

**THIRD SELF ASSESSMENT REPORT –
PRINCIPLES OF RESPONSIBLE BANKING
GRUPO FINANCIERO MONEX**

MONEX

UN



environment
programme

finance
initiative

Principles for
Responsible Banking

Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

Response

Monex S.A.B. de C.V. offers, through its subsidiaries, specialized financial and high-quality payment products to clients in Mexico and abroad.

With head office in Mexico City, Monex is present in Mexico, the United States, Canada, the United Kingdom, Spain, the Netherlands, Luxembourg and Singapore.

Monex Grupo Financiero is made up of three entities: Banco Monex (bank), Monex Casa de Bolsa (brokerage) and Monex Operadora de Fondos (fund operator).

The business model specializes in foreign exchange and international payment services. In addition, it also includes other businesses as a result of the expansion and diversification strategy, which include: Derivatives, Business Credit, Digital Accounts, Leasing, Electronic Banking and Cash Management, Investments and Trustee. Equally, Monex offers services for Private Banking, such as Stock Market, Investment Funds, and International Investments.

These operations are organised as follows:

- Foreign exchange trading and domestic and international payment services in Mexico
- Derivative financial instruments and risk management solutions
- Traditional banking services (focusing on our credit products) and fiduciary services
- Stock brokerage and financial asset management.

Links and references

<https://www.monex.com.mx/portal/financial-information>

Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

Yes

No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

UN Guiding Principles on Business and Human Rights

International Labour Organization fundamental conventions

UN Global Compact

UN Declaration on the Rights of Indigenous Peoples

Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: -----

Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: -----

None of the above

Response

The Sustainability Strategy of Monex o Modelo ESG (ESG Model), developed in 2022 and completed in the third trimester of 2023, reflects the commitment of the company to the three ESG pillars of environmental sustainability, social responsibility and good governance. The Strategy includes four core focuses: Governance and Compliance, Client Focus, Committed Talent and Sustainable Finance.

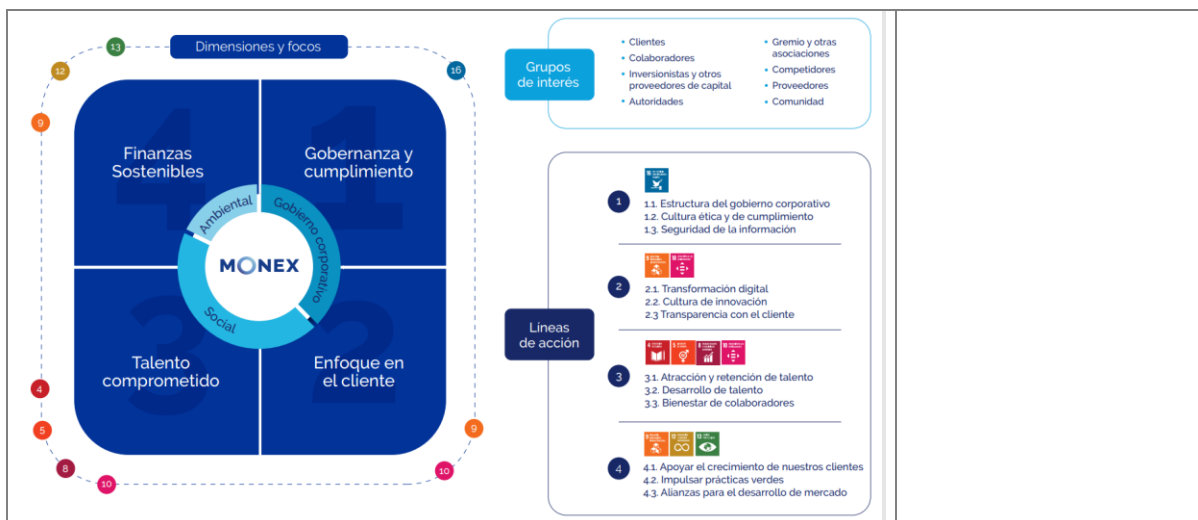
In preparation for the design of the Sustainability Strategy in 2022, the double materiality (impact and financial) of Monex was determined. This allowed for the identification of material topics for Monex to focus on under each pillar.

Based on the material impact issues identified for Monex, the related Sustainable Development Goals (SDGs) were determined, as shown in the figure below and taken from page 9 of Monex's 2022 Sustainability Report. The ESG priorities defined in the materiality assessment served as the basis for the development of the Sustainability Strategy.

Links and references

[InformeASG_2022.pdf \(monex.com.mx\)](https://monex.com.mx/InformeASG_2022.pdf)

[Corporate Social Responsibility Report 2022 Monex](#)



Additionally, in 2021 Monex established the COSUSTENTA Committee, which is in charge of integrating ESG aspects into the business model and promoting and monitoring the progress of the Sustainability Strategy, initiatives and indicators (see 5.1 for more). The related Sustainability Policy, designed in 2023, establishes the guidelines for integrating best sustainability practices and is discussed further in 3.1.

In order to further enrich and support their Sustainability Strategy, Monex also committed to integrate all relevant business and support areas in the definition of its area's own initiatives. The definition of these initiatives, as well as related targets and progress, were based on the materiality analysis, PRB requirements and similar international standards, and are reflected in their 2023 ESG Scorecard.

The ESG Scorecard is structured according to the same 4 axes as the Sustainability Strategy: Governance and compliance; Client focus; Committed talent; Sustainable Finance. Each focus is broken down into various areas of action, with respective initiatives, objectives, actions and indicators. The scorecard includes the responsible personnel for each indicator, and a start and finish date. Examples of initiatives and indicators include: Ethics Line - Complaints received/incurred by type of complaint; Internal training - Average training hours per collaborator; Investment fund/s with ESG criteria - performance against benchmark reviewed by the board of directors; Measurement of ESG Score of the Bank and Corporate Bond portfolios - Average ESG score for the annual portfolio; Participation in the Green Finance Advisory Council (CCFV) as founding members - Number of meetings participated in.

