

# Banco Banorte Mexico

ISIN CODE: MXP370711014

Overall score 45/100

Sector: Retail & Specialised Banks  
Emerging Market

Companies in sector panel: 78

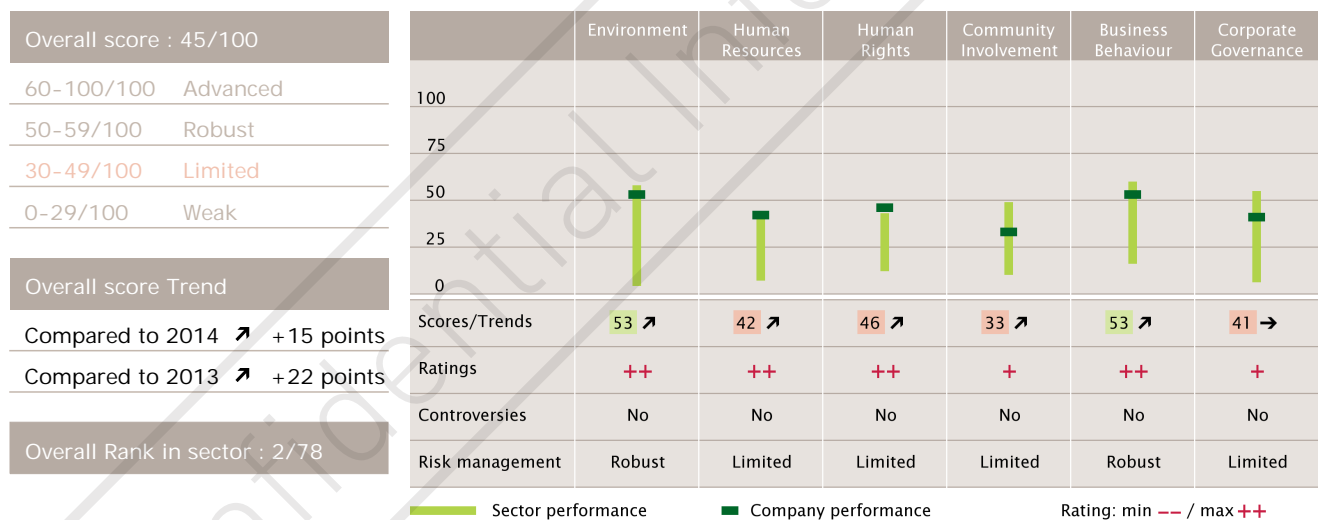
Information rate: 73% (Sector average: 47%)  
Company cooperation level: Proactive \*

## General information

Grupo Financiero Banorte (Banco Banorte), head-quartered in Monterrey, Nuevo León and founded in 1899, is the third largest bank in Mexico and the largest financial group controlled by Mexican investors. Through a network comprised of more than 1,200 branches, 7,000 ATMs, over 5,300 third-party correspondents and more than 162,000 POS terminals, it currently serves over 13 million customers in the banking sector throughout the country. Banorte provides a wide range of financial products and services including savings and investment accounts, checking accounts and money market deposits.

Main Economic Segment**	Turnover 2014
Banking Sector	69.0 %
Long Term Savings Sector	21.0 %
Brokerage Sector	6.0 %

## Overall CSR performance & trends



- With a score of 44/100, Banco Banorte displays an overall limited absolute performance as regard the integration of the main CSR issues analysed by Vigeo. The score has increased compared to the previous rating (30/100) December 2014.
- Banco Banorte Mexico does not report on a homogeneous approach to tackle its ESG impacts. The Company seems to focus slightly more on the Environmental pillar as shown by its performance which is now robust. On the other hand, the Company remains insufficiently transparent on the Social and Governance pillars as reflected by the limited performances.
- As of 2016/01/19, Banco Banorte is not involved in controversies within Vigeo's analysis scope.

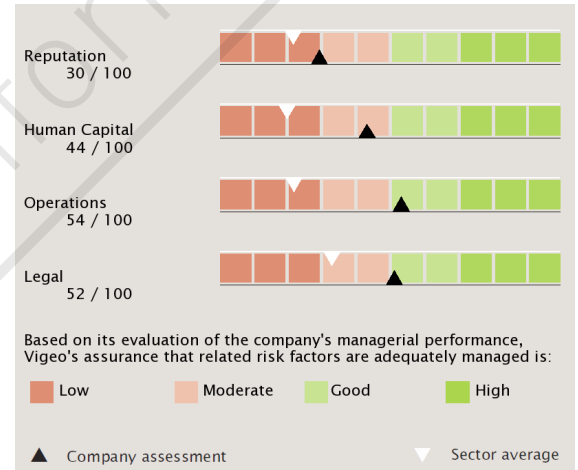
Company inclusion in Vigeo Indices\*\*\* : NO

\* On a 4-level scale: proactive, responsive, partially responsive, not responsive  
 \*\* See detailed economic indicators in Selected financial data section  
 \*\*\* Based on the most recent Index at the date of publication

## Management of Risks and Opportunities

Weight of the Sustainability drivers	Weaknesses		Strengths	
	3	<ul style="list-style-type: none"> <li>Health and safety</li> </ul>	<ul style="list-style-type: none"> <li>Information clients</li> <li>Board of Directors</li> <li>Green products and SRI</li> <li>Financial inclusion</li> <li>Social and economic development</li> </ul>	<ul style="list-style-type: none"> <li>Climate change: indirect impacts</li> <li>Reorganisation</li> <li>Non-discrimination and diversity</li> </ul>
2	<ul style="list-style-type: none"> <li>Executive Remuneration</li> </ul>	<ul style="list-style-type: none"> <li>Orientation des contrats</li> <li>Fundamental human rights</li> <li>Fundamental Labour rights</li> <li>Shareholders</li> </ul>	<ul style="list-style-type: none"> <li>Career management</li> </ul>	<ul style="list-style-type: none"> <li>Environmental strategy</li> </ul>
1		<ul style="list-style-type: none"> <li>General interest causes</li> </ul>		
	<b>Weak</b> 0 to 29 points	<b>Limited</b> 30 to 49 points	<b>Robust</b> 50 to 59 points	<b>Advanced</b> 60 to 100 points

- **Internal controls and risk management** is an area of an opportunity for the bank. A sound audit and internal controls system is particularly important for the banking sector for the potential negative impacts on the real economy and on the broader society of risk management failures. Indeed, Banco Banorte displays an independent audit committee corroborated with a comprehensive audit and internal controls.
- Also, other opportunity is identified for the Company as regards its prevention of **Corruption and Money Laundering**. Banco Banorte demonstrates an advanced performance due to formal commitments established by the Company and its instituted training for employees on money laundering prevention, among other measures. Therefore, the company should be capable of responding to legal risks.
- **Green products and SRI** represents an area for progress for the Company as associated initiatives are skipped from the Company's reporting. Stakeholders voice concerns about banks indirect environmental impacts when they provide financial support to climate polluters. Despite that Banco Banorte is signature of initiatives as Equator principles and some measures seem to be in place to provide responsible investments, which still might put Banco Banorte's operations at risk as no positive indicators of green lending products are disclosed and no more initiatives for sustainable investment were allocated. However, Vigeo's assurance on the Group's ability to mitigate operations related risks remains moderate mainly due the robust performance registered in the **Climate change** field.



SMEs demand of customized banking products and services is unmet in the Emerging Markets. Efforts in terms of **financial inclusion** are a way to support local development and a market opportunity for banks. Banco Banorte reports on some measures in this regard. However, the lack of disclosure on related KPIs contributes to Vigeo's low assurance on the company's ability to preserve its reputation.

\* We consider legal security as an element of a company's tangible or intangible assets. We define legal risk as the potential impact - negative or positive - on these assets, considering the management of CSR issues possibly involving the company's legal responsibility. Under no circumstances should our opinion be construed as a due diligence or an assurance in the meaning of regulations such as, for instance, the Sarbanes-Oxley Act in the USA or the Loi de Sécurité Financière in France

## Company performance in all the Sustainability Drivers

Weight of the Sustainability driver		Overall score 45/100		Trend	Score
		<b>Environment</b>		↗	<b>53</b>
ENV1.1	2	Environmental strategy		↗	73
ENV1.3	3	Green products and SRI		↗	38
ENV2.2	3	Climate change: indirect impacts		↗	54
ENV2.7	2	Business travel and commuting			N/R
		<b>Human resources</b>		↗	<b>42</b>
HRS1.1	2	Social dialogue			N/R
HRS2.3	3	Reorganisation		↗	53
HRS2.4	2	Career management		↗	52
HRS3.2	3	Health and safety		↗	24
		<b>Human rights</b>		↗	<b>46</b>
HRT1.1	2	Fundamental human rights		↗	44
HRT2.1	2	Fundamental Labour rights		↗	43
HRT2.4	3	Non-discrimination and diversity		↗	50
		<b>Community involvement</b>		↗	<b>33</b>
CIN1.1	3	Social and economic development		↗	30
CIN2.1	3	Financial inclusion		↗	30
CIN2.2	1	General interest causes		↗	49
		<b>Business behaviour (c&amp;s)</b>		↗	<b>53</b>
C&S1.2	3	Information clients		→	47
C&S1.3	2	Orientation des contrats		↗	45
C&S3.1	3	Corruption and money laundering		↗	63
		<b>Corporate governance</b>		→	<b>41</b>
CGV1.1	3	Board of Directors		↘	45
CGV2.1	3	Internal controls & risk management		→	62
CGV3.1	2	Shareholders		↗	34
CGV4.1	2	Executive Remuneration		↗	12

**Weak** (0-29/100)
  **Limited** (30-49/100)
  **Robust** (50-59/100)
  **Advanced** (60-100/100)

? **Involvement in allegations**
? **Involvement in allegations with evidence of corrective measures**

N/R means that this Sustainability Driver is not analysed for this Company

## Selected financial data

Key data	Net interest income	EBIT	Employees
2014	MXN 44,096m	MXN 20,896m	27,898
2013	MXN 38,738m	MXN 15,832m	27,474
2012	MXN 32,809m	MXN 16,203m	26,107
2011	MXN 28,169m	MXN 12,769m	24,100
2010	MXN 22,732m	MXN 10,167m	19,828
Main shareholders			2015
Gonzalez Barrera Roberto Family			10 %
Aberdeen Asset Managers Ltd.			4 %
Oppenheimer Funds, Inc.			3.9 %
Geographical breakdown		Net income 2014	Employees 2014
Mexico		64.9 %	nd
USA		35.1 %	nd
All Economic Segments			Turnover 2014
Banking Sector			69.0 %
Long Term Savings Sector			21.0 %
Brokerage Sector			6.0 %
SOFOM and Other Finance Companies Sector Holding			4.0 %

## Selected ESG Indicators

	2014
Non-executive Board member(s) responsible for CSR issues	No
Executive remuneration linked to CSR performance	No
Percentage of independent Board members	73.3
Percentage of women on Board	6.67
Percentage of women in Executive team	7
Percentage of women in workforce	48.26
Percentage of employees covered by collective agreements on working conditions	19.38
3 year trend for safety at work	N/A
Involvement in armament	No

## Involvement in disputable activities: summary

This section is dedicated to disputable activities in which the company is involved. 9 disputable activities are analyzed (see list below) following 30 parameters. Additional analysis and full database access are available as an option.

For more information please contact us at [customer.service@vigeo.com](mailto:customer.service@vigeo.com)

	Level of involvement	% of revenues
<input type="checkbox"/>	Alcohol	%
<input type="checkbox"/>	Animal maltreatment	%
<input type="checkbox"/>	Armament	%
<input type="checkbox"/>	Hazardous chemicals	%
<input type="checkbox"/>	Gambling	%
<input type="checkbox"/>	GMOs in food & feed	%
<input type="checkbox"/>	Nuclear energy	%
<input type="checkbox"/>	Sex industry	%
<input type="checkbox"/>	Tobacco	%

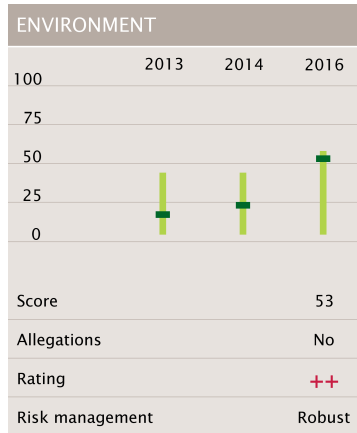
(\* Alcohol, Animal maltreatment, Hazardous chemicals, Gambling, GMOs in food & feed, Nuclear energy, Sex industry, Tobacco : 2012  
Armament : 2014

A company's level of involvement (Major, Minor, No) in a disputable activity is based on:

- An estimation of the revenues derived from disputable products or services
- The precise nature of the disputable products or services provided by the company

## CSR performance per domain

■ Sector performance  
■ Company performance  
Rating: min -- / max ++

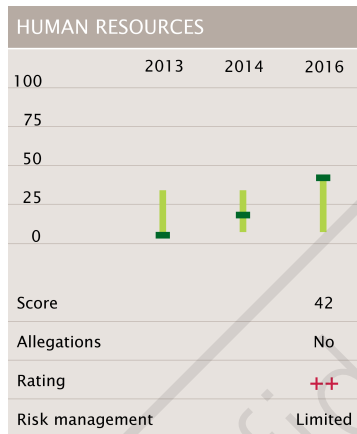


### Key issues

The environmental strategy (ENV 1.1) of banks must include direct impacts, usually moderate, and indirect impacts. Through the provision of financial services, banks play, in fact, an important role in allocating resources to the private sector, also to companies with polluting or emission intensive operations. Through including environmental risks in the assessments of loans, credits and investments banks can influence companies' behaviour towards more environmentally and climate friendly activities and products. Indeed, the banks' role in climate change (ENV2.2) is currently the focus of debate.

### Company performance

- The Company's performance in the Environment domain is robust in absolute terms.
- The domain's score has increased compared to the previous review.
- Banco Banorte's performance has improved compared to previous rating because the Company has implemented extra measures to environmental management such as internal audits of carbon footprints, reporting against targets and involving employees through "green teams". In addition, the Company applies the Equator Principles (EP) and the Social and Environmental Management System (SEMS) to assess the Social and Environmental impacts associated with some high risk sectors, conducting an exclusionary screening and providing consultories to clients and investors in investment activities.

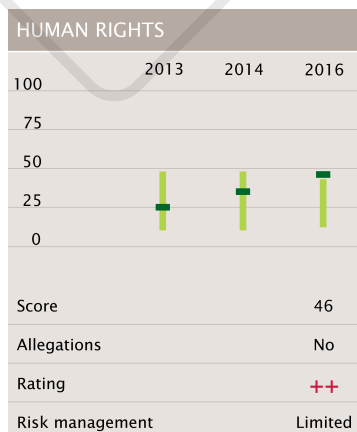


### Key issues

Investments in training and employability (HRS 2.4) are crucial issues for companies operating in a complex and rapidly changing environment. The increased work pressure in the banking sector requires an effective Health & Safety policy (HRS3.2) to deal properly with stress risk factors. The issues of responsible management of restructurings (HRS 2.3) can also be an important factor to preserve the company's human capital.

### Company performance

- The Company's performance in the Human Resources domain is limited in absolute terms.
- The domain's score has increased compared to the previous review.
- This is mainly because the Company commits to consult employee representatives on reorganisations and has allocated significant measures to limit the impact of reorganisation such as providing individualized follow-up of affected employees. Also, Banco Banorte disclosed performance indicators related to career management, which show a positive trend. On the other hand, the Company has implemented programmes to prevent the stress and has conducted survey on risk assessment in health in its workplace and carried out awareness raising programmes in this regard. However, the company does not disclose health and safety indicators as accident frequency rate. The issue of ergonomics is weakly addressed in the company's reporting.



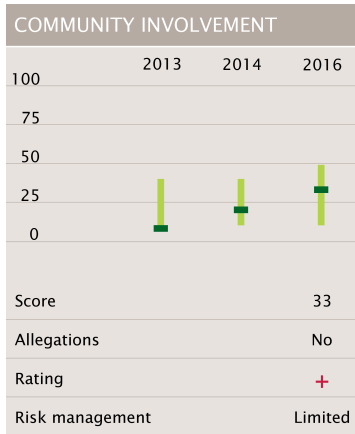
### Key issues

Non-discrimination (HRT 2.4) is a challenge for banks, characterized by a high proportion of men in managerial positions and by gender pay disparities for the same positions. Older employees are also a category at risk in terms of recruiting and retaining strategies, especially in a crisis context. Banks might be exposed to violations of human rights (HRT 1.1) in lending and investment activities but also of customers' right to privacy. This is a new challenge on which the sector is actually evaluated.

### Company performance

- The Company's performance in the Human Rights domain is limited in absolute terms.
- The domain's score has increased compared to the previous review.
- Banco Banorte has issued formalized commitment to respect human rights and has set up some measures to integrate human rights considerations in its retail banking, lending and investment activities. In addition, the Company issued a

formalized commitment to non-discrimination and has set up measures such as a confidential complaints system to address cases of discrimination and affirmative action programmes for the inclusion of people with disabilities. However, there is a lack of reporting on initiatives aimed to ensure respect for freedom of association.

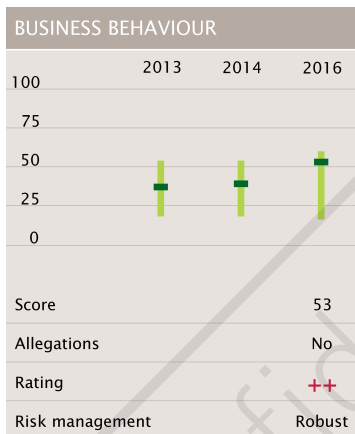


**Key issues**

The main role of banks is to enhance the social and economic development by lending money to the real economy. Banks should primarily focus on activities with a high social value, while they should avoid activities with negative impacts on the society (CIN 1.1). Moreover, the accessibility of basic financial products for socially and economically weaker customers, as well as the support of retail clients in financial distress, are critical issues for banks (CIN 2.1), especially given the difficult economic conditions faced globally.

**Company performance**

- The Company's performance in the Community Involvement domain is limited in absolute terms.
- The domain's score has increased compared to the previous review.
- This is mainly because the Company has allocated extra means to local social and economic development such as collaboration with the Trustworthy Relations in Agriculture Association on jointly implemented initiatives. In addition, the Company commits to address the accessibility of its products and has ensured access to basic banking services for Mexican emigrants in the USA. Also, the Company has created Banorte Foundation to be responsible for overseeing the support to general interest causes.

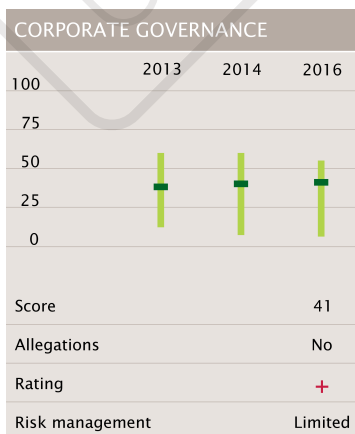


**Key issues**

The provision of transparent information on financial products (C&S 1.2) and the responsible management of customers (C&S1.3) are key challenges for banks to restore customers' trust, impacted by past mismanagements. Disclosure on efforts aimed at preventing risks related to business ethics and money laundering (C&S 3.1) is also crucial in a sector that could be affected at every stage of the hierarchical scale.

**Company performance**

- The Company's performance in the Business Behaviour domain is robust in absolute terms.
- The domain's score has increased compared to the previous review.
- Banco Banorte has set up some measures to ensure that customers are informed properly and to create responsible customer relations such as educational tools, measuring performance against customer satisfaction surveys and developing an accessible system to handle complaints. Also, The Company reports that its employees receives training on the prevention of money laundering. In addition, the Company has implemented Know-Your-Customer policies, to prevent money laundering activities. Moreover, the Company disclosed quantitative data on the corruption incidents reported internally.



**Key issues**

Sound corporate governance is required to oversee a company's strategic direction, including the CSR strategy. Vigeo's framework has been adapted to capture the level of integration of CSR topics at Board-level, supplementing traditional signals on efficient governance practices. Directors are notably evaluated on their level of diversity and experience with operational, financial, and CSR topics (CGV1.1). The audit and internal controls system is examined regarding the efficiency and reach of its risk management (CGV2.1). Shareholders are expected to have fair voting rights and access to all relevant information on material CSR issues (CGV3.1). Executive remuneration is assessed for transparency and alignment with the interests of company's shareholders and other stakeholders (CGV4.1).

**Company performance**

- The Company's performance in the Corporate Governance domain is limited in absolute terms.
- The domain's score has remained stable compared to the previous review.
- The 'Board of Directors' has reached the recommended level of independance as

Copyright Vigeo 2016 - Reproduction of this document in whole or in part is prohibited without the express written authorization of Vigeo and is protected by the provisions of the French Intellectual Property Code.

more than half members are independent. Nomination, Remuneration and Audit committees are in place, on which the last one has a comprehensive role. It seems that the audit firm not receive non-audit fees and the internal control system covers some CSR risks. The Company respects "one share - one vote" but shareholders can not vote on executive remuneration, anti-takeover devices have been identified and major restrictions to convene an EGM are in place. However, room for progress remain as regards the rules determining executive remuneration.

Confidential Information



## Detailed analysis

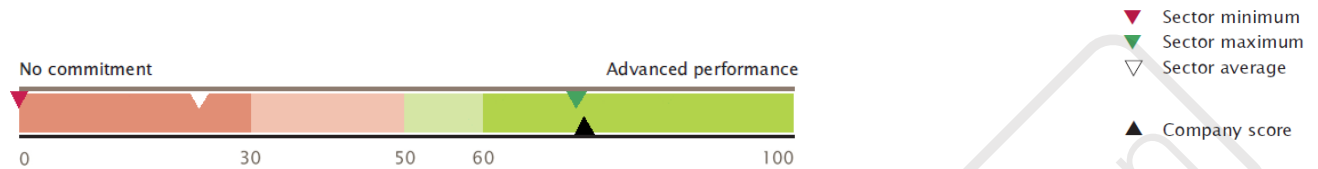
<b>Environment</b>	<b>10</b>
<b>ENV1.1</b> Environmental strategy	10
<b>ENV1.3</b> Development of green products and services	11
<b>ENV2.2</b> Minimising indirect environmental impacts from energy use	12
<b>ENV2.7</b> Management of environmental impacts from transportation	14
<b>Human Resources</b>	<b>14</b>
<b>HRS1.1</b> Promotion of labour relations	14
<b>HRS2.3</b> Responsible management of restructurings	14
<b>HRS2.4</b> Career management and promotion of employability	15
<b>HRS3.2</b> Improvement of health and safety conditions	16
<b>Human Rights</b>	<b>18</b>
<b>HRT1.1</b> Respect for human rights standards and prevention of violations	18
<b>HRT2.1</b> Respect for freedom of association and the right to collective bargaining	19
<b>HRT2.4</b> Non-discrimination	20
<b>Community Involvement</b>	<b>22</b>
<b>CIN1.1</b> Promotion of the social and economic development	22
<b>CIN2.1</b> Societal impacts of the company's products / services	23
<b>CIN2.2</b> Contribution to general interest causes	24
<b>Business Behaviour (C&amp;S)</b>	<b>26</b>
<b>C&amp;S1.2</b> Information to customers	26
<b>C&amp;S1.3</b> Responsible Customer Relations	27
<b>C&amp;S3.1</b> Prevention of corruption and money laundering	28
<b>Corporate Governance</b>	<b>30</b>
<b>CGV1.1</b> Board of Directors	30
<b>CGV2.1</b> Audit & Internal Controls	31
<b>CGV3.1</b> Shareholders	32
<b>CGV4.1</b> Executive Remuneration	33

## Environment

Score : 53

### ENV1.1 Environmental strategy

(score: 73, weight: 2)



#### Visibility of commitment to environmental issues

The company has issued a formalised commitment to environmental protection in its Environmental Policy, and sets specific targets related in this regard. Banco Banorte aims to reduce its total emissions by 13% and its paper consumption by 15% per employee for 2020. The company is a signatory of the Global Compact and communicates on this principle.

#### Relevance of environmental strategy

The company commits to all its responsibilities in terms of environmental protection:

- Measuring and monitoring direct environmental impacts
- Introducing environmental factors in the credit risk assessment
- Incorporate ESG considerations in investments strategies
- Reducing indirect impact on climate change, through credit/ lending activity
- Integration of environmental factors in the supply chain.

#### Ownership of commitment

The commitment applies throughout the company, supported by senior management. In addition, there is a dedicated structure responsible for this issue.  
The Corporate Social Responsibility area is responsible to promote and implement environmental practices.

#### Means allocated to environmental management system

The company has allocated most means to environmental management, including:

- **Monitoring:** the company keeps track of its energy consumption, related GHG emissions (reports them to the Carbon Disclosure Project) and paper consumption as well as its environmental risks.
- **Audits:** the company has carries out a detailed analysis of its carbon footprint annually using methodologies such as the corporate standard of accounting and reporting, the Greenhouse Gas Effect Protocol (GHG Protocol) and national guidelines on the use of global warming potentials from the IPCC's Fifth Assessment Report. In addition, a external assurance is being performed by Deloitte.
- **Action plans:** the company set a plan to reduce the intensity of emissions per employee an additional 10% by 2020. Besides, For 2020, a gradual goal was set to reduce paper consumption per employee by 15% with respect to 2014. In addition, Banco Banorte has developed an identification matrix, in order to evaluate, classified and solve company's environmental impacts.
- **Reporting against targets:** In 2014, the company achieved the objective to reduce the intensity of emissions per employee by 20% with respect to the base year, 2009. In addition, a 36% reduction in paper consumption was achieved in the areas of staff participants.

Of note, the company is going to implement a short-term methodology which quantifies its water consumption to determine what the higher consumption areas and seasons are. Therefore, the objective of reducing water consumption to be met by 2020 will be established in 2015.

**Means allocated to employees environmental engagement**

The company has allocated most of the relevant employees environmental engagement initiatives:

- Awareness raising: the company promotes environmental awareness and has carried out campaigns to promote the responsible use of paper and recycling. In addition, the company has conducted campaign for the delivery, reuse and proper disposal of physical tokens returned by customers.
- Training on ways to reduce their environmental impact in their daily operations: since 2014, an environmental education program has been taught on the green roof to educate the company's employees on biodiversity, food safety, climate change, water and desert, green cities, plant and herb collections. The program includes conferences, craft workshops, tours and reflective activities that aim to raise awareness among the company's stakeholders of the importance of sustainability and are provided by the external NGO CICEANA (Center for Environmental Information and Communication of North America).
- "Green teams" or environmental dedicated task forces: Banco Banorte has created a Sustainability Work Group, which follows-up sustainability strategies. This work group is composed by the general managements of operations, administration, finance, legal, risk, investor relations and communication. Moreover, the company counts with volunteers "Paperless Champions", which are in charge of the monitoring of paper consumption in its areas. This Champions also provide suggestions on how make process more efficient on paper consumption.

**Scope of means allocated to environmental management**

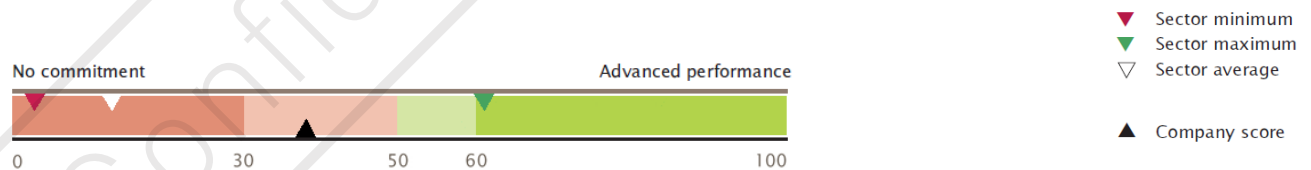
The company has allocated adequate means to address some of the issues at stake for the sector:

- Direct impacts
- Indirect impacts

Leadership	91	Implementation	55	Results	N/A
Visibility	100	Means & resources	65	Performance	N/A
Relevance	100	Scope	30	Trends	N/A
Ownership	65	Coverage	N/A		

**ENV1.3 Development of green products and services**

(score: 38, weight: 3)



**Relevance of the company's commitment to integrate environmental issues in its lending activities**

The company's commitment is comprehensive and refers to risks related to water, palm oil, soya, meat and timber products. Thereby, Banco Banorte is a signatory of the Equator Principles and of the Natural Capital Declaration of the UNEP FI. No quantified targets have been disclosed.

**Relevance of the company's commitment to integrate environmental issues in its investment activities**

The company's commitment is general, referring to incorporating ESG considerations in investments strategies, in addition the company is a signatory of the Natural Capital Declaration of the UNEP FI.

**Means allocated to the integration of environmental issues in lending activities [DIVERSIFIED and 1st GROUP OF SPECIALISED]**

The company has developed a comprehensive methodology and dedicates sufficient means (training to dedicated staff, dedicated structure) to guarantee the analysis of environmental risks in its lending activities.

*Banco Banorte's Social and Environmental Management System (SEMS) identify, manage, assess, prevent, mitigate and compensate risks associated with the company's loan portfolio. Banco Banorte has set up assessment processes and provides training to employees in charge of evaluating lending so as to take into account environmental impact of loans. Moreover, the company has created an internal structure, Social and Environmental Coordination (CSA), in order to respond to the needs of SEMS and the Equator Principles (EPs). Therefore, in 2014, the CSA team trained 450 executives and analysts through online courses to create awareness regarding EPs in the Government Banking.*

**Coverage of the measures in place to integrate environmental issues in lending activities [DIVERSIFIED and 1st GROUP OF SPECIALISED]**

The company integrates environmental considerations into risk assessment processes for specific clients or high impact sectors.

*Processes are in place for transactions whose capital exceeds 10 million USD, and similar processes are set up for transactions whose capital exceeds 1 million USD.*

**Means allocated to the integration of environmental factors in investment activities**

*The company has allocated some means to the development of sustainable investment products/strategies.*

*- Exclusionary screening: Banco Banorte makes exclusion of activities and operations that are involved in force labor, illegal commerce, pornography and prostitution as well as wildlife crime, production or trade of radioactive material and harmful substances that destroy ozone, among others.*

*- Engagement with the companies: The company provides consultories to clients and investors in environmental matters as recommendations and international trends, in order to encourage good business practices and clients and investors follow them.*

**Coverage of the measures in place to integrate environmental factors in investment activities**

*There is no evidence that a large part of Banco Banorte's portfolio benefit from these measures.*

**Performances in terms of green lending**

Information obtained from company and public sources regarding the development of "green lending products" is insufficient.

*The company reports that its green lending products have decreased by 62% from MXN 230 million in 2013 to MXN 88.4 million in 2014. Data for previous years is not disclosed.*

**Percentage of SRI assets on total assets under management**

Information from the company regarding the percentage of SRI assets on total assets under management is insufficient.

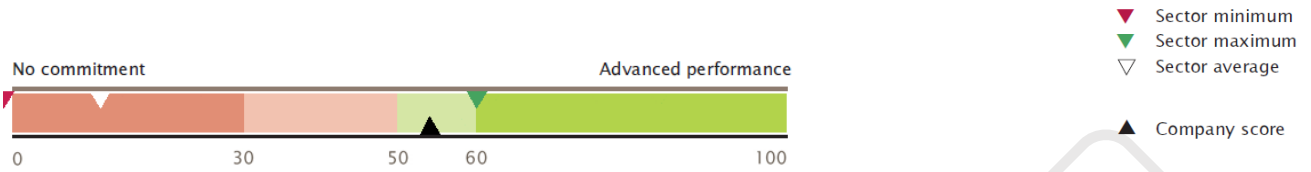
**Stakeholders' feedback**

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

<b>Leadership</b>	<b>48</b>	<b>Implementation</b>	<b>43</b>	<b>Results</b>	<b>22</b>
Visibility	N/A	Means & resources	52	Performance	65
Relevance	48	Scope	N/A	Trends	0
Ownership	N/A	Coverage	30		

**ENV2.2 Minimising indirect environmental impacts from energy use**

(score: 54, weight: 3)



**Relevance of the company's commitment to reduce its indirect impact on climate change, through its credit/ lending activity.**

*The company applies the Equator Principles (EP) to assess the Social and Environmental impacts associated with the following sectors:*

- Energy
- Housing
- Transport infrastructure
- Forestry
- Mining & Metals

*However, no specific policy on climate change per sector is disclosed.*

**Ownership of the commitment.**

The commitment applies throughout the company, supported by senior management. In addition, there is a dedicated structure responsible for this issue.

*The Social and Environmental Coordination (CSA) is in charge of the implementation of this commitment. It also includes the participation of the Sustainability Management for the strategic planning of the Equator Principles.*

**Means allocated to integrate climate related risks in the company's credit/ lending activities.**

The company has developed a comprehensive methodology and dedicates sufficient means (training to dedicated staff, dedicated structure) to guarantee the analysis of climate risks in its lending activities. In addition the company provides advice to customers to reduce climate risks.

*The company's Social and Environmental Management System (SEMS) and its processes to apply the Equator Principles both include specific focus on climate change issues. SEMS is applied to assess the environmental (including climate change) risks associated with transactions amounting to over 1 million US dollar, giving back consultories to companies to improve their performance and mitigate related risks. Through the Equator principles risk assessment is realized for investments of 10 million US dollar or more. On the other hand, the personnel responsible for the placement of loans possess specialized education and skills on climate change issues and regular trainings are provided on these topics. Besides, the social responsibility and sustainability department has created an internal structure in order to respond to the needs of the Equator Principles. Also, Banco Banorte, requires an analysis of alternatives for technically options to reduce greenhouse gas emissions, when the emissions of the assessed companies are more than 100,000 tons of CO2 equivalent per year.*

**Coverage**

The company has allocated these means for most clients at risk.

*The company reports that SEMS applies to the whole Corporate and Business Banking and Structured Financing portfolios, representing at least 42% of its loan portfolio.*

**Performance indicators: CO2 emissions linked to loans portfolio**

The company does not disclose quantitative data on indirect CO2 emissions linked to its loans' portfolio/financing activities.

Copyright Vigeo 2016 - Reproduction of this document in whole or in part is prohibited without the express written authorization of Vigeo and is protected by the provisions of the French Intellectual Property Code.

**Stakeholders' feedback**

A review of stakeholder sources did not reveal any allegations against the company during the period under review and stakeholders gave positive feedback on the engagement of the company on the issues under review. *Banco Banorte has obtain the GEI2, a recognition from the GEI Mexico Programm (GEI is a spanish acronym of Greenhouse Gases). This award was given by the the Ministry of Environment and Natural Resources (Semarnat) of Mexico as the company is actively participating on reporting, evaluating and accounting its GHG emissions.*

<b>Leadership</b>	<b>44</b>	<b>Implementation</b>	<b>86</b>	<b>Results</b>	<b>33</b>
Visibility	N/A	Means & resources	100	Performance	33
Relevance	30	Scope	N/A	Trends	N/A
Ownership	65	Coverage	65		

**ENV2.7 Management of environmental impacts from transportation**

(deactivated)

This Sustainability Driver is only analysed for large companies in the Retail & Specialised Banks - Emerging Market sector: it is therefore not analysed for Banco Banorte Mexico.

**Human Resources**

Score : 42

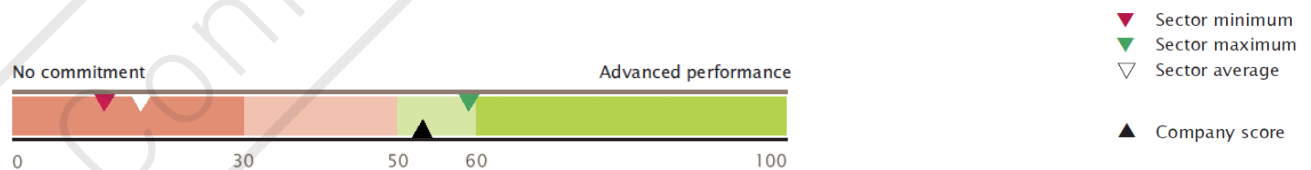
**HRS1.1 Promotion of labour relations**

(deactivated)

This Sustainability Driver is only analysed for large companies in the Banks Emerging Market sector: it is therefore not analysed for this Company.

**HRS2.3 Responsible management of restructurings**

(score: 53, weight: 3)



The Company's number of employees has increased by 6.9% over the past three years from 26,107 employees in 2012 to 27,898 employees in 2014. The company does not report any information about any employees' lay offs, which occurred during the period under review, and no information was found in the online sources about any restructuring carried out by the company.

**Relevance of commitment to manage reorganisations responsibly**

The company does not disclose any commitment to manage reorganisations responsibly.

**Involvement with employee representatives**

The company commits to informing and consulting employee representatives on reorganisations. However, no commitment to negotiate with employee representatives on reorganisation is visible.

**Means allocated to prevent and manage reorganisations**

The company has allocated significant measures to limit the impacts of reorganisations:

- early retirement: the company stated in its response to Vigeo that it provides early retirement to employees affected by reorganisation with no extra details offered.
- individualised follow-up of employees: the company stated in its response to Vigeo that it provides individualised follow-up of employees affected by reorganisation with no extra details offered.
- internal mobility programme: the company stated in its response to Vigeo that it provides internal mobility programmes for employees affected by reorganisation with no extra details offered.
- re-training: the company stated in its response to Vigeo that it provides re-training for employees affected by reorganisation with no extra details offered.

**Coverage**

These means are allocated for all the company's employees affected by the reorganisations, including older employees.

**Stakeholders' feedback**

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

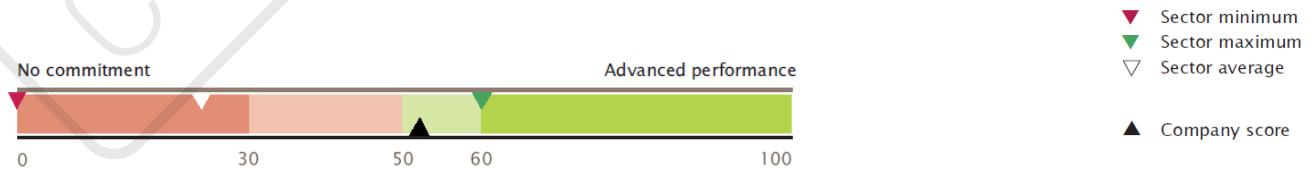
**Result of the company's commitment to manage reorganisations responsibly**

The company has been able to avoid redundancies over the last 5 years.

<b>Leadership</b>	<b>12</b>	<b>Implementation</b>	<b>65</b>	<b>Results</b>	<b>81</b>
Visibility	N/A	Means & resources	65	Performance	81
Relevance	0	Scope	N/A	Trends	N/A
Ownership	30	Coverage	65		

**HRS2.4 Career management and promotion of employability**

(score: 52, weight: 2)



**Visibility of commitment**

The company has issued a largely publicised, formal commitment to promote career management and training which is publicly available in its Social Policy.

**Relevance of commitment** *The company's commitment to promoting career management and training only addresses part of its responsibilities:  
- Anticipate short and long-term employment needs and skill requirements*

**Ownership of commitment** *The Head of HR, Javier Beltrán, is not part of the company's Executive Committee and line managers do not appear to be evaluated on their performance in terms of HR management.*

**Career management systems** *The company has set up an internal job opportunity marketplace and has formalised the skill requirements for the various job positions.*

**Coverage of career management systems** *These career management systems cover all of the company's employees.*

**Types of training provided to non-managers** *The training programmes are aimed at adapting employees' skills to the requirements of their current position and also enable them to develop additional skills. Risk management and compliance issues are part of the common training curriculum.  
Banco Banorte reported to Vigeo that the company provides employees with training to ensure compliance with legislation that regulates its operations, both with regard to its financial activities and other regulations, such as the regularization of property tax on buildings allocated to some of its activities derived from the recovery of loan guarantees. The company also provides operating risk training courses.*

**Means allocated to training for all employees** *The average of training hours provided for each employee of the company has increased in the past three years from 1.93 training hour/employee in 2012 to 25 training hours/employee in 2014.  
Of note, the data for 2013 is not disclosed.*

**Mobility / turnover** *The company's employee turnover rate has decreased over the past two years by 2 percentage points from 23.8% in 2013 to 21.8% in 2014.*

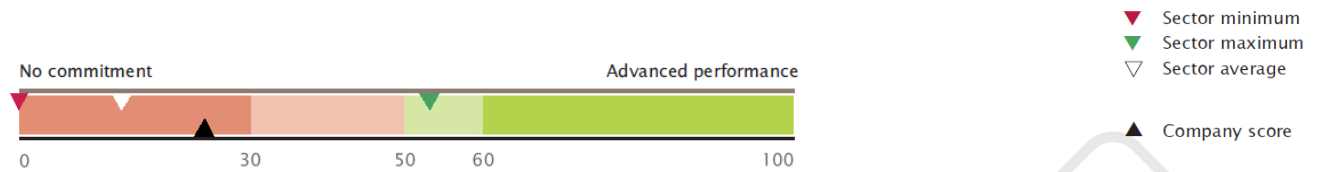
**Training delivered during the year under review** *The company reports that 76% of personnel received training on policies and procedures related to human rights' issues in 2014. Whereas, 64% of employees have received training courses for regulations at work and regulation guidelines over the same period.*

<b>Leadership</b>	<b>44</b>	<b>Implementation</b>	<b>65</b>	<b>Results</b>	<b>48</b>
Visibility	<b>100</b>	Means & resources	<b>53</b>	Performance	<b>48</b>
Relevance	<b>30</b>	Scope	<b>N/A</b>	Trends	<b>N/A</b>
Ownership	<b>30</b>	Coverage	<b>100</b>		



**HRS3.2 Improvement of health and safety conditions**

(score: 24, weight: 3)



**Visibility of health & safety commitments**

*The company has made a formalised commitment to health and safety issues in its Social Policy.*

**Relevance of commitment**

*The company's commitment is general.*

**Ownership of commitment**

The commitment applies throughout the company, supported by senior management.  
*The Executive Director of Social Responsibility and the Comprehensive Management of Health and Human Resources are in charge of this commitment.*

**Means allocated to health and safety**

*The company has allocated means to address health and safety issues, including:*

- *training/awareness raising programmes: the company has organized Health and Corporate Wellness Programs aimed at creating a culture of corporate well-being among participants in addition to information and bi-weekly talks on health issues. In addition, employees were trained on first aid, fire-fighting, using and handling fire extinguishers and practising cardiopulmonary resuscitation.*
- *risk assessments: the company Conducted survey on risk assessment in health and, according to the results, a personalized series of recommendations for health care has been provided.*

**Means allocated to reduce stress at work**

*The health programs are mainly concerned with the treatment, rehabilitation and recovery process of individuals, including:*

- *Employee assistance programme / hotline (stress only)/counselling: the company has created hotline support for stress management.*
- *monitoring of absenteeism: Banco Banorte reported to Vigeo that the group has programmes in place that consist of analysing the absenteeism rate due to health related problems in order to identify their main causes and seek a solution in conjunction with other areas of the Group. In 2013, the area will begin developing an adequate registration process in the Group's three main cities: Mexico, Monterrey and Guadalajara.*
- *Awareness campaigns and information: the company provides alternative medicine and relaxation messages available in the Santa Fe corporate building. Also, the company has made fostering a culture of health prevention throughout the company a priority.*
- *Employee participation tools: the "Great Place to Work" conducts surveys to Banco Banorte employees in order to analyse the organizational climate of the company.*

**Coverage of means allocated to address mental health**

*There is no evidence that the mental health and safety measures cover a majority of the company's employees.*

**Accident frequency rate**

Information disclosed on the company's accident frequency rate is insufficient. Of note, the company reports that it had reached 200,000 work hours without accidents for employees, external workers and independent contractors in 2014.

**Other health and safety indicators**

Information disclosed on absenteeism and the rate of occupational disease is insufficient. Of note, the company reports that it had reached 200,000 work hours without labor-related illnesses for employees, external workers and independent contractors in 2014.

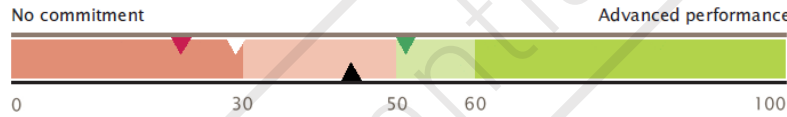
Leadership	42	Implementation	30	Results	0
Visibility	65	Means & resources	30	Performance	0
Relevance	30	Scope	30	Trends	N/A
Ownership	30	Coverage	30		

**Human Rights**

Score : 46

**HRT1.1 Respect for human rights standards and prevention of violations**

(score: 44, weight: 2)



- ▼ Sector minimum
- ▼ Sector maximum
- ▽ Sector average
- ▲ Company score

The Company has activities in Mexico rated as "Partly Free" and USA rated as "Free" in terms of political rights and civil liberties by Freedom House in 2014.

**Visibility of commitment**

The company has issued a formalised commitment to respect and promote human rights in society in its Social Policy. The company is a signatory of the Equator Principles and of the Global Compact and communicates on this principle.

**Relevance of commitment**

The company's commitment to respect and promote human rights in society addresses only part of its responsibilities:  
- Respect clients' right to non-discrimination

**Ownership of commitment**

The commitment applies throughout the company, supported by senior management.  
The CSR Management is in charge of this commitment.

**Means allocated to guarantee the respect of human rights in retail banking activities**

The company has adopted some measures to ensure the respect of clients' personal rights:

- *Grievance mechanisms: the company has a confidential and anonymous complaints system, Ethics Points, to address cases of Human Rights violation.*
- *Corrective/ Remedy measures: based on the evaluation of complaints received via Ethics Points, the company usually takes corrective measures that may include dismissal of involved employees, cancellation or non-renewal of contract with non-compliant businesses and lawsuits for human rights violations.*

**Integration of human rights considerations in the company's lending activities**

The company has adopted some measures to integrate human rights considerations in its lending activities, including:

- *Dedicated training for staff: the company's personnel received training on policies and procedures related to human rights' issues.*
- *Mapping of risk exposure of clients, sectors, projects, markets: the company has implemented a Social and Environmental Management System (SEMS), enabling the identification, categorization, assessment and monitoring of risks associated with loan portfolios for Corporate and Business Banking, Government Banking and Structured Finance.*

**Integration of human rights considerations in the company's investment activities**

The company has adopted some measures to integrate human rights considerations in its investment activities:

- *Assessing of risk exposure of companies/sector/countries in terms of human right: the categorization of social and environmental risks stage involves the determination of the credit risk associated with a project or investment, based on the nature, scale and stage of the project and the level of environmental and social risks and impacts, which will determine whether further evaluation is necessary. The risk is classified in the following categories: low risk (C), medium risk (B) or high risk (A). Next, the evaluation of social and environmental risk consists of the verification of compliance with projects to be financed under the current national regulatory framework and the international guidelines on social and environmental issues for the financial sector, taking into consideration the characteristics of the project and the social and environmental risk assigned. Loans over 1 million dollars will be evaluated by the IFC Performance Standards, and loans over 10 million dollars will be analysed under the Equator Principles framework.*
- *Consultation of stakeholders: the company offers its clients consultancy specializing in social and environmental matter, minimizing financial risk and offering an added value of knowledge in areas of opportunity for their projects.*

**Coverage**

There is no evidence that the company takes into account human rights related risk factors in the majority of its activities.

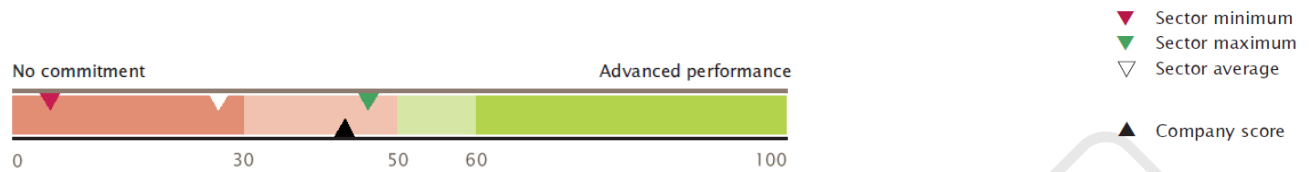
**Stakeholders' feedback**

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

<b>Leadership</b>	<b>37</b>	<b>Implementation</b>	<b>30</b>	<b>Results</b>	<b>65</b>
Visibility	<b>65</b>	Means & resources	<b>30</b>	Performance	<b>65</b>
Relevance	<b>30</b>	Scope	<b>N/A</b>	Trends	<b>N/A</b>
Ownership	<b>30</b>	Coverage	<b>30</b>		

**HRT2.1 Respect for freedom of association and the right to collective bargaining**

(score: 43, weight: 2)



The Company operates in Mexico and USA rated in 2014 ITUC annual survey as having systematic violations of Trade Union Rights.

**Visibility of commitment** *The company has issued a formalised commitment to freedom of association and the right to collective bargaining in its Social Policy. The company is a signatory of the Global Compact but does not communicate on this principle.*

**Relevance of commitment** *The company's commitment is detailed and addresses most of its responsibilities:*  
 - protection of freedom of association and the right to organize  
 - respect of the right to collective bargaining  
 - respect and protection of workers' representatives

**Ownership of commitment** *The commitment applies throughout the company, supported by senior management.  
 The CSR Management is in charge of this commitment.*

**Monitoring** *It is not clear what steps the company takes to ensure that freedom of association is respected throughout the company's operations (e.g.: through external verification, risk mapping, audits, etc.)*

**Promotion of collective bargaining** *Information obtained from company and public sources regarding measures in place to inform employees about their trade union rights is insufficient.*

**Coverage**

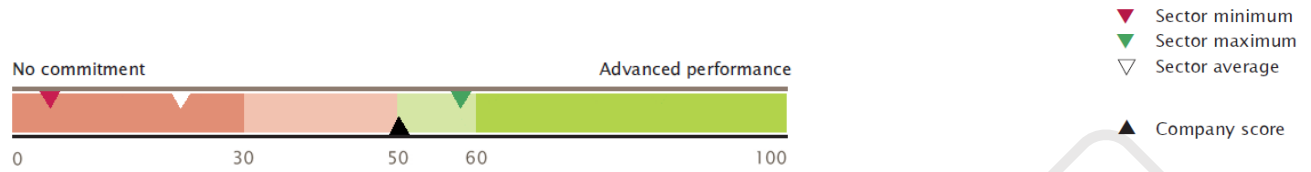
**Stakeholders' feedback** *A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.*

<b>Leadership</b>	<b>65</b>	<b>Implementation</b>	<b>0</b>	<b>Results</b>	<b>65</b>
Visibility	<b>65</b>	Means & resources	<b>0</b>	Performance	<b>65</b>
Relevance	<b>100</b>	Scope	<b>N/A</b>	Trends	<b>N/A</b>
Ownership	<b>30</b>	Coverage	<b>0</b>		

Copyright Vigeo 2016 - Reproduction of this document in whole or in part is prohibited without the express written authorization of Vigeo and is protected by the provisions of the French Intellectual Property Code.

**HRT2.4 Non-discrimination**

(score: 50, weight: 3)



**Visibility of commitment**

*The company has issued a formalised commitment to non-discrimination in its Social Policy. The company is a signatory of the Global Compact and communicates on this principle. Of note, the company is also adhered to the Women's Empowerment Principles, which promotes gender equality and the empowerment of women in the work place.*

**Relevance of commitment**

*The company's commitment to non-discrimination explicitly defines most of the categories covered:*

- gender
- race / ethnicity / nationality
- social background
- religion
- sexual orientation
- family responsibilities (including pregnancy)
- disabilities
- age
- sensitive medical conditions

**Ownership of commitment**

The commitment applies throughout the company, supported by senior management.  
 The CSR Management is in charge of this commitment.

**Means allocated**

*The company has set up at least five measures to prevent discrimination:*

- awareness raising: Banco Banorte has conducted inclusion and diversity campaigns.
- training: Through the company's agreement with the Mexican Nacional Council Against Discrimination employees benefit from dedicated online trainings on the prevention of discrimination.
- monitoring: Banco Banorte conducts monitoring of the age, gender and ratio wage depending on the professional category of its employees. In addition, the company has a register of the number of complaints regarding discrimination.
- confidential reporting system / grievance procedures: the company has a confidential and anonymous complaints system, Ethics Point, to address cases of discrimination.
- affirmative action programmes: Banco Banorte has set up a pilot programme to foster the contracting and inclusion of people with disabilities.

**Coverage**

*The company has set up programmes to promote diversity at least in a majority of its operations. The confidential reporting system is available in all subsidiaries of the group. Affirmative action programmes appear to be in place in a limited part of operations.*

**Results in terms of gender distribution**

*The company does not disclose quantitative data on performance indicators such as the share of women in management positions.*

Copyright Vigeo 2016 - Reproduction of this document in whole or in part is prohibited without the express written authorization of Vigeo and is protected by the provisions of the French Intellectual Property Code.

**Results in terms of employment of disabled persons**

The company does not disclose quantitative data on performance indicators such as the share of disabled persons in the total workforce.

**Stakeholders' feedback**

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

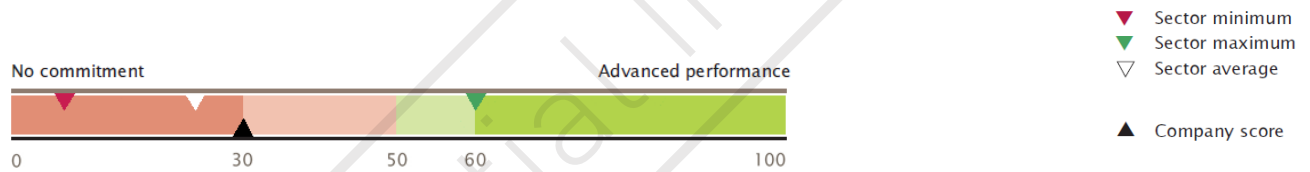
Leadership	51	Implementation	83	Results	16
Visibility	65	Means & resources	100	Performance	65
Relevance	65	Scope	N/A	Trends	0
Ownership	30	Coverage	65		

**Community Involvement**

Score : 33

**CIN1.1 Promotion of the social and economic development**

(score: 30, weight: 3)



**Visibility of commitment**

The company has made references to the promotion of local social and economic development in its 2014 Annual Report.

**Relevance of commitment**

The company's commitment to promote local social and economic development addresses some of its responsibilities:  
 - Promote local entrepreneurship through SME financing  
 - Support to community investments

**Ownership of commitment**

It is unclear who is responsible for the company's commitment.

**Means allocated**

The company has allocated significant means to address social and economic development, including:

- Support to SME's and/or business start-ups: the company provides financing for contracts of SME suppliers of the Federal Government, with a Nafin guarantee of 70%. In addition, the company provides financing for SME in the state of Michoacan in order to stimulate their economic recovery with a Nafin guarantee of 100%. Besides, the company ensures financing for SME in border areas that were affected by the implementation of the 16% VAT as well as financing for SMEs affected by Hurricane Odile in the state of Baja California Sur with Nafin guarantees of 80% and 100% respectively.
- Cooperation with NGOs on CIN, micro-finance and SME financing: the company has collaborated with the Trustworthy Relations in Agriculture Association to jointly implement the rural financing program on populations or communities under 50,000 inhabitants, with a total amount of MXN 367 million.
- Support to (local) public agencies: the company supports the Federal Government, the Distrito Federal Government and state-owned companies, now productive companies of the State of Mexico, such as Pemex and CFE. Indeed, the company has supported the country's growth by financing large infrastructure projects in all the states, such as bridges, roads, aqueducts, dams and works of great economical and social importance.

**Geographical coverage**

There is no evidence that these means are allocated in the majority of the company sites.

**Performance trend**

The company does not report indicators on social and economic development.

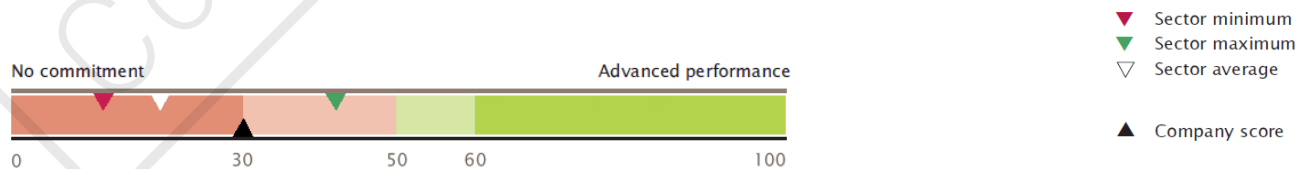
**Stakeholders' feedback**

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

<b>Leadership</b>	<b>21</b>	<b>Implementation</b>	<b>48</b>	<b>Results</b>	<b>22</b>
Visibility	<b>30</b>	Means & resources	<b>65</b>	Performance	<b>65</b>
Relevance	<b>30</b>	Scope	<b>N/A</b>	Trends	<b>0</b>
Ownership	<b>0</b>	Coverage	<b>30</b>		

**CIN2.1 Societal impacts of the company's products / services**

(score: 30, weight: 3)



**Visibility**

The company has made references to address the accessibility of its products/services in its 2014 Annual Report.

**Relevance of commitment**

The company's commitment to promote access to basic financial services is general.

**Ownership of commitment**

*It is unclear who is responsible for the company's commitment.*

**Means allocated to promote access to basic financial services:**

*The company has allocated significant measures to address the accessibility of its products/services:*

- *Access to basic banking services: the company offers money transfer services for Mexican emigrants in the USA. In addition, the company currently serves over 13 million customers in the banking sector throughout Mexico.*
- *Access to credit: Banco Banorte has implemented "Microapoyo" (Micro-support), a credit to promote business without having to resort to a personal loan.*
- *financial education: the company provides financial education sessions, as regards money savings and management, and participates to large events on financial education, such as the financial education week in Mexico.*

**Means question on programs to support customers in financial distress**

*Information obtained from the company and public sources regarding measures allocated to manage the negative impacts of its products/services.*

**Geographical coverage regarding the access to basic financial services**

*There is no evidence that these means are allocated in the majority of the company sites.*

**Trend**

*The company does not disclose indicators on the societal impact of its products.*

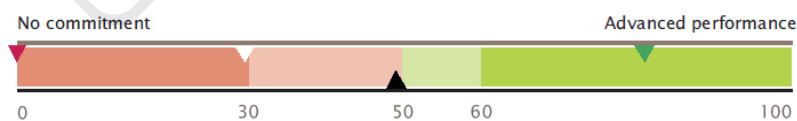
**Stakeholders' feedback**

*A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.*

<b>Leadership</b>	<b>24</b>	<b>Implementation</b>	<b>32</b>	<b>Results</b>	<b>35</b>
Visibility	<b>30</b>	Means & resources	<b>32</b>	Performance	<b>65</b>
Relevance	<b>30</b>	Scope	<b>N/A</b>	Trends	<b>0</b>
Ownership	<b>0</b>	Coverage	<b>30</b>		

**CIN2.2 Contribution to general interest causes**

(score: 49, weight: 1)



- ▼ Sector minimum
- ▲ Sector maximum
- ▽ Sector average
- ▲ Company score



**Relevance of commitment**

The company's commitment to supporting general interest causes addresses some of the relevant issues for the sector:

- Protection of children
- Protection of environment
- Empowerment of women
- Humanitarian aid during natural disasters
- Diffusion of culture and arts

**Ownership of commitment**

The commitment applies throughout the company, supported by senior management. In addition, other employees are directly involved.  
The company has created Banorte Foundation that is responsible for supporting general interest causes.

**Means allocated**

The company has allocated significant means to general interest causes, including:

- financial support: the company provides financial support to several general interest causes, such as help to people affected by natural disasters, disadvantaged communities in Mexico, among others.
- in-kind donations: the company conducted collection and redistribution of toys to children in hospitals and orphanages across Mexico.
- dedicated foundation: the Foundation Banorte endorses the company's contributions to general interest causes.
- complementing employees' charitable contributions: Banco Banorte's employees can give a percentage of their salary to general interest causes every two weeks, and the company provides a supplementary cash donation to the organisation selected.

**Geographical coverage**

There is no evidence that means are allocated in the majority of company sites.

**Trend in contributions to general interest causes**

The company monitors indicators on contributions to general interest causes, but these have been on a downward trend.  
The average amount of financial contribution per organization has decreased by 16% from Ps 1,178,196 in 2013 to Ps 988,802 in 2014. The same type of data for previous years is not disclosed.

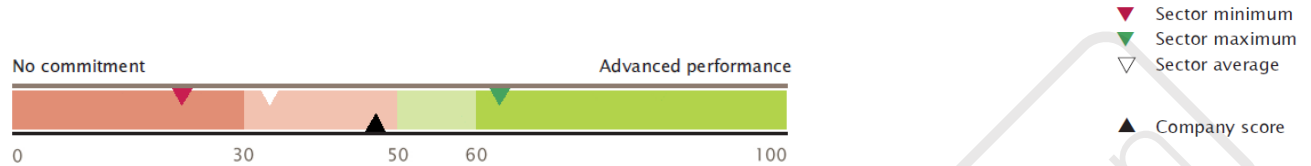
<b>Leadership</b>	<b>65</b>	<b>Implementation</b>	<b>51</b>	<b>Results</b>	<b>30</b>
Visibility	N/A	Means & resources	65	Performance	N/A
Relevance	65	Scope	N/A	Trends	30
Ownership	65	Coverage	30		

## Business Behaviour (C&S)

Score : 53

### C&S1.2 Information to customers

(score: 47, weight: 3)



#### Visibility of commitment to adequately informing customers about products/ services

The company has issued a formalised commitment to adequately inform customers about its products and services in its Code of Conduct. Of note, Banorte's activities are regulated by the Mexican National Commission for the Protection and Defense of Users of Financial Services (CONDUSEF).

#### Relevance of commitment

The company's commitment addresses its main responsibilities:

- provide customers with detailed information about product risks/benefits
- ensure that suitable products are sold to clients (products in line with their risk profile)
- avoid misleading marketing messages
- avoid mis-selling practices

#### Ownership of commitment

The commitment applies throughout the company, supported by senior management.

#### Systems to monitor information to customers

The company has set up few measures to ensure customers are informed properly:

- educational tools at disposal of customers: the company conducts business through interaction with its clients, promotions and campaigns which include various SME events across the country that represent opportunities to promote financial education among Banorte's customers.
- assessing customers' suitability: the company has segmented its customers into variable groups according to income and specific characteristics defined for each group. Hence, the company is in a better position to design and offer financial solutions tailored to each segment through appropriate channels.

#### Employees training and awareness raising

Information obtained from company and public sources regarding responsibility in marketing and commercial practices is insufficient.

#### Coverage of systems to monitor information to customers

There is no evidence that such measures are applied throughout the company.

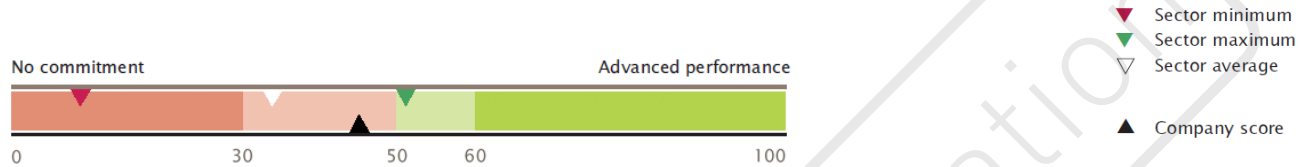
#### Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

<b>Leadership</b>	<b>56</b>	<b>Implementation</b>	<b>21</b>	<b>Results</b>	<b>65</b>
Visibility	<b>65</b>	Means & resources	<b>17</b>	Performance	<b>65</b>
Relevance	<b>65</b>	Scope	<b>N/A</b>	Trends	<b>N/A</b>
Ownership	<b>30</b>	Coverage	<b>30</b>		

**C&S1.3 Responsible Customer Relations**

(score: 45, weight: 2)



**Visibility of commitment to responsible customer relations.**

*The company has issued a formalised commitment to responsible customer relations in its Code of Conduct.*

**Relevance of commitment**

*The company commits to some of its responsibilities:  
 - enhance customer satisfaction  
 - listen to customers' complaints*

**Ownership of commitment**

*The commitment applies throughout the company, supported by senior management.*

**Means allocated to ensure responsible relations with customers**

*The company has set up few measures:  
 - measuring performance against customer satisfaction surveys and be acting on the results: the company continuously monitors customer satisfaction through satisfaction surveys.*

**Complaints management system for customers**

*There is a formalised and accessible system to handle complaints.  
 The company has allocated a dedicated phone number and e-mail address to receive customers' complaints with a specialized Queries and Complaints Unit responsible for handling received complaints.*

**Coverage of means allocated to ensure responsible relations with customers**

*The company has set up such systems throughout the company  
 The whistle-blowing system to receive customers' complaints is used to handle problems related to all the business units of the company. In addition, the satisfaction surveys are used to assess the customers' satisfaction with the different products and services offered by the company.*

**Results: client satisfaction**

*The company's rate of customer satisfaction decreased over the past three years by 2.3 percentage points, from 89.2% in 2012 to 86.9% in 2014.*

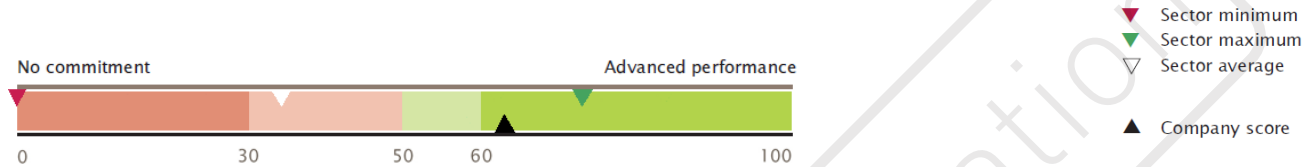
**Stakeholders' feedback**

*A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.*

<b>Leadership</b>	<b>41</b>	<b>Implementation</b>	<b>41</b>	<b>Results</b>	<b>53</b>
Visibility	<b>65</b>	Means & resources	<b>30</b>	Performance	<b>53</b>
Relevance	<b>30</b>	Scope	<b>N/A</b>	Trends	<b>N/A</b>
Ownership	<b>30</b>	Coverage	<b>65</b>		

**C&S3.1 Prevention of corruption and money laundering**

(score: 63, weight: 3)



**Visibility of commitment (corruption and money laundering)**

*The company has issued a formalised commitment to preventing corruption and money laundering in its Code of Conduct and Social Policy. The company is a signatory of the Global Compact and communicates on this principle.*

**Relevance of commitment (corruption and money laundering)**

*The company's commitment addresses its main responsibilities:*

- active/ passive bribery
- gifts and invitations
- fraud
- conflicts of interest
- illegal financing of political parties
- money laundering

**Ownership of commitment (corruption and money laundering)**

*The commitment applies throughout the company, supported by senior management.*

**Involvement of employees (corruption AND money laundering)**

*The company reports that its employees receives training and constant update on the prevention of money laundering.*

**Means allocated (corruption)**

*The company has set up internal controls to prevent corruption that include:*

- a dedicated confidential hotline: the company has a confidential and anonymous complaints system, Ethics Point, to address cases of corruption and those who violate sound business practices.

**Coverage (corruption)**

*The measures implemented cover all significant parts of the company. All employees have access to the external complaint system.*

**Means allocated (money laundering)**

The company has set up permanent measures to prevent money laundering, including a confidential reporting system, that include:

- measures to establish the identity of its clients and identify the customers whose circumstances warrant additional diligence (e.g. PEPs identification): the company has established and implemented policies and procedures, including client identification and know-your-customer policies, to prevent, detect and report actions, omissions or transactions that might favour, assist or cooperate in any manner with terrorism or money laundering activities.
- development of risk assessment policies (e.g. on company structures, the customer's reputation, source of wealth/funds, involvement in public contracts, expected account activity): the company qualifies customers according to their risk degree.
- procedures for identification of and follow up on unusual or suspicious activities: the company implements internal procedures for detecting and reporting relevant, unusual or internal concern transactions. Also, it is important to mention that credit institutions may exchange information of their clients and users transactions, exclusively on those cases aiming to strengthen the measures to prevent and detect transactions that could be considered illicit.
- a dedicated confidential hotline: Banco Banorte's Ethics Point line is a whistle-blowing system available for employees to raise money laundering concerns.
- involvement of relevant senior managers in decisions on entering or maintaining high-risk business relationships: If there are doubts about whether or not to establish a business relationship with an individual or company in light of money laundering or any unlawful activity, the employees or officers shall take up the case with their superiors or with the officers of the Legal, Audit or Regulatory Control areas before closing the deal.

**Coverage (money laundering)**

The measures implemented cover all significant parts of the company. The confidential money laundering-prevention hotline is accessible by all employees.

**Reporting (corruption and money laundering)**

The company discloses quantitative data on the corruption incidents reported internally and on how they were handled: The company reports that, in 2014, there were 38 complaints that correspond to corruption. Indeed, resolutions implemented for these complaints includes reprimand or dismissal of employee, cancellation or non-renewal of contract and lawsuits.

**Stakeholders' feedback**

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

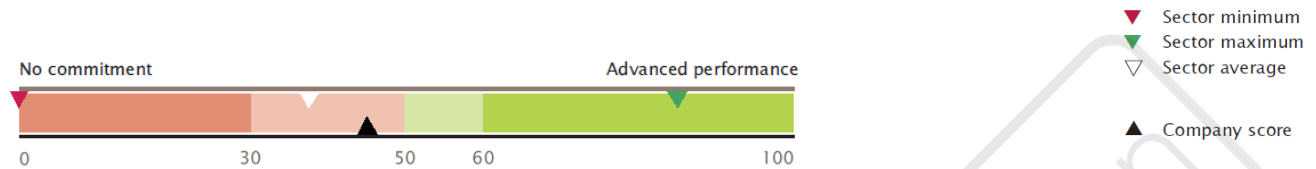
<b>Leadership</b>	<b>69</b>	<b>Implementation</b>	<b>44</b>	<b>Results</b>	<b>77</b>
Visibility	100	Means & resources	50	Performance	77
Relevance	65	Scope	N/A	Trends	N/A
Ownership	30	Coverage	30		

## Corporate Governance

Score : 41

### CGV1.1 Board of Directors

(score: 45, weight: 3)



**[LISTED COMPANIES] Existence and independence of Nomination Committee**

No executive is a member of the committee, but half or fewer are independent. *No member of the three-member Nomination Committee is considered independent. Banco Banorte names the Nomination Committee as Designation Committee.*

**Independence of board Chairman**

The roles of Chairman and CEO are separated, but the chairman is not considered independent.

**Responsibility allocated over CSR issues**

*The executive director of social responsibility and sustainability reports directly to the CEO.*

**Share of independent shareholder-elected Board members**

*In accordance with standards advocated by Vigeo, the Board is more than 50% independent. Eleven members of the fifteen-member Board are considered independent.*

**Diversity of the skills and backgrounds of the Board**

*The Company's Board of Directors diversity appears to be partial: - Board members with demonstrated professional experience in the Company's sector of activities*

**Training and expertise provided to board members**

Information obtained from company and public sources regarding training provided to board members is insufficient.

**Regular election of Board members**

*Board members are elected at least every 3 years, and these elections are not staggered. The Board Members may be appointed for defined periods of 3 years, with the possibility of reelection.*

**Evaluation of Board's functioning and performance**

Information obtained from company and public sources regarding the evaluation of board functioning and performance is insufficient.

**Review of CSR issues at Board meeting**

*Information obtained from company and public sources regarding the review of CSR issues at Board meetings is insufficient.*

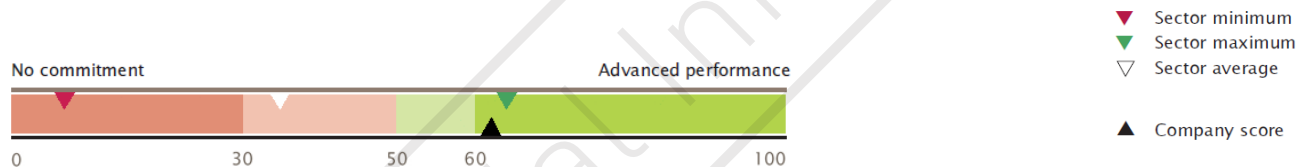
**Regularity of and attendance at Board meetings**

Regular meetings are held, but no attendance rates are disclosed.  
*Four Board meetings were held during 2014.*

Non-independent board members (excl. employee representatives)	Role	Current or Former Executive	More than 9 years on board	Stock options or warrants	Paid >1/2 executive salary	Owns or represents >3% company's shares	Other
Carlos Hank González	Chairman. Member of the Nomination Committee.	X					Former Deputy General Director
David Villarreal Montemayor			X				Considered non-independent by Company
Juan Antonio González Moreno	Member of the Nomination Committee.	X	X				Considered non-independent by Company
José Marcos Ramírez Miguel	Member of the Nomination Committee and Risk Committee.	X				X	GFNorte's CEO

**CGV2.1 Audit & Internal Controls**

(score: 62, weight: 3)



**[LISTED COMPANIES] Existence and independence of Audit Committee**

All members are independent non-executive directors.  
*All four members of the Audit Committee are considered independent. Two of them are independent and alternate Board members.*

**Skills and backgrounds of Audit Committee members**

*Members appear to have financial experience and relevant operational experience.*

**Operational and CSR risks covered by the company's internal controls system**

*The internal control system covers the standard issues related to financial, operational, and legal risks. In addition, the system covers some of the CSR risks inherent to the company's business operations:*  
*- Environmental risks in credit decisions & other banking activities*  
*- Social risks in credit decisions & other banking activities*

**Governance of risks**

*The company adopted most of the recommended measures for a sound risk management:*  
*- The Board Risk Committee is composed by a majority of independent members*  
*- The CRO has direct access to the Board Risk Committee (including attending committee meetings)*  
*- The Chairman of the Audit Committee is a member of the Risk Committee*

**Role of the Audit Committee in overseeing internal and external controls**

The Audit Committee has a comprehensive role that includes:

- Oversee internal audit and internal controls
- Review accounting policies and be responsible for updates
- Nominate the statutory auditor
- Oversee the work of the external auditor
- Approve the type of audit and non-audit services provided and fees paid to the external auditor

**Management of the CSR risks**

Limited processes dedicated to management of CSR risks appear to be in place:

- Risk mapping/materiality assessment: the company with the support of an external consulting firm, conducted a study of materiality to identify its state based on diagnosis of economic, social and environmental aspects.

**Supervision of material risk-takers**

Information disclosed on this subject is insufficient or not relevant.

**Leverage ratio of the bank**

At December 2012, the unweighted leverage ratio of the bank ((Equity - goodwill and less tangible assets)/ Total assets)) was 6.86%.  
Data for 2014 is not disclosed.

**Independence of the firm's external auditors**

As of December 2014, the audit firm does not receive any non-audit fees, in accordance with standards advocated by Vigeo.

**Inclusion of CSR issues in company reporting**

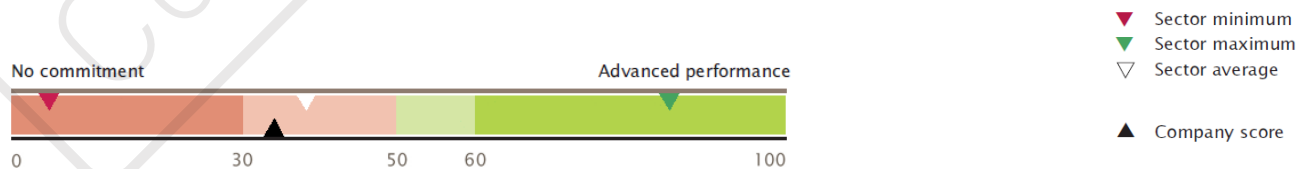
The company publishes significant CSR reporting on key material issues, with an independent third party assessment of the reliability of key performance indicators, with limited/moderate level of the assurance.  
External assurance is being performed by the consultancy company Deloitte.

**Reliability of the company's internal controls system**

A review of stakeholder sources did not reveal any allegations for internal control failures against the company during the period under review: stakeholders' feedback is neutral.

**CGV3.1 Shareholders**

(score: 34, weight: 2)



**Nonexistence of voting rights restrictions**

The company respects the "one share - one vote" principle.



**Nonexistence of anti-takeover devices**

Anti-takeover devices have been identified.  
*The company has set limitations on its share ownership for no Mexican financial entities, insurance & bonding institutions and mutual funds controlled by financial entities. Also, when an individual or a company intend to directly or indirectly acquire more than 5% of the paid capital stock of the company, he shall previously obtain the authorization of the official Mexican financial authorities.*

**Ability to add items to the agenda of the AGM and to convene an EGM.**

Major restrictions have been identified to convene an EGM.  
*Shareholders with voting rights wish individually or jointly make up 10% of the company's equity will have the right to call a General Shareholders' Assembly at any time.*

**Access to voting at General Meetings**

There are no major restrictions on shareholders' ability to vote, however there is no possibility of voting through online services.

**Ability to vote on relevant issues in separate resolutions at AGM**

Not all major items are put to a shareholder vote.  
*In particular the following items are not put into vote:*  
- Board fees  
- Executive remuneration

**Presentation of CSR strategy to shareholders and investors**

*Information disclosed from the entity and public sources regarding the presentation of CSR strategy to shareholders and investors is insufficient.*

**Board's attitude towards CSR-related shareholder resolutions**

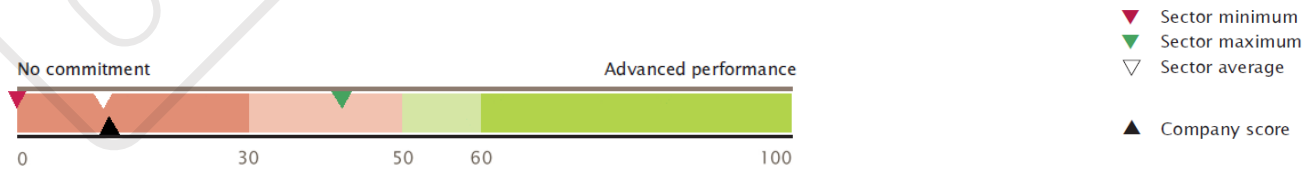
Information obtained from company and public sources, regarding the Board's attitude toward legitimate CSR related shareholder resolutions is insufficient.

**Feedback from shareholders and other stakeholders on the company's corporate governance performance**

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

**CGV4.1 Executive Remuneration**

(score: 12, weight: 2)



**Disclosure of the remuneration of executives and material risk takers**

*Executive remuneration is disclosed, but on a collective rather than on an individual basis.*

**[LISTED COMPANIES] Existence and independence of Remuneration Committee**

A specific committee is in place, but at least one executive is part of it, which might raise concerns.

*One member of the seven-member Remuneration Committee is considered independent. Banco Banorte names the Remuneration Committee as Human Resources Committee.*

**Link between Short Term Incentive Plans and the performance of the company**

Bonuses are linked to predetermined and disclosed economic and/or operational performance indicators. In addition, the actual quantified targets are disclosed, in accordance with standards advocated by Vigeo.

*Granting of the annual performance bonus is subject to the minimum compliance of 80% of the institution's annual profit target, in addition to complying with 80% of the expected profits from the business area. In addition, the deferred annual bonus percentage to be paid in each period for each position depends on the results of the risk assessment, so that if the assessment score obtained is greater than 8, full deferred portion of the annual bonus corresponding to the evaluated period is paid. Otherwise, only a proportion of the annual bonus' deferred portion is paid.*

**Link between the main Long Term Incentive Plan and the economic performance of the company**

Information on the rules and performance conditions guiding the allocation of long-term incentives to senior executives is insufficient.

**Link between variable remuneration and CSR performance of the company**

*Some relevant CSR performance objectives are considered in the determination of variable remuneration of senior executives, but information on performance targets are not disclosed. Banco Banorte's annual bonus contemplates a performance assessment by Human Resources in order to evaluate the candidate in topics: Commitment, Development and Retention..*

**Severance pay for senior executives**

Information obtained from company and public sources regarding severance pay for senior executives is insufficient.

**Evolution of CEO-to-employee compensation ratio**

Information obtained from company and public sources regarding the compensation of CEO and the average employee salary is insufficient.

*Of note, the company reports that the ratio that executive directors' salaries have with respect to the average salary of the rest of the staff is 8.0 times the base salary.*

**Risk alignment of remuneration of top senior executives**

Less than 60% of the variable remuneration component is deferred.

*Forty percent of the bonus paid to executives is variable with payment deferred for three years, with 20% linked to performance and 80% subject to risk indicators.*

**Risk alignment of remuneration of material risk takers**

Information on risk adjustments of remuneration is insufficient or not relevant.

**Stakeholders feedback on the company's executive remuneration**

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

Allegations and controversies

Domain Sustainability driver

Page

Copyright Vigeo 2016 - Reproduction of this document in whole or in part is prohibited without the express written authorization of Vigeo and is protected by the provisions of the French Intellectual Property Code.

Confidential Information

## Detailed Scores And Ratings

### Current and previous ratings

Period	Environment	Human Resources	Human Rights	Community Involvement	Business Behaviour (C&S)	Corporate Governance
2016/01	++	++	++	+	++	+
2014/12	+	=	+	=	+	+
2013/12	=	-	=	-	=	+

### Scores per domain

Domain	Average score	Leadership	Implementation	Results
Environment	53	57	62	21
Human Resources	42	31	52	42
Human Rights	46	51	44	44
Community Involvement	33	29	42	29
Business Behaviour (C&S)	53	57	35	67
Corporate Governance	41	49	37	38

### Scores per criteria

Sub-domain	Criterion	Score
Environment 1	1	73
	3	38
Environment 2	2	54
	7	D/A
Sub-domain	Criterion	Score
Human Resources 1	1	D/A
	3	53
Human Resources 2	4	52
	2	24
Human Resources 3	2	24
	4	50
Sub-domain	Criterion	Score
Human Rights 1	1	44
	4	50
Human Rights 2	1	43
	4	50

Sub-domain	Criterion	Score
Community Involvement 1	1	30
	2	49
Community Involvement 2	1	30
	2	49
Sub-domain	Criterion	Score
Business Behaviour (C&S) 1	2	47
	3	45
Business Behaviour (C&S) 3	1	63
	2	49
Sub-domain	Criterion	Score
Corporate Governance 1	1	45
	2	62
Corporate Governance 2	1	62
	2	62
Corporate Governance 3	1	34
	2	34
Corporate Governance 4	1	12
	2	12

## General Overview

Position versus sector peers Rest of the World	Environment	Human Resources	Human Rights	Community Involvement	Business Behaviour (C&S)	Corporate Governance	Overall score
TRAAKBNK91N6 Akbank T.A.S.	++	+	+	=	=	=	30
PLALIOR00045 ALIOR BANK SA	-	-	-	-	-	+	18
MYL2488OO004 Alliance Financial Group Bhd	=	=	-	-	=	+	21
COB51PA00076 Banco Davivienda S.A.	=	-	=	-	-	=	19
CLP0939W1081 Banco de Chile	=	=	--	-	=	=	19
CLP321331116 Banco de Credito e Inversiones	=	+	=	++	++	=	30
BRBRSRACNPB4 Banco Estado do Rio Grande do Sul S.A.	=	=	=	=	=	=	23
BRSANBACNOR8 Banco Santander (Brazil) S/A	++	++	++	++	++	+	48
CLP1506A1070 Banco Santander-Chile	+	+	+	=	++	=	31
COB07PA00078 BanColombia S.A.	+	++	=	+	+	+	32
TH0001010006 Bangkok Bank PCL	-	=	=	=	=	=	22
ID1000109507 Bank Central Asia	-	=	=	=	=	-	19
ID1000094204 Bank Danamon Indonesia	++	+	+	+	=	+	32
PLBH00000012 Bank Handlowy w Warszawie S.A.	-	-	-	=	-	+	21
ID1000095003 Bank Mandiri (Persero)	-	=	+	+	+	=	27
PLBIG0000016 Bank Millennium S.A.	+	+	++	=	+	=	32
ID1000096605 Bank Negara Indonesia	++	+	++	+	++	-	34
INE028A01039 Bank of Baroda	=	-	=	++	=	-	21
PHY0967S1694 Bank of the Philippine Islands	=	=	-	+	-	=	20
ID1000118201 Bank Rakyat Indonesia	=	=	=	++	+	=	29
PLBZ00000044 BANK ZACHODNI WBK SA	=	=	=	=	+	+	25
ZAE000174124 Barclays Africa	=	++	++	=	+	+	33
PHY077751022 BDO Unibank Inc	-	=	=	-	=	=	20
KR7138930003 BS Financial Group Inc.	=	=	+	+	-	-	22
TW0002801008 Chang Hwa Commercial Bank Ltd.	-	-	-	-	-	=	16
TW0002883006 China Development Financial Holding Corp.	=	-	-	=	-	-	17
CNE1000002M1 China Merchants Bank Co. Ltd	+	=	=	=	=	+	25
CNE100000X44 Chongqing Rural Commercial Bank Co. Ltd.	-	-	-	-	-	=	16
MYL1023OO000 CIMB Group Holdings Bhd	-	++	=	=	++	+	29

Position versus  
sector peers Rest of the World

	Environment	Human Resources	Human Rights	Community Involvement	Business Behaviour (C&S)	Corporate Governance	Overall score
EGS60121C018 Commercial International Bank (Egypt) S.A.E.	+	=	+	=	+	=	30
CLCORX290014 CorpBanca S.A.	-	-	-	=	-	=	18
BMG2519Y1084 Credicorp Ltd.	=	=	=	=	=	=	21
TW0002891009 CTBC Financial Holding Co.	+	++	=	+	+	+	35
KR7139130009 DGB Financial Group Co. Ltd.	+	++	=	++	=	-	28
TW0002884004 E.Sun Financial Holding Co. Ltd.	+	=	+	=	=	=	25
TW0002892007 First Financial Holding Co. Ltd.	=	=	=	=	=	+	26
XS0906946008 Gazprombank	-	-	-	-	-	--	12
MX01GE0E0004 Gentera S.A.B. de C.V.	=	=	=	=	-	=	21
MXP370641013 Grupo Financiero Inbursa S.A.B. de C.V.	-	-	-	-	-	--	9
US40053C1053 GRUPO FINANCIERO SANTANDER MEXICO	=	-	=	=	-	-	19
KR7086790003 Hana Financial Group Inc.	+	+	++	++	+	+	35
MYL58190O007 Hong Leong Bank Bhd	-	-	-	=	-	=	20
MYL10820O006 Hong Leong Financial Group Bhd	-	-	=	+	-	+	22
INE001A01036 Housing Development Finance Corp. Ltd.	=	=	+	=	=	=	24
TW0002880002 Hua Nan Financial Holdings Co. Ltd.	-	-	-	-	-	-	12
INE090A01021 ICICI Bank Ltd.	-	=	=	+	=	+	24
KR7024110009 Industrial Bank of Korea	-	=	=	+	=	--	18
BRITSAACNPR7 Itausa-Investimentos Itau S/A	=	+	=	=	+	-	24
KR7105560007 KB Financial Group Inc.	=	=	++	=	++	+	30
TH0150010Z03 Krung Thai Bank PCL	=	=	=	=	=	++	26
INE115A01026 LIC Housing Finance Ltd.	=	-	-	-	-	+	22
MYL1155O0000 Malayan Banking Bhd	+	+	+	+	+	++	34
PLBRE0000012 MBank SA	-	-	-	=	-	-	15
TW0002886009 Mega Financial Holding Co. Ltd.	=	=	=	-	-	+	21
PHY6028G1361 Metropolitan Bank & Trust Co.	-	=	=	-	-	+	21
ZAE000004875 Nedbank Group Ltd.	+	+	++	++	=	++	35
HU0000061726 OTP Bank	-	+	-	-	-	=	19
PLPEKAO00016 Pekao	=	-	-	-	=	+	22
PLPKO0000016 PKO Bank	-	-	-	=	-	+	20
MYL1295O0004 Public Bank	=	=	+	=	=	+	25

Position versus  
sector peers Rest of the World

	Environment	Human Resources	Human Rights	Community Involvement	Business Behaviour (C&S)	Corporate Governance	Overall score
MYL106600009 RHB Capital Bhd	=	-	-	-	-	+	22
KR7055550008 Shinhan Financial Group Co. Ltd.	=	+	+	=	+	++	30
TH0015010000 Siam Commercial Bank PCL	=	=	=	=	=	+	24
TW0002890001 SinoPac Financial Holdings Co. Ltd.	-	-	-	=	=	=	17
ZAE000109815 Standard Bank Group Ltd.	+	++	+	++	=	++	38
TW0002887007 Taishin Financial Holdings Co. Ltd.	=	=	=	=	-	=	21
TW0002834009 Taiwan Business Bank	-	=	-	=	-	--	15
TW0005880009 Taiwan Cooperative Financial Holding Co. Ltd.	=	-	=	=	=	--	18
TH0068010Z07 TMB BANK PLC	=	=	-	-	=	+	23
TRAGARAN91N1 Turkiye Garanti Bankasi A.S.	++	+	+	+	++	=	37
TRETHAL00019 Turkiye Halk Bankasi A.S.	-	=	=	=	=	=	21
TRAISTR91N2 Turkiye Is Bankasi A.S.	+	+	+	=	+	=	30
TREVKFB00019 Turkiye Vakiflar Bankasi T.A.O.	=	=	+	-	-	=	22
RU000A0JP5V6 VTB Bank	=	=	=	+	=	+	24
KR7000030007 Woori Finance Holdings Co. Ltd.	=	-	=	+	--	-	18
TRAYKBNK91N6 Yapi ve Kredi Bankasi A.S.	++	=	=	=	+	-	27
INE528G01019 YES BANK	+	++	=	++	+	+	34
<b>MXP370711014 Banco Banorte Mexico</b>	<b>++</b>	<b>++</b>	<b>++</b>	<b>+</b>	<b>++</b>	<b>+</b>	<b>45</b>

---

## Contacts

Analyst : Loreto Patricia Vasquez Caroca • loreto-patricia.vasquez-caroca@vigeo.com  
Sector Lead: Meryem Baskoun • meryem.baskoun@vigeo.com

---

## Disclaimer

### Copyright Vigeo 2016

Reproduction of this document in whole or in part is prohibited without the express written authorization of Vigeo and is protected by the provision of the French Intellectual Property Code.

The information in this document results from the application of Vigeo's Equities methodology and is based on sources which Vigeo believes to be reliable. However, the accuracy, completeness and up-to-dateness of this report are not guaranteed, and Vigeo shall under no circumstances be responsible for the strategy choices, management decisions and, more generally, decisions of any nature taken by the reader in reliance upon the information contained in this document.

Confidential Information