



MONEX

Monex Group ESG Executive Report:
“Links that generate value”

Detail of the contribution to the
Principles for Responsible Banking 2021

Monex Group ESG Executive Report: “Links that generate value”

Content

	Pág.		Pág.
.....		
● Commitment to Sustainability and Responsible Banking - Message from the CEO	3	● 3 Focal Points on Responsible Banking	25
		3.1 Introduction	26
● 1 Introduction to Monex	6	3.2 Priorities	27
		Identification and Dimensioning of Impacts: Introduction	27
● 2 ESG Strategy	10	Identification and Dimensioning of Impacts: results	29
2.1 Definition of Critical Topics: Materiality Analysis	12	Commitments and Objectives	31
2.2 Stakeholders	17	● 4 Governance and Culture	33
2.3 Strategic Priorities	20	4.1 Corporate Governance	34
2.4 Initiatives and Outstanding Results	23	4.2 Culture	36
		● Exhibit: Self-Assessment of the principles for responsible banking	37



The logo for MONEX, with 'MONEX' in white and 'O' in a light blue circle.

MONEX

A white dotted line forming a partial rectangle on the right side of the image, enclosing the text.

Commitment to Sustainability
and Responsible Banking
Message from the CEO



Commitment to Sustainability and Responsible Banking – Message from the CEO

At Grupo Financiero Monex, we support our clients through products and services so that they can achieve growth and development and operate in the markets expeditiously and in a timely fashion. Our unique proposal is based on diversification, market specialization, technology, and the commitment of our team.

We believe in the financial sector's potential for making sustainable development changes in society, and—through our actions and collaboration—we want to play an active role. First, our active role is based on integrating environmental, social, and governance (ESG) factors into decision-making at Monex, i.e., the development and/or updating of processes, products, and services. In the second place, by contributing to Mexico's sustainable finance and participating in international markets' ongoing sustainable evolution.

In 2020, we adhered to the Principles for Responsible Banking of the United Nations Environment Programme

Finance Initiative (UNEPFI), moving forward in the overview of banking to create economic and social development opportunities while protecting the environment. We actively participated in the Green Finance Advisory Council (Consejo Consultivo de Finanzas Verdes, CCFV) and the Sustainability Committee of the Mexican Banking Association (ABM, for its acronym in Spanish).

Monex's track record has already proven this commitment to developing opportunities for clients, employees, and other stakeholders. We are also establishing a roadmap to implement the best practices, international standards, and collaboration among the different areas of the Company.

This collaborative approach has been fundamental to determining the main environmental, social, and governance (ESG) criteria we will prioritize. We consulted different stakeholders, strengthening our Strategy's development, including the initiatives we were already developing and adding new ones to move forward.



Compromiso con la sostenibilidad y la banca responsable – Mensaje Ejecutivo

Monex is getting ready to address the risks of climate change and environmental degradation as the main threats to sustainable development, as well as to continue implementing positive financial solutions with our team of 1,905 highly committed employees.

We are contributing to the attainment of Sustainable Development Goals (SDGs). Since 2005, we have been part of the Global Compact according to its four areas: Human Rights, Labor, the Environment, and Anti-corruption, and its ten principles.

We present our progress on the following pages.

Mauricio Naranjo
Chief Executive Officer



MONEX

1

Introduction to Monex



1. Introduction to Monex

Grupo Financiero Monex is part of Monex S.A.B. de C.V., listed on the Mexican Stock Exchange (BMV: MONEXB) and the Institutional Stock Exchange (BIVA, for its acronym in Spanish). Monex S.A.B. de C.V. also includes Arrendadora Monex and its international subsidiaries in the USA and Europe¹.

Grupo Financiero Monex ("Monex") has a successful track record of 37 years. Its differentiated services have driven its growth in a relevant way. It comprises three entities: Banco Monex, Monex Casa de Bolsa, and Monex Operadora de Fondos.

The business model—in which Monex is the leader in Mexico—specializes in currency exchange and international payment services. Furthermore, the model also includes other specialized financial businesses, resulting from Monex's expansion and diversification strategy.

¹ Except for Monex Securities and Monex Asset Management, located in the US, which depend on Monex Casa de Bolsa.

Monex's Products and Services:

- Foreign exchange and international payments
- Cash management
- Risk management products (derivatives)
- Credit products and international trade
- Mutual funds
- Money market investments
- Equity investments
- Brokerage services
- Private banking
- Trust services

1. Introduction to Monex

Our Mission and Purpose

We help our clients achieve success with seamless, simple, global and innovative financial solutions.



Our Vision

We seek to be the leading financial institution in international finance and payments with seamless, global and innovative solutions, working hand in hand with our clients to achieve their aspirations.

1. Introduction to Monex



MONEX

2 ESG Strategy



2. ESG Strategy

At Monex, we are strongly committed to generating environmental, social, and governance value (ESG) from our activity, not only as a financial services provider but also as an employer and when conducting other roles with our stakeholders.

To this purpose, we have been working on a roadmap that began with identifying the critical ESG topics according to our type of activity and the markets we serve, and on which we built strategic priorities to work through different initiatives.

In the Strategy, we incorporate our track record in the relationship with our employees, clients, and other stakeholders, which allows us to count on their trust.



2. ESG Strategy

2.1. Definition of Critical Topics: Materiality Analysis.

As the first step in the roadmap, Monex conducted its materiality analysis during the first quarter of 2022. We applied the concept of double materiality, aligned with international trends:

- ▶ **Impact Materiality.** It refers to different stakeholders and reflects the most significant impacts of Monex's business externally: on the economy, the environment, and society.
- ▶ **Financial Materiality.** It provides the detail required by investors and other capital suppliers, reflecting those ESG aspects that could reasonably affect the financial condition, operating performance, and cash flows within Monex's business.



The *Global Reporting Initiative (GRI)* is the most recognized international initiative for communicating company performance on material topics of impact, with a 25-year track record. It was a pioneer in the concept of materiality and gives recommendations for its implementation.

<https://www.globalreporting.org>

Process for Impact Materiality.

For the development of an impact materiality analysis, we followed the recommendations of the *Global Reporting Initiative (GRI)*:

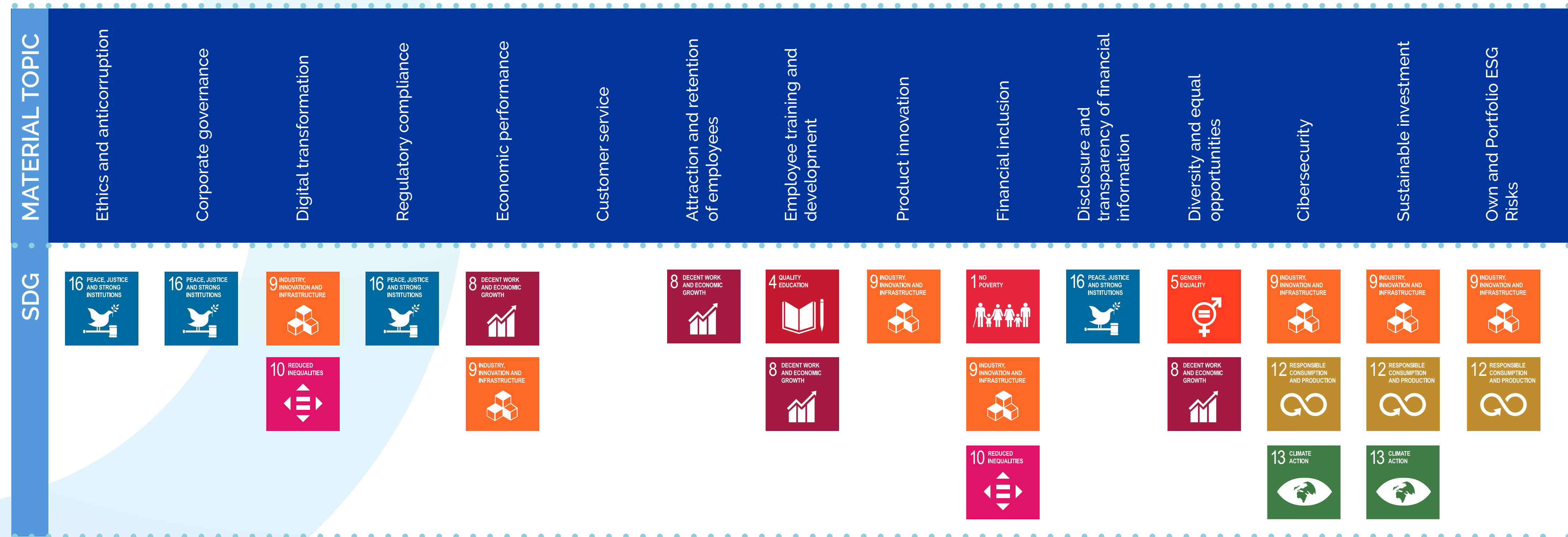
- First, we identified potentially relevant topics, analyzing: the main sectorial risks and opportunities, key topics assessed by international rating agencies, frequently asked questions by investors and analysts in 2021, as well as press coverage of the company.
- Then, the topics were prioritized by our main stakeholders. We consulted employees, suppliers, main shareholders, and trade and financial-related organizations through surveys and interviews. For clients of different businesses, we consulted Monex's client relations teams.
- For prioritization, we also interviewed key directors and managers of the Group and our business lines (subsidiaries) to provide their strategic perspectives.
- The integration of our main stakeholders and top management's perspective allowed us to determine the material topics (impact materiality).
- Finally, the material topics underwent an internal validation process by senior management.

2. ESG Strategy

2.1. Definition of Critical Topics: Materiality Analysis.

Process for Impact Materiality.

The impact of material topics has allowed us to determine the Sustainable Development Goals (SDGs) to which we strategically contribute.



2. ESG Strategy

2.1. Definition of Critical Topics: Materiality Analysis.