The entity is involved in the following adhesions, recognitions and participations:

- Socially Responsible Company (ESR) (20 consecutive years);
- Organización Saludablemente Responsable for 9 years at the Culture Level (Nivel Cultural) on behalf of the Workplace Wellness Council México (WWCM), which evaluates the change of habits focused on the physical and emotional well-being of employees;

<ul style="list-style-type: none"> - Recognition of The Best Places to Work for All in Mexico for 21 consecutive years by Great Place to Work; - Adherence to the UN Global Compact since 2005; - Active participation in the Committees of the Mexican Banking Association (Sustainability Committee and Social Responsibility Committee), in order to monitor the regulations that will impact the different industries and thus identify and manage impacts in a timely manner. 	
---	--

Principle 2: Impact and Target Setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

a) Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly¹ and fulfil the following requirements/elements (a-d)²:

a) Scope: What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

¹ That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

² Further guidance can be found in the [Interactive Guidance on impact analysis and target setting](#).

<p><i>Response</i></p> <p>In order to analyze the positive and negative impacts of the portfolio, Monex considered the recommendations of UNEP-FI. Consequently, in 2022, the Investment Portfolio Impact Analysis Tool was used to analyze Monex's Foreign Exchange and International Payments Business, while the Portfolio Impact Analysis Tool was used to analyze the Credit Portfolio.</p> <p>Regarding the organizational scope of the analysis, the segments of foreign exchange and international payments (41.7%) and the credit portfolio (6.1%) were taken into account.</p> <p>They jointly account for 48% of the total value of Monex's income. For both businesses, all sectors and industries were taken into account. It was decided to have this scope in the impact analysis because both businesses represent the largest activity of the Group.</p> <p>The geographical scope of the exercise includes only national operations (Mexico), since the analysis applies to Monex Grupo Financiero.</p> <p>The rest of the income is made up of principally: international currencies, derivatives, traditional banking, capital investments, funds and fiduciary. Monex plans to review the portfolio impact analysis in 2024 to determine the feasibility of expanding/deepening its scope.</p>	<p><i>Links and references</i></p> <p>PRB Reporting and Self-Assessment Template Monex, 2022</p>
<p>b) Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope</p> <ul style="list-style-type: none"> i) by sectors & industries³ for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or ii) by products & services and by types of customers for consumer and retail banking portfolios. <p>If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.</p>	
<p><i>Response</i></p> <p>The portfolio impact analysis covers both the foreign exchange and international payments segment (41.7% of total portfolio) and the corporate credit segment (6.1% of total portfolio) in Mexico. For both business segments, all industries and sectors that are within them were considered. The portfolio composition used in the impact analysis for each segment is described below:</p> <p>Foreign Exchange and International Payments</p> <p>The Mexican Foreign Exchange and International Payments portfolio used for the analysis focuses on Trading/Execution for the Currencies asset class.</p>	<p><i>Links and references</i></p> <p>PRB Reporting and Self-Assessment Template Monex, 2022</p>

³ 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

The asset types of this portfolio correspond to: individual foreign exchange (4%), remittances (1%), SMEs (e.g. import/export activities) (30%), large companies (e.g. import/export activities, return of profits or dividends) (38%), institutional investors (pension funds and insurance companies) (9%), government (1%), other companies (17%).

Business Credit

The Mexican business credit portfolio used for the analysis is broken down into: Business Banking (75%) and Consumer & Private Banking (excluding Asset Management) (20%).

The products in this portfolio correspond to: Saving accounts (22%), Credit cards (11%), Current accounts (2%), Certificates of deposit (1%), Consumer loans & overdraft (1%), Vehicle related loans (0.12%), Securities-backed/Lombard/ Structured loans (0.02%), Home loans/mortgages (0.04%) and Education related loans (0.012%).

The sectors that make up the corporate credit portfolio are as follows:

Sectors	% of portfolio
<i>Manufacture</i>	28%
<i>Wholesale and retail trade; repair of motor vehicles and motorcycles</i>	24.3%
<i>Financial and insurance activities</i>	13%
<i>Arts, entertainment and recreation</i>	11%
<i>Agriculture, forestry and fishing</i>	6.2%
<i>Professional, scientific and technical activities</i>	6.8%
<i>Electricity, gas, steam and air conditioning supply</i>	3.3%
<i>Administrative and support service activities</i>	3%
<i>Transportation and storage</i>	3%
<i>Accommodation and food service activities</i>	2.2%
<i>Construction</i>	2.2%
<i>Mining and quarrying</i>	1.3%
<i>Information and communication</i>	1%
<i>Real estate activities</i>	1%
<i>Public administration and defence; compulsory social security</i>	0.6%
<i>Human health and social work activities</i>	0.1%

c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?⁴ Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank's portfolio impacts into the context of society's needs.

Response

The challenges and priorities related to sustainable development are described in the Monex ESG Model, which was developed based on a dual materiality analysis (impact and financial) in 2022. The identification of priority topics for the organization arises from the analysis of sectoral risks and opportunities in the region, topics evaluated by international rating agencies, and FAQs from investors and analysts. These topics were prioritized by Monex's stakeholders, including employees, suppliers, shareholders, trade organizations, and directors). See section 4.1 for more details on this stakeholder consultation process.

The priority topics for Monex related to sustainable development are:

- i. Corporate governance
- ii. Digital transformation
- iii. Regulatory compliance
- iv. Economic performance
- v. Customer service
- vi. Attraction and retention of employees
- vii. Training and development of employees
- viii. Product innovation
- ix. Disclosure and transparency of financial information
- x. Financial inclusion
- xi. Cybersecurity
- xii. Sustainable investment
- xiii. Internal and portfolio ESG risks
- xiv. Diversity and equal opportunities

These priority issues were complemented by the impact analysis resulting from the UNEP-FI tools, to ensure the integration of main challenges and priorities of Mexico.

Links and references

[PRB Reporting and Self-Assessment Template Monex, 2022](#)

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)⁵? Please disclose.

Response

The tools yielded the main impact areas of the portfolio, according to the UNEP-FI classification. The scores obtained for prioritization were integrated with a classification of the criticality of each topic in Mexico.

**Note that the impact areas are listed in order of significance, with 1 being the most significant.*

Links and references

[PRB Reporting and Self-Assessment Template Monex, 2022](#)

⁴ Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

⁵ To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

Foreign Exchange and international payments portfolio

Positive impact areas	Negative impacts areas
1. Economic Convergence	1. Economic Convergence
2. Inclusive and Healthy Economies	2. Inclusive and Healthy Economies
3. Employment	3. Strong institutions
4. Strong Institutions	

Business Credit

Positive impact areas	Negative impacts areas
<i>Efficiency/security of resources</i>	<i>Efficiency/security of resources</i>
<i>Mobility</i>	<i>Waste</i>
<i>Food</i>	<i>Strong institutions</i>
<i>Cultural heritage</i>	<i>Availability of water</i>
<i>Inclusive and healthy economies</i>	<i>Cultural heritage</i>
<i>Economic convergence</i>	<i>Climate</i>
<i>Climate</i>	<i>Integrity and safety of the person</i>
<i>Health and sanitation</i>	<i>Health and Sanitation</i>
<i>Housing</i>	
<i>Strong institutions</i>	
<i>Information</i>	
<i>Availability of water</i>	

The nomenclature of the impact areas corresponds to that established by UNEP-FI.

The key significant impact areas which Monex has prioritized for the target setting strategy are: **Financial Health and Inclusion (Economic Convergence; Inclusive and Healthy Economies; Employment) and Resource Efficiency.**

d) For these (min. two prioritized impact areas): *Performance measurement*: Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your most significant impact areas, please also refer to the applicable indicators in the [Annex](#).

If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.

The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.

Response

Using portfolio composition and income contribution as inputs to the Portfolio Impact Analysis Tool and the Investment Portfolio Impact

Links and references

Analysis Tool we were able to identify the sectors & industries that cause the strongest potential positive and negative impacts from all our portfolio.

[PRB Reporting and Self-Assessment Template Monex, 2022](#)

Foreign Exchange and international payments portfolio

The Bank has identified the opportunity to promote innovative financial solutions for SMEs within the Foreign Exchange and international payments portfolio to facilitate and increase their access to the market. In this sense, one of Monex's priorities is to increase the amount of financing granted to SMEs through digital solutions, mentoring, among other initiatives reflected in Monex's ESG Scorecard, and strengthened in 2023.

Business Credit

Monex has identified the sectors with the greatest contribution to the corporate credit portfolio: manufacturing and wholesale trade companies. In line with its ESG Model, it also developed different initiatives in 2023 to identify the sectors with the greatest impact in terms of ESG risks, through the following activities, among others:

- SARAS analyses - the portfolio was analyzed using the SARAS methodology provided by ABM and BID, which categorizes the portfolio into 3 risk levels according to the industry in which they participate. Based on this methodology, Monex's portfolio as of Q1 2024 is composed of 4.39% in high risk, 34.68% in medium risk and 39.95% in low ESG risk.
- Measurement of the carbon footprint of the portfolio.
- Channeling of resources with ESG impact.

These initiatives are reflected in its ESG Scorecard, with those responsible and KPIs for monitoring them.

Monex has designed KPIs for its two objectives related to these priority impact areas (see Target Setting 2.2) to encourage positive impacts and mitigate potential negative impacts for these identified sectors/segments.

Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?⁶

Scope:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Portfolio composition:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Context:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Performance measurement:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> In progress	<input type="checkbox"/> No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

⁶ You can respond "Yes" to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

*Climate change mitigation, climate change adaptation, **resource efficiency** & circular economy, biodiversity, **financial health & inclusion**, human rights, gender equality, **decent employment**, water, pollution, other: please specify*

How recent is the data used for and disclosed in the impact analysis?

- Up to 6 months prior to publication
- Up to 12 months prior to publication
- Up to 18 months prior to publication
- Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.:

As business composition has remained the same since the tool was first applied in 2022, Monex has decided to keep the same impact results to guide the objectives determination for the group.

2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets⁷ have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a) *Alignment*: which international, regional or national policy frameworks to align your bank's portfolio with⁸ have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

You can build upon the context items under 2.1.

Response

Two commitments/targets aligned with the Sustainable Development Goals (SDGs) have been established to address the most significant impact areas by net positive or negative contribution:

Foreign Exchange and international payments portfolio

Target 1:

Target: Contribute to generating employment by supporting the economic development of companies with up to 260 million pesos in annual sales, in the wholesale trade, retail trade, services and manufacturing sectors.

Impact areas addressed: Economic Convergence; Inclusive and Healthy Economies; Employment.

Contribution to Monex ESG Model: This target contributes to two focuses of Monex's ESG Model: i) Customer focus and ii) Sustainable finance, specifically with the material themes of digital transformation, product innovation and supporting customer growth.

Contribution to SDGs: The SDGs related to this target are: 8 (Decent work and economic growth), 9 (Industry, innovation and infrastructures).

Business Credit

Target 2:

Target: Contribute to eco-efficiency in the business operation of clients.

Impact areas addressed: Resource Efficiency; Inclusive and healthy economies. The target and associated initiatives focus mainly on Efficiency/Security of Resources.

Contribution to Monex ESG Model: The target contributes to the Sustainable Finance focus of Monex's ESG Model, specifically with the

Links and references

[PRB Reporting and Self-Assessment Template Monex, 2022](#)

material topics of sustainable financing, and internal and portfolio ESG risks.

Contribution to SDGs: The SDGs related to this objective are: 7 (Affordable and clean energy), 9 (Industry, innovation and infrastructures), 12 (Responsible production and consumption) and 13 (Climate action).

b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.

A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the [Annex](#) of this template.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

<i>Impact area</i>	<i>Indicator code</i>	<i>Response</i>
<i>Climate change mitigation</i>	...	
	...	
	...	

<i>Impact area</i>	<i>Indicator code</i>	<i>Response</i>
<i>Financial health & inclusion</i>	...	
	...	
	...	

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

Response

Foreign Exchange and international payments portfolio

Target 1:

Baseline: The focus of this portfolio objective is to increase financing to SMEs. The baseline of the objective is 2022, when Monex had a portfolio of loans to SMEs of approximately 979 million pesos. Monex has a strategic plan to increase this portfolio in the next 5 years.

Indicators:

Links and references

[InformeASG_2022.pdf](#)
[\(monex.com.mx\)](#)

⁷ Operational targets (relating to for example water consumption in office buildings, gender equality on the bank's management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

⁸ Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

The following indicators were established in 2023 in the Monex ESG Scorecard, and monitoring is underway:

- Amount of cross-selling from FX/payments to other products for SMEs in the wholesale trade, retail trade, services and manufacturing sectors.
- Amount of FX transactions/payments for SMEs in the wholesale trade, retail trade, services and manufacturing sectors.

Additionally, the following indicators are in the process of being explored and established during 2024, with monitoring planned to commence in 2025:

- Number of clients who access the exclusive webpage for SMEs and the different contents provided
- Number of clients trained in digital mentoring

Business Credit

Target 2:

Baseline: The focus of this portfolio's objective is to increase financing with environmental impact, especially with a focus on the efficient use of resources. The baseline of the objective is 2022, when Monex strengthened and participated in alliances to promote sustainable financing and identified opportunities to evaluate the ESG risk sensitivity of the portfolio, which in turn will allow it to identify targeted financing opportunities.

Indicators:

The following indicators were established in 2023 in the Monex ESG Scorecard, and will be monitored from 2024 onwards:

- Total value of credit evaluated using the Environmental and Social Risk Management System (SARAS) in MXN
- Number of clients evaluated using SARAS

Additionally, the following indicators are in the process of being explored and established during 2024, with monitoring planned to commence in 2025:

- Number of programs in which Monex participates to channel resources in the form of loans with a focus on resource efficiency
- Total value of credit placed with a focus on resource efficiency (MXN)

c) SMART targets (incl. key performance indicators (KPIs)⁹): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as

⁹ Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

Response

Foreign Exchange and international payments portfolio

Target 1:

Target: Contribute to generating employment by supporting the economic development of companies with up to 260 million pesos in annual sales, in the wholesale trade, retail trade, services and manufacturing sectors.

Impact areas addressed: Economic Convergence; Inclusive and Healthy Economies; Employment.

Although the focus of the objective is aligned with Monex's impact areas, for 2024 an adjustment will be made to the wording of the objective in order to align it even more with the business context, while still contributing to the previously mentioned focuses and SDGs. Below is a proposal for the adjusted objective, to be validated in 2024:

“Increase the granting of credit to SMEs from the Foreign Exchange and international payments portfolio by 206% (+ 3,000 Mdp) by 2027, compared to the base year 2022, supporting their financial situation and the economy of these sectors”.

KPIs:

Taking into account the focus of the objective, Monex established the following KPIs in 2023, and monitoring is underway:

1. Amount of cross-selling from FX/payments to other products for SMEs in the wholesale trade, retail trade, services and manufacturing sectors.
2. Amount of FX transactions/payments from SMEs in the wholesale trade, retail trade, services and manufacturing sectors.

Additionally, the following KPIs are in the process of being explored and established during 2024, with monitoring planned to commence in 2025:

3. Number of clients accessing the exclusive website for SMEs and the different contents provided.
4. Number of clients trained in digital mentoring.

Business Credit

Target 2:

Target: Contribute to eco-efficiency in the business operation of clients.

Impact areas addressed: Resource Efficiency; Inclusive and healthy economies. The target and associated initiatives focus mainly on Efficiency/Security of Resources.

Links and references

[PRB Reporting and Self-Assessment Template Monex, 2022](#)

<p>Although the focus of the objective is aligned with Monex's impact areas, for 2024 an adjustment will be made to the wording of the objective in order to align it even more with the business context, while still contributing to the previously mentioned focuses and SDGs. Below is a proposal for the adjusted objective, to be validated in 2024:</p> <p><i>“Channel resources with ESG criteria for the granting of credit that promotes resource efficiency to clients of the Corporate Credit portfolio starting in 2025”</i></p> <p>KPIs:</p> <p>Taking into account the focus of the objective, Monex established the following KPIs in 2023, with monitoring starting in 2024:</p> <ol style="list-style-type: none"> 1. Total value of the loan evaluated using the Environmental and Social Risk Management System (SARAS) in MXN. 2. Number of clients evaluated using the SARAS. <p>Additionally, the following KPIs are in the process of being explored and established during 2024, with monitoring planned to commence in 2025:</p> <ol style="list-style-type: none"> 3. Number of programs in which Monex participates to channel resources in the form of loans with a focus on resource efficiency. 4. Total value of loans with a focus on resource efficiency placed (MXN). 5. Number of clients benefiting from the loans. 	
<p>d) <i>Action plan:</i> which actions including milestones have you defined to meet the set targets? Please describe.</p> <p>Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.</p>	
<p><i>Response</i></p> <p>Foreign Exchange and international payments portfolio</p> <p>Target 1:</p> <p>The actions to meet this objective are:</p> <ul style="list-style-type: none"> - Greatly increase reach to SME customers through access to a new digital channel that is being developed for this sector. - Provide mentoring with a digital focus for customers. - Periodic monitoring of metrics established in the internal ESG Scorecard related to the objective. - Appointment of those responsible for the implementation of each initiative. 	<p><i>Links and references</i></p> <p>PRB Reporting and Self-Assessment Template Monex, 2022</p>

Business Credit

Target 2:

The actions to meet this objective are:

- Increase the acquisition of debt with ESG criteria, for its distribution to clients in the secondary and primary market, via participation in ESG bonds and other similar instruments
- Facilitate clients' understanding of the funding opportunities that performance with high ESG standards brings, through the implementation of the SARAS methodology in the identification and analysis of environmental and social risks and opportunities of the portfolio
- Provide financing associated with environmentally friendly practices (e.g. generation with renewable energy, energy efficiency).
- Obtain ESG-linked funding: explore the issuance of green and/or sustainable bonds, as well as any other financing mechanism of this nature.

Additionally, Monex is working on other initiatives related to its areas of impact, which are not yet included in the previous objectives. One of them for example, is the measurement of the carbon footprint of its portfolio to identify sustainable financing opportunities.

Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	... first area of most significant impact: ... <i>(please name it)</i>	... second area of most significant impact: ... <i>(please name it)</i>	<i>(If you are setting targets in more impact areas) ...your third (and subsequent) area(s) of impact: ... (please name it)</i>
Alignment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress	<input type="checkbox"/> Yes <input type="checkbox"/> In progress

	<input type="checkbox"/> No	<input type="checkbox"/> No	<input type="checkbox"/> No
Action plan	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No

2.3 Target implementation and monitoring (Key Step 2)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

Response

Foreign Exchange and international payments portfolio

Target 1:

In 2023, Monex designed an ESG Scorecard which includes the initiatives related to this objective, the personnel responsible for its execution and the monitoring plan through KPIs. The initiatives related to this objective are: Development of an exclusive digital channel for SME clients, Digital mentoring.

The exclusive digital channel for SME clients has allowed Monex to increase our financing amount to these clients, as evidenced below in the monitoring of the KPIs:

1. Amount of cross-selling from FX/payments to other products for SMEs in the wholesale trade, retail trade, services and manufacturing sectors: at the end of 2023, the SME credit portfolio was 1,500 million pesos, which represents an increase of 53% compared to the end of the previous year 2022 (979 million pesos).
2. Amount of FX transactions/payments for SMEs in the wholesale trade, retail trade, services and manufacturing sectors: in 2022 and 2023, the amount of FX transactions/payments remained the same (28,000 million pesos).

The following KPIs were established in 2024 and therefore, 2025 will be the first monitoring year:

3. Number of clients accessing the exclusive website for SMEs and the different contents provided.

Links and references

4. Number of clients trained in digital mentoring.

Business Credit

Target 2:

The initiatives, responsible personnel and KPIs for monitoring this objective were also included in the ESG Scorecard of 2023. These initiatives are: Analysis of environmental and social risks of the portfolio using the SARAS methodology to identify opportunities; Channeling resources to grant credit with a focus on resource efficiency; Participating in alliances to promote sustainable financing and capacity building.

In 2023, the first environmental and social risk analysis of the portfolio was carried out using the SARAS methodology: the scope of the SARAS exercise was on a portfolio of 40,650 million pesos that included loans of different types (corporate, SMEs, EF, etc.). The result of the analysis allowed the portfolio to be segmented into high, medium and low risk:

- High ESG risk: balance of 4.39%
- Medium ESG risk: balance of 34.68%
- Low ESG risk: balance of 20.97%
- No rating due to lack of methodology for the type of companies: 34.68% of the balance

This analysis will allow Monex to identify new business opportunities that contribute to achieving the objective. Likewise, although financing with a sustainable focus has not yet been granted, in 2023 Monex participated in initiatives that promote the development of sustainable financial products such as in the Green Finance Advisory Council, as founding members, the Sustainability Committee of the Mexican Banking Association (ABM), the Sustainable Finance Committee of the AMIB, and other forums such as the Sustainable Finance Committee of the Financial Stability Council (SHCP, Banxico, and others).

The bank has been appointed seven times (out of eight transactions) by the SHCP (Ministry of Finance & Public Credit), to participate as member of the syndication group to place the new governmental local SDG bonds (BONDESG). Monex has managed to place more than 5 B USD (or its equivalent in pesos), by distributing this SDG bonds among a variety of institutional clients and interbank counterparties, with a great success been one of the top 2 leaders in this relevant DCM activity.

The following KPIs were established in 2024 and therefore, 2025 will be the first monitoring year:

1. Number of programs in which Monex participates to channel resources in the form of loans with a focus on resource efficiency.
2. Total value of loans with a focus on resource efficiency placed (MXN).
3. Number of clients benefiting from the loans.

<p>In the 2024 report, the adjustment to the two objectives set out in this report will be presented in order to further align them with the business context.</p>	
--	--

Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers¹⁰ in place to encourage sustainable practices?

Yes In progress No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

Yes In progress No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities¹¹). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

Response

Client Focus is one of the 4 axes of Monex's Sustainability Strategy, highlighting the bank's recognition of the importance of promoting and offering sustainable practices amongst their clients. This axis has the objective of promoting a relationship of transparency and trust with the client, where the development of the client prevails through comprehensive financial solutions. This objective was established following the identification of the following 4 material topics: Digital transformation; Product innovation Customer service Sales practices/product information.

Via the ESG Scorecard, revised and completed in 2023, Monex has established various initiatives, objectives, actions and indicators under the axis of Client Focus and related to promoting sustainability amongst clients. Some relevant objectives include:

- Advance in the use of technology to operate processes, including data analytics, which provides greater efficiency in the use of resources.
- Promote continuous improvement in all processes of the financial group, to meet customer expectations in terms of quality.
- Promote the consideration of social and environmental impacts in product and service innovation.

Links and references

[InformeASG_2022.pdf \(monex.com.mx\)](#)

In terms of policies, Monex's Code of Ethics details the main guidelines for the relationship between the company and its stakeholders, which include: employees, customers, shareholders, suppliers, counterparties, the environment, the community, and competitors.

Meanwhile, to support the implementation of the Sustainability Strategy, Monex developed a Sustainability Policy in 2023 with the objective of building a common understanding at Monex on the main ESG issues and establishing guidelines to integrate the best sustainability practices into their decision-making, culture and business model. It is required that the policy is considered by all collaborators in decision-making, both internally and in relation to external stakeholder relations.

This policy will soon be available online and includes transversal commitments regarding working with clients such as:

- To promote awareness of the sustainability issue among our suppliers, customers and all external stakeholders.
- To promote the performance of clients, suppliers and more according to sustainability criteria.
- To involve all stakeholders in the implementation of their sustainability initiatives.
- To provide stakeholders with access to material, up-to-date and quality information regarding their ESG performance through different means. To do so, they use the main international reporting frameworks and standards.
- To be aligned with the main international references regarding the evolution of environmental and social credit risks, in order to prevent possible impacts and promote responsible practices among clients.

Additionally, the COSUSTENTA Committee, is in charge of promoting and coordinating the Sustainability Strategy (completed in Q3 2023) amongst both internal and external stakeholders. It is also important to note that an integral step of the design of the Sustainability Strategy was the materiality analysis, which included a thorough stakeholder engagement and consultation exercise to bring awareness of the ESG issues related to the bank's operations and take on board their opinions regarding prioritization of those issues.

In 2023, Monex received a series of ABM training sessions on SARAS (more details under section 5.3) and analyzed the environmental and social risks of its portfolio using SARAS methodology proposed by the ABM and GGI. A key next step for Monex is therefore to create and implement their own SARAS, integrating it into their credit process.

The 2022 ESG Report reflects the main initiatives carried out by Monex following the results of the UNEP-FI impact analysis tools. In order to gather the necessary information for the tools, as then establish and

¹⁰ A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

¹¹ Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

advance on their qualitative and quantitative indicators, various strategic areas of the bank where consulted. This report is available publicly for all stakeholders and interested parties to consult.

Some of the other policies, actions and initiatives which the bank has implemented to encourage sustainable practices and enable sustainable economic activities amongst customers include:

- Corporate social responsibility strategy based on the following axes: i) strategic alliances, ii) support for Mexican cinema, iii) community engagement and iv) support for social research.
- Continual digital transformation, including the increase of online services via their online platform and call center.
- As of 2022, Monex's advances in *initiatives in the Communication on Progress Reports (COP)* regarding their subscription to the UN Global Compact are integrated into the annual ESG report, facilitating the communication and dissemination of information for customers and other stakeholders.
- The promotion and expansion of sustainable finance initiatives, as outlined in 3.2.

Additionally, Monex has plans to integrate ESG criteria into the bank's digital onboarding and credit approval for SMEs customers.

3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

Response

Monex is committed to promoting responsible and sustainable financial development and inclusion, taking ESG aspects into account. We maintain an active participation in the development of the green and sustainable finance market in Mexico through initiatives integrated into the sustainable business model.

Thematic Bonds

The bank has been appointed seven times (out of eight transactions) by the SHCP (Ministry of Finance & Public Credit), to participate as member of the syndication group to place the new governmental local SDG bonds (BONDESG). Monex has managed to place more than 5 B USD (or its equivalent in pesos), by distributing this SDG bonds among a variety of institutional clients and interbank counterparties, with a great success been one of the top 2 leaders in this relevant DCM activity.

Links and references

[InformeASG_2022.pdf \(monex.com.mx\)](https://monex.com.mx/informeASG_2022.pdf)

Likewise, Monex includes labeled bonds in our Trading portfolios. At the end of 2022, Monex's proprietary holding of ESG Bonds represented an amount of \$11,093 million pesos, equivalent to 10.5% of the total value of the portfolio (NAV of \$106,074 million), in local currency.

Monex has committed to its balance sheet to maintain a relevant position that represents more than 1 B USD, resources that have been directed to positively impact 9 of the 17 sustainable development goals (2-3-4-8-9-6-7-11-15). Along with these material mandates, MONEX has also been the only local market maker that, by providing liquidity in the secondary market, has managed to resell more than 40% of the outstanding amount of *thematic* bonds in the market.

Products and services with ESG criteria

In 2022, Monex began an investment fund initiative for clients to facilitate the allocation of capital in accordance with ESG performance requirements, taking into account our vision of business risks and/or values.

The ESG Scorecard also shows a new initiative in the pipeline to develop further Structured Notes with ESG criteria.

In alignment with the PRB 2 second objective, Monex specifically seeks to increase financing with a focus on resource efficiency. To measure progress in this objective, the following KPIs are currently being established and their monitoring is set to commence in 2025:

- *Number of programs in which Monex participates to channel resources in the form of loans with a focus on resource efficiency*
- *Total value of the credit with a focus on resource efficiency placed (MXN).*

SMEs products and solutions

The bank is also preparing to launch a digital credit approval for SMEs which will support growth in this segment, with plans to incorporate Social and Environmental practices and investment criteria.

As part of our Sustainability Policy, under the axis of Sustainable Finance, Monex's believe in the potential of finance to contribute to the Sustainable Development Goals (SDG) is stated. We have established the following commitments and guidelines related to the promotion and development of sustainable products or similar:

- Alignment with the main international references regarding the evolution of environmental and social credit risks, in order to prevent possible impacts and promote responsible practices in clients.
- Advance with the financial market in the development of products with positive social and/or environmental impacts, already conceived with that approach, always in line with our business segments and the opportunities they provide.

- Actively participate in the development of sustainable finance in Mexico, participating in the main organizations, alliances, and initiatives.
- Channelling of resources made available by the government, in the form of loans and other financial supports such as guarantees, that have positive social and/or environmental impacts (this initiative remains in development).

Looking to continually increase our participation in the development of the sustainable finance market, Monex has participated, through the Green Finance Advisory Council, in the prosperity program for the development of the Mexican green and sustainable market of the United Kingdom embassy in Mexico, the UN Financial Centers for Sustainability and the Green Finance Taskforce of the United Kingdom.

The bank has also financed some local infrastructures related to clean energy, as well as the SME sector with a positive ESG impact.

Climate Change

With regards to climate risks, Monex has also established plans to measure climate-related risks and opportunities in the portfolio following TCFD recommendations, in order to facilitate decision-making regarding the resource allocation.

Meanwhile, in 2023 we measured the corporate carbon footprint and aim to continue to identify opportunities that will allow us to reduce the company's carbon footprint.

The ESG Scorecard links many these commitments to initiatives, indicators, and responsible parties to facilitate their implementation and success.

Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups¹²) you have identified as relevant in relation to the impact analysis and target setting process?

Yes In progress No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

Response

Monex aims to create value for all their stakeholders, and thus places great importance on maintaining strong relationships and maximizing participation in the bank's activities and decision-making processes.

To ensure this commitment, Monex has carried out an internal analysis to identify and prioritize stakeholders. When identifying stakeholders, Monex has taken into consideration all the people and entities who might be impacted by our operations and/or influence our business.

To complement this, we have defined a linkage plan that establishes the frequency and appropriate communication channels to maintain a close and effective dialogue with each stakeholder group.

The value proposition, commitment and main communication channels with each stakeholder group are described on page 50 of our Sustainability Report.

The key stakeholders identified by Monex are as follows:

- Collaborators
- Clients
- Shareholders, investors and other capital providers

Links and references

[InformeASG 2022.pdf \(monex.com.mx\)](#)

¹² Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

- Authorities and regulatory bodies
- Suppliers
- Competitors and trade associations
- Community.

With regards to implementing the PRB, as well as identifying and improving the bank's impacts, Monex has ensured the continuous involvement of stakeholders. As is stated in their Sustainability Policy of 2023, all stakeholders will continue to be consulted and included in the decision-making processes and implementation of initiatives regarding sustainability.

In 2023, an exercise was carried out with a third-party consultant to align the material topics identified for the Sustainability Strategy, ensuring each PRB is covered and addressed through the strategy and its initiatives.

Stakeholder consultation played a key role in the completion of the materiality analysis and therefore the development of the sustainability strategy.

For the materiality analysis, first a series of priority topics for were identified using sources such as the ABM Sustainability Protocol, GRI's materiality guidelines, and the Principles of Responsible Banking and Investment of UNEP-FI for sector specific topics, as well as FAQs from investors and analysts in 2021.

Following the guidelines established by the Global Reporting Initiative (GRI) standard, a thorough bibliographic consultation with collaborators, suppliers, main shareholders and trade organizations and organizations related to the financial sector was then carried out on these pre-defined topics via surveys and interviews, and consequently the topics were prioritized. Additionally, client perspectives were gathered through feedback from those responsible for serving clients at Monex, while internal strategic perspectives were collected through interviews with the main directors of the Group. It was through this integration of the perspective of priority stakeholders and our senior management which allowed Monex to determine their material topics (impact materiality).

For financial materiality, the topics indicated by the Sustainability Accounting Standards Board (SASB) standards for the industries in which they operate were considered, with support from FTSE and S&P guidelines.

Similarly, to determine the impact areas using the UNEP-FI tools, various areas of the bank were consulted to provide the necessary information.

Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking

5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

Yes In progress No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

Response

The Sustainable Risk and Opportunities Analysis Committee (COSUSTENTA) or ESG Committee, founded in 2021, is responsible for promoting and coordinating the implementation of the Sustainability Strategy and monitoring its progress, as well as keeping the content of the sustainability policy updated. It also serves as a resolution forum for defining ESG risks and opportunities identified during the execution of initiatives (see 5.3 for more details on the Committee's responsibilities).

With regards to the indicators listed in the ESG Scorecard and linked to the UNEP-FI impact analysis and PRBs, COSUSTENTA is also responsible for overseeing their progress, in collaboration with the credit risk management area and SME credit area. Monex plans to develop a sustainability team that manages all these issues, and which will fall within the area of human resources.

For the execution of individual Sustainability Strategy initiatives, responsibilities have been assigned by CONSUSTENTA in coordination with executive management to the various areas of the Group that have greater influence, knowledge, and/or experience in the matter. All initiatives related to responsible banking will be managed directly by the business and support areas involved, with oversight of CONSUSTENTA and, where necessary, executive management. The monitoring of the initiatives that are part of the Sustainability Strategy and PRB alignment is routinely reported to the Board of Directors.

Links and references

[InformeASG_2022.pdf](#)
(monex.com.mx)

The CONSUSTENTA committee meets bimonthly and holds extraordinary sessions when called by its President or Secretary. These meetings include a space to review implementation of the PRB and specifically progress in the targets and KPIs.

The committee is made up of a President, an Independent Director, and a multidisciplinary group of collaborators from the following areas across the bank: Risk, Treasury and Markets, Products, Corporate Banking, Business Banking, Private Banking, Finance and Strategic Transformation, Personnel and Corporate Affairs, and Legal. Each area must appoint a principal and an alternate. The representatives of these areas are nearly all senior management, such as the Director General, Executive Director of Corporate Banking and many other of the area's directors and subdirectors. The Committee also has a Secretary with a purely participatory character.

Monex also has a Remuneration Committee, which is responsible for implementing and maintaining the remuneration system. This includes proposing remuneration policies and procedures, recommending collaborators or personnel to be included in the remuneration system and bringing special cases and circumstances to the attention of the Board of Directors for approval. Currently, there are no specific remuneration practices linked to sustainability, but Monex plans to work on evaluating how to integrate sustainability objectives with remuneration practices in the near future.

5.2 Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

Response

In order to foster a culture of responsible banking amongst employees, Monex has aligned their Sustainability Strategy with the business strategy, and utilises various communication channels to promote sustainability in general and to disseminate important information regarding implementation of the strategy.

This includes the creation of the Sustainability Policy in 2023 which Monex aims to share with all collaborators in 2025 and specifies that employees are required to consider the policy when making decisions, internally and with all external stakeholders.

In accordance with the ESG Scorecard of the Sustainability Strategy, Monex also plans to prepare a Corporate Governance Manual, which will document the corporate governance guidelines for all collaborators to follow and reinforces those aspects most demanded by the market and other interest groups, with those such as funder requirements incorporating a sustainability focus. Likewise, the generation and communication of a Diversity and Inclusion Policy is planned, as well as the establishment of an internal working committee.

Links and references

[InformeASG 2022.pdf \(monex.com.mx\)](#)

[Corporate Social Responsibility Report 2022 Monex](#)

In order to communicate information and raise awareness about ESG matters generally and specific sustainability within the different areas and services of the bank, Monex has implemented a set of coordinated actions. This includes the dissemination of information through established corporate communication channels such as the internal sustainability microsite and specialized training programs, as well as frequent ESG newsletters and other electronically available materials and presentations for collaborators, managers and the Board of Directors.

Monex also recognises the importance of capacity building amongst all collaborators for responsible banking and wider sustainability issues. In our recently developed Sustainability Policy for example, Monex commits to facilitating the continuous acquisition of knowledge and skills through training initiatives for all employees, and more specifically, to support the development of the necessary interal capabilities of our team in the ambit of Sustainable Finance.

Monex held an initial one-hour training session in 2023 across the organisation, covering the following topics: ESG tour, what is ESG, climate risks, implications of climate risk analysis in portfolios, Monex progress on ESG issues, review of metrics and climate risk scenarios for the credit portfolio, and regulatory context.

Additionally, in October 2023, a portfolio management course was given based on ABM's Social and Environmental Risk Assessment System (SARAS) methodology, which included the following 8 modules:

- Introduction to SARAS;
- Components of a SARAS;
- The Environmental and Social Policy;
- What is an Exclusion List;
- How to elaborate a categorization tool;
- How to identify and manage Environmental and Social Risks Part 1;
- How to identify and manage Environmental and Social Risks Part 2;
- Social and Environmental Monitoring.

Other training sessions delivered to collaborators have also included ESG and gender perspectives, and the bank is currently evaluating the feasibility of adhering to the Women's Empowerment Principles (WEPs) of the Global Compact.

In the second half of 2024, Monex will launch an ESG course at the union level, to be included in the next annual report. We also include capacity building for the Board of Directors on ESG issues as part of the 2023 ESG Scorecard, which likewise is yet to begin.

Moreover, as part of their Corporate Social Responsibility initiatives, Monex facilitates the participation and active learning of collaborators in ESG areas. Initiatives range from fundraising, volunteering and donations for local charities and associations, to activities that promote physical and

mental health for collaborators under the program 'Creando Bienestar' (creating well-being), reforestation efforts and Corporate Carbon Footprint measuring.

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?¹³ Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

Response

The COSUSTENTA committee serves as a resolution forum for defining ESG risks and opportunities identified during the execution of initiatives. It was founded with the aim of analyzing and applying international, national and sectoral trends and standards in ESG financing and risks.

As part of this, it is responsible for developing internal capacities to identify and manage ESG risks in Monex's credit portfolio and investments in securities, and defining and monitoring the strategy to manage ESG risks.

Moreover, the Sustainability Policy of Monex states our commitment to align with the main international references regarding the evolution of environmental and social credit risks in order to prevent possible impacts and promote responsible practices among clients.

Currently, Monex does not have an Environmental and Social Risk Management System (SARAS). However, in 2023, we analyzed the environmental and social risks of our portfolio using the ABM SARAS methodology. Through this, we were able to identify the % distribution of the portfolio by risk level: High, Medium and Low. A key next step will be to identify opportunities with those low and medium risk sectors, and/or propose measures with the high risk sectors.

As part of this process the Monex team also received training in the core aspects of SARAS development and implementation (see 5.2 for details). Using this training, Monex is planning to design their own SARAS and integrate it into the credit process to identify and manage the environmental and social risks associated with our portfolio.

Additionally, during our financial materiality assessment in 2022, Monex considered the topics indicated by the Sustainability Accounting Standards Board (SASB) standards for the industries in which we operate. This helps to ensure adequate management of the risks and opportunities that arise from these material topics and to contribute to improving ESG performance.

Links and references

[InformeASG_2022.pdf \(monex.com.mx\)](https://monex.com.mx/InformeASG_2022.pdf)

¹³ Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

Yes No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

Yes No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

Yes In progress No

Principle 6: Transparency & Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

Yes Partially No

If applicable, please include the link or description of the assurance statement.

Response

The 2023 report has been reviewed by an external verifier.

Links and references

6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- GRI
- SASB
- CDP
- IFRS Sustainability Disclosure Standards (to be published)
- TCFD
- Other:

Response

Links and references

6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis¹⁴, target setting¹⁵ and governance structure for implementing the PRB)? Please describe briefly.

Response

Action plan for the objectives set:

Monitoring and reporting of the KPIs for both objectives linked to the impact analysis:

Links and references

¹⁴ For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

¹⁵ For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

Objective 1.

KPIs established in 2023, with monitoring underway:

- Amount of cross-selling from FX/payments to other products for SMEs in the wholesale trade, retail trade, services and manufacturing sectors.
- Amount of FX transactions/payments from SMEs in the wholesale trade, retail trade, services and manufacturing sectors.

KPIs established during 2024, with monitoring planned to commence in 2025:

- Number of clients accessing the exclusive website for SMEs and the different contents provided.
- Number of clients trained in digital mentoring.

Objective 2.

KPIs established in 2023, with monitoring starting in 2024:

- Total value of the loan evaluated using the Environmental and Social Risk Management System (SARAS) in MXN.
- Number of clients evaluated using the SARAS.

KPIs established during 2024, with monitoring planned to commence in 2025:

- Total value of the loan with a focus on resource efficiency placed (MXN)
- Number of clients benefiting from the loans

Other goals:

- ESG Training

6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- | | |
|--|---|
| <input type="checkbox"/> Embedding PRB oversight into governance | <input checked="" type="checkbox"/> Customer engagement |
| <input checked="" type="checkbox"/> Gaining or maintaining momentum in the bank | <input type="checkbox"/> Stakeholder engagement |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input type="checkbox"/> Data availability |
| <input type="checkbox"/> Conducting an impact analysis | <input type="checkbox"/> Data quality |
| <input type="checkbox"/> Assessing negative environmental and social impacts | <input type="checkbox"/> Access to resources |
| <input type="checkbox"/> Choosing the right performance measurement methodology/ies | <input type="checkbox"/> Reporting |
| <input type="checkbox"/> Setting targets | <input type="checkbox"/> Assurance |
| <input type="checkbox"/> Other: ... | <input checked="" type="checkbox"/> Prioritizing actions internally |

If desired, you can elaborate on challenges and how you are tackling these: