

UNEP Finance Initiative

Regional Roundtable in Latin America

Market Leadership on Sustainable Finance

Buenos Aires, Argentina

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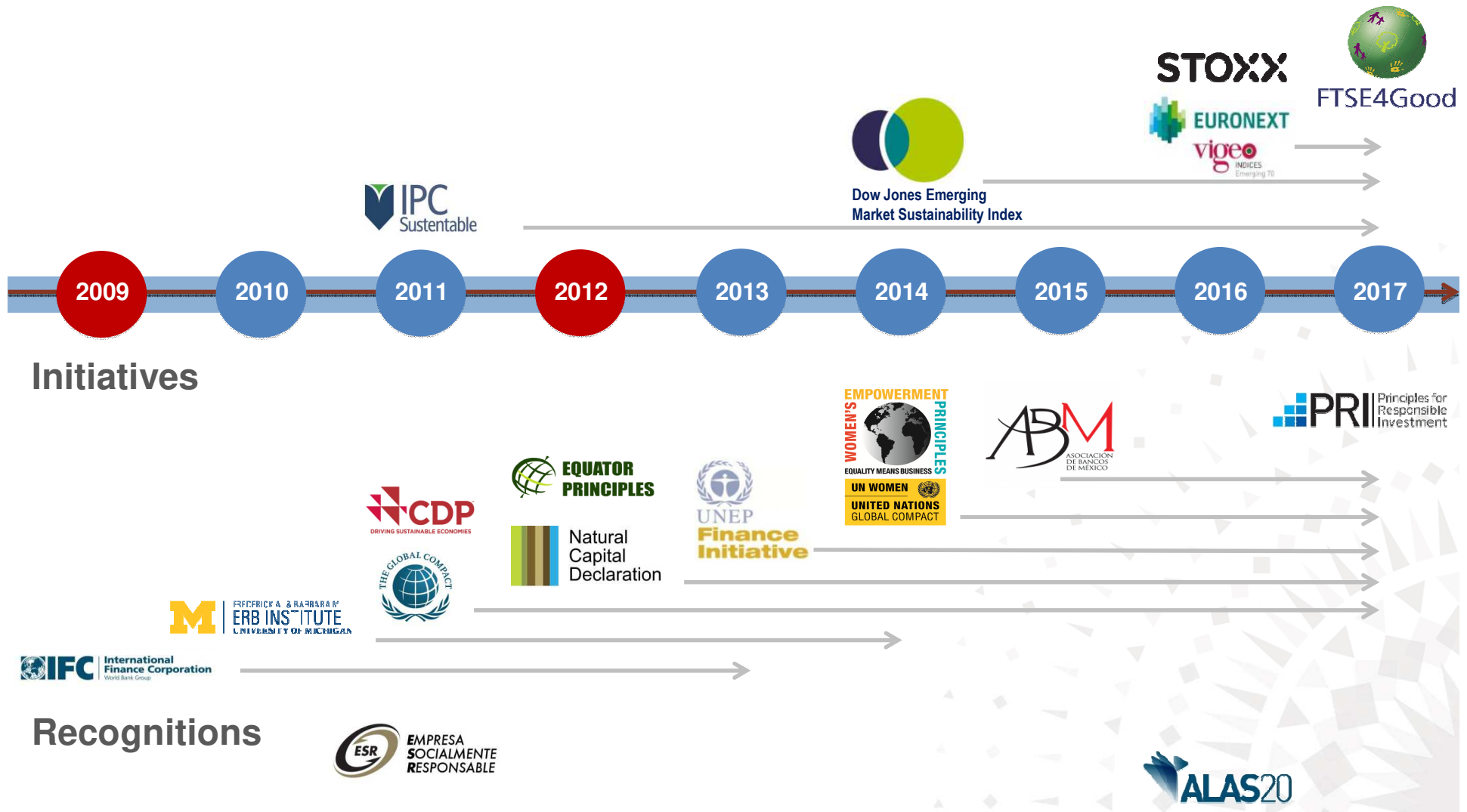
History and Facts

- 1899: Banco Mercantil de Monterrey (1999 El Banco fuerte de México)
- 1996-2002 selling of Mexican banks
- Compra Bancentro, Banpaís, Bancrecer and IXE
- 2nd financial group in Mexico, first controlled by Mexicans
- 27 million customers
- +1,100 branches
- +7,700 ATMs
- Vision 20/20:
 - Financial Capital
 - Infraestructura and TI Capital
 - Intellectual Capital
 - Human Capital
 - Social | Capital
 - Natural Capital

Composition

- Banco Mercantil del Norte
- Solida Administradora de Portafolios
- Leasing and Factoring and Subsidiary
- Warehouse and Subsidiary
- Long Term Saving and Subsidiaries
- Casa de Bolsa Banorte IXE
- Operadora de Fondos banorte IXE
- IXE Bank
- Insurance
- Annuities
- Afore XXI Banorte

Leaders in Sustainability and Responsible Investment



■ *What do we find through this process?*

Challenges

- Internal barriers: business case / link to profitability
- Lack of understanding: The financial sector and sustainable development.
- Change established business practices
- Area budget: To implement or to promote change
- Bilateral communication with high hierarchical levels
- How to integrate sustainability ?
- Embracing sustainability in all levels
- Adapt sustainability regulations to company regulations
- Measure progress: Goals and indicators
- Appropriate tools and information

Opportunities

- Innovation = Competitive advantage
- Company's reputation
- Talent attraction and retention
- Climate change risk prevention
- Resilience: envision and manage social and environmental risks
- New business opportunities and diversified financing options
- Influence on investors' perception and financial community
- Influence on stakeholders' relations
- Operational efficiencies and cost reduction
- Par with global financial institutions

■ Forecast for Sustainable Financing 5 years

Risk
Management

Operational
eco-efficiencies

Financial
products

Social Initiatives

From:

- Operational, financial, regulatory, legal and compliance, reputational, market risk

To:

- Detect operational efficiencies
- New markets
- New products

Opportunities:

- New products
- Brand reputation Credibility
- Value generation

Corporate
governance

One of the most public companies in Mexico (individual and institutional investors):

- Highest standards in corporate governance
- Disclosure of information
- Communication with investors and stakeholders(expand channels beyond the traditional channels.
- More detail on information disclosures

■ Forecast for Sustainable Financing 5 years



Adopt a science-based emission reduction target



Join the portfolio Decarbonization Coalition



Responsible corporate engagement in climate policy



Report climate change information in mainstream reports as a fiduciary duty



Remove commodity-driven deforestation from all supply chains



Participate on Mexican Carbon market pilot



Reduce short-lived climate pollutant emissions



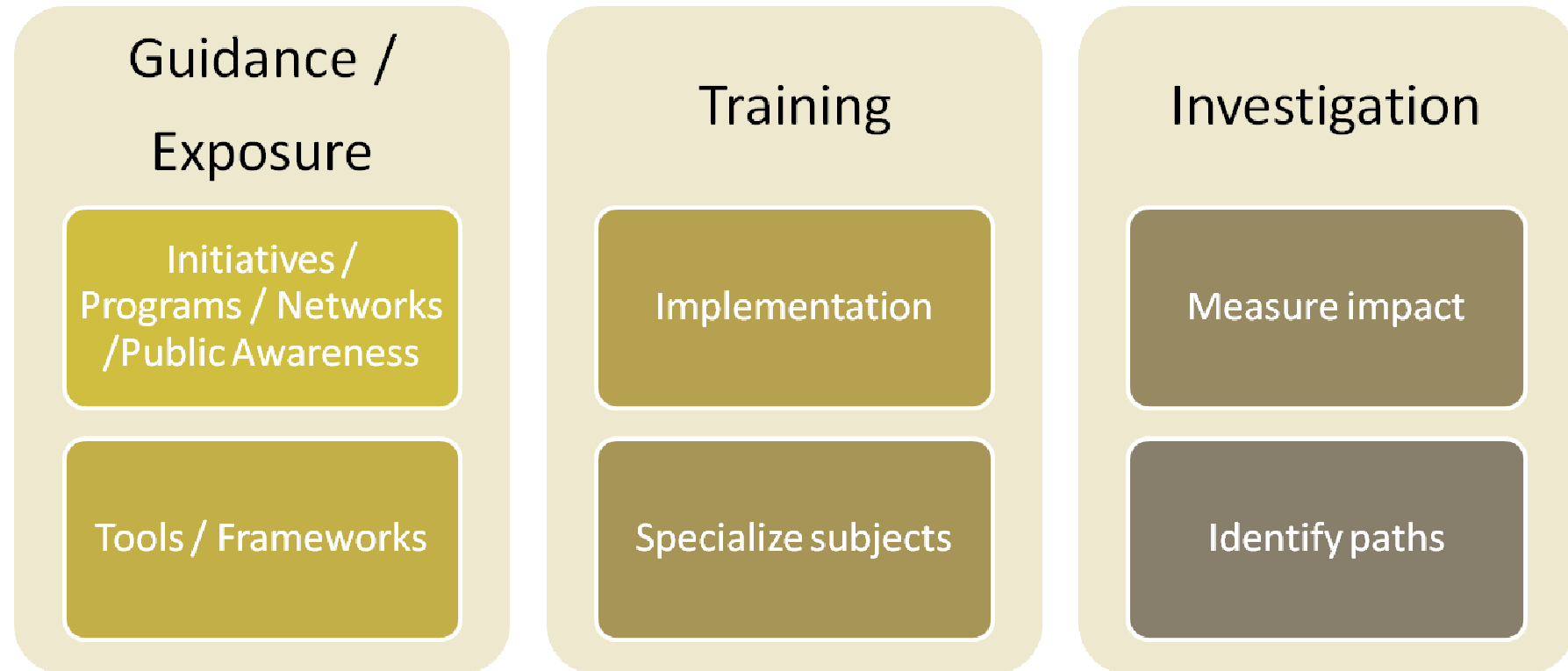
Establish a goal of % electricity from renewable sources



Invest in low carbon assets (PRI)



■ *How different actors help us to integrate sustainability?*



Quick tips for integrating Sustainability

