51% of the shares owned by women. • The chairman of the Board of Directors is held by a woman. • 51% of the Board of Directors are women. • The sole administrator is a woman at the time of the credit application. 	5. Gender Equality (5.1, 5.5 and 5.a)

Loans that apply to any eligible social category of Table 2 must have positive social results especially, but not exclusively, to at least one target population listed in Table 3.

Table 3. Target population criteria.

Target Population	Target Group
Low-income	<ul style="list-style-type: none"> • People whose total average quarterly current income per household places them in decile IV or less, according to the most recent National Survey of Household Income and Expenditure by INEGI. <p>OR:</p>

⁷ Housing developments that are comply with "Vivienda sustentable: Vida Integral Infonavit" or "Crédito Integral (construcción de vivienda en paquetes de Línea III)" programs criteria.

⁸ According to FIRA (Trusts Established in Relation to Agriculture), small-scale agricultural producers are defined as producers of up to 0.2 hectares of irrigation and up to 5 hectares who receives a credit amount of up to 160,000 investment Units (UDIS).

	<ul style="list-style-type: none"> • D+, D or E socioeconomic levels, according to the Mexican Association of Marketing Research and Public Opinion Agencies (AMAI) Socioeconomic Levels (NSE).
Excluded and/or marginalized populations and/or communities	<ul style="list-style-type: none"> • People who live in inaccessible areas such as indigenous people. • 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). • Small-scale agriculture producers.
People with disabilities	<ul style="list-style-type: none"> • People with some restriction or impediment to the ability to carry out an activity in the manner or within the range that is considered normal for humans.
Migrants and/or displaced persons	<ul style="list-style-type: none"> • Migrants. • Internally displaced persons.
Undereducated people	<ul style="list-style-type: none"> • People with no education. • People under the spectrum of mandatory basic education in Mexico (Preschool, Elementary School, and Middle School).
Underserved, owing to a lack of quality access to essential goods and services	<ul style="list-style-type: none"> • Micro-enterprises: Enterprises from any sector with up to 10 workers and an annual sales range of up to 4 million pesos. • Small enterprises: Commerce, industry, and services sector small enterprises with up to 30 workers for commerce and 50 for industries and services with an annual income limited up to \$100 million pesos for both commerce and industries and services. • Medium enterprises: Commerce and services sectors with a maximum of up to 100 workers and industry sector with a maximum of up to 250 workers, all with an income limit up to 250 million pesos per year.
Women and/or sexual and gender minorities	<ul style="list-style-type: none"> • Women, prioritizing rural or minority women. • SME's with majority women in senior management. • SME's with 72 points of the IIG (24 points per pillar), of the Mexican Sustainable Taxonomy.
Aging populations and vulnerable youth	<ul style="list-style-type: none"> • Economically dependent population, including people under 15 years old and over 65 years old.
Other vulnerable groups, including as a result of natural	<ul style="list-style-type: none"> • People who live in post-disaster communities. • Communities affected by environmental degradation from mining, climate change or bad development projects.

disasters, climate change, and/or climate transition projects that cause or exacerbate socioeconomic inequity	<ul style="list-style-type: none"> • Climate refugees.
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Net proceeds will be allocated to financing new or future loans within 24 months of issuance of the sustainable bond or to refinancing ongoing or existing loans with a look-back period of 24 months or less since the bond was issued. Capital expenditures in renewable energy category, specifically wind and solar projects, can have longer look-back period.

Exclusion List.

Banorte has an exclusion list for the activities that are considered prohibited to be financed that includes the following:

- a) Production or activities that involve forced labor⁹ or child labor exploitation¹⁰.
- b) Production or commerce of any product or activity considered as illegal, all in the current legal framework.
- c) Any business related to pornography and prostitution.
- d) Wildlife crime regulated by the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).
- e) Production or trade of radioactive material (including warehousing and treatment of radioactive wastes.) asbestos, polychlorinated biphenyl (PCB) and others chemical products that have been prohibited internationally.
- f) Production and trade of pharmaceutical or pesticide and herbicides that has been prohibited internationally.
- g) Production or trade of harmful substances that destroy ozone, which have been prohibited internationally.
- h) Sea fishing using nets more than 2.5 km long.
- i) Commercial forestry at commercial level in primary tropical rainforest.
- j) Any other activity that is in violation of environmental, health or industrial safety laws.
- k) Churches
- l) Gambling

⁹ Forced labor means all labor or service that is involuntary, that is obtained through the use of threat, force or punishment.

¹⁰ Child labor exploitation means the employment of children characterized by economic exploitation, or with a probable risk of danger for the child, or interferes with the formal education of the child, or that causes harm to the health of the child, or has a negative impact on the physical, mental, spiritual, moral or social welfare of the child.

m) Military Equipment

n) Candidates, Political Exposed Persons, Unions, Political Organizations, the Central Credit Committee, has the exclusivity authority to approve the financing; this process also requires the signature of the CEO. Banorte can only provide financing the three largest political parties in the country registered with the National Electoral Institute (Instituto Nacional Electoral: INE); an exception can be made for the financing of other political parties registered in the INE, but only for 4 million Units of Investment (UDI) this process further requires that the Risk Policy Committee (CPR) is informed about any such exceptions.

For more information about Banorte's Exclusion List, visit the following [link](#). Please bear in mind that fossil fuel activities, included upstream, midstream, and downstream activities, are also excluded for SFF purposes.

Selection and Evaluation Process

Project evaluation and selection processes ensure that the loans portfolio financed by any green, social or sustainable bond issued by Banorte meet the criteria established in the SFF. For this, the following responsibilities have been assigned:

- Sustainability Working group (named Macrocelula): It serves as the dependent body of the Sustainability Committee in charge of guaranteeing the implementation of the current sustainability strategy and its action plan. In turn, the "Macrocelula" groups together a series of different working groups named "execution cells" depending on the project or initiative that is sought to be implemented and are made up of multidisciplinary work teams at all levels (from operations to senior management). For the SFF purposes, two cells will be responsible for the following:
 - Sustainable Finance Working group: Composed by members from the wholesale banking, consumer banking, leasing, treasury, wholesale risk, credit, and sustainability departments, is responsible for maintaining the SFF updated with the market practices and oversees its correct implementation.
 - ESG Disclosure Working group: Composed by members of the wholesale banking, treasury, wholesale risk, and sustainability departments, is responsible for consolidating the information generated by the Sustainable Finance cell, as well as Treasury, Sustainable Finance and Socio-environmental teams to develop the Impact Report from any issuance and publish it on GFNORTE's websites.
- Project Selection and Evaluation Working Group: Composed by members of the wholesale banking, consumer banking, leasing, treasury, and sustainability departments, is responsible for the identification and follow-up of eligible projects of the portfolio.
- Treasury Team: Oversees that proceeds are correctly allocated to eligible portfolio and ensures the compliance with current investment policies.
- Sustainability Team: Approves eligible portfolio identified in the Project Selection and Evaluation Working Group and manages socio-environmental risks of the loan portfolio to validate its compliance with the applicable legislation or that the activity or sector is not restricted by Banorte's Exclusion List. For more information about socio-environmental risk policy, visit the following [link](#).

Management of Proceeds

The predefined proceeds will be tracked according to what is indicated in the SFF and will be used to comply with what is established in the “Use of Proceeds” section. Allocation of net proceeds to loans that fall under eligible green or social categories will be decision of the issuer. In case that this is not possible, proceeds shall be temporarily invested in accordance to preapproved investment policies adopted by internal committees such as liquidity accounts, short term bonds and rates derivatives.

For any loan that is no longer eligible, Banorte is responsible for the substitution with another compliant option as soon as possible according to identification, classification, and management processes of the “Use of Proceeds” and “Selection and Evaluation Process” sections.

The payment of principal and interest on the sustainability bonds issued by Banorte under the SFF will be made from its general funds and, depending on the type of issuance, the interest rate can be linked to the performance of any loan that fall under eligible green or social category.

Reports

On an annual basis, once a green, social or sustainable bond was issued and until its maturity date, Banorte will report on its website ([Annual Reports](#) and [Domestic Debt](#) sections), an Impact Report with the following information about the proceeds allocation:

1. Net proceeds raised from each bond issuance;
2. Allocation of proceeds in each of the eligible category;
3. Proceeds used to finance or refinance purposes; and
4. Unallocated proceeds remaining balance.

In addition, Banorte will report the environmental and social impacts through several KPI's and will disclose the measurement methodology for quantitative indicators. Tables 5 and 6 enlisted, but not limited to, some KPI's examples.

Table 5. Examples of Key Performance Indicators for the Eligible Green Categories.

GBP Category	Key Performance Indicators (KPI's)
Renewable energy	<ul style="list-style-type: none"> Capacity installed (MW) Expected energy generation (MWh) Estimated GHG emissions avoided (tonCO₂e) Transmission lines installed (km)
Energy efficiency	<ul style="list-style-type: none"> Energy reduced (MWh) Estimated GHG emissions avoided (tonCO₂e)
Green buildings	<ul style="list-style-type: none"> "Green" spaces certified (m²) Energy reduced (MWh) Estimated GHG emissions avoided (tonCO₂e) Water saved (m³) Building reused or recycled materials used (tonnes)
Environmentally sustainable management of living natural resources and land use	<ul style="list-style-type: none"> Sustainable agriculture production volume (tonnes) Hectares rehabilitated, conserved, or reforested (ha) Energy reduced (MWh) Estimated GHG emissions avoided (tonCO₂e) Water saved (m³) Sustainable fishery production (tonnes)
Clean transportation	<ul style="list-style-type: none"> Transportation infrastructure built (km) Number of passengers benefited (#) Electric / hybrid / low carbon emissions vehicles (#) Estimated GHG emissions avoided (tonCO₂e)

Sustainable water and wastewater management	<ul style="list-style-type: none"> • Potable/clean water production capacity (m³) • Benefited population with water (#) • Water saved, recycled, or reused (m³)
Circular economy adapted products, production technologies and processes, and/or certified eco-efficient products	<ul style="list-style-type: none"> • Low-carbon clinker production (tonnes) • Low-carbon cement production (tonnes) • Low-carbon iron or steel production (tonnes)
Pollution prevention and control	<ul style="list-style-type: none"> • Recollected, transported, and separated waste (tonnes) • Treated waste (tonnes) • Recovered waste (tonnes)

Table 6. Examples of Key Performance Indicators for the Eligible Social Categories.

SBP Category	Key Performance Indicators (KPI's)
Affordable Basic Infrastructure	<ul style="list-style-type: none"> • People benefited from basic infrastructure or essential services (#) • Benefits from basic infrastructure: <ul style="list-style-type: none"> ○ Energy supply (MWh) ○ Clean water (L) ○ Treatment and disposal of sewage sludge (m³) ○ Roads (km) ○ Transport systems (# passengers) ○ Telecommunications (# internet users)
Access to Essential Services	<ul style="list-style-type: none"> • Loans granted to SME's and microenterprises (\$)
Affordable Housing	<ul style="list-style-type: none"> • Houses targeting low-income individuals or families that have individual (m²) • People benefited from affordable housing projects (#)
Food Safety and sustainable food systems	<ul style="list-style-type: none"> • Small-scale agriculture producers benefited (#) • Food produced (Tons)
Socioeconomic advancement and empowerment	<ul style="list-style-type: none"> • Average IIG (pts)

External Review

A Second Party Opinion (SPO) of the SFF, as well as the compliance with it and the verification of the Impact Report will be made by an independent third party and will be published on Banorte's website ([Annual Reports](#) and [Domestic Debt](#) section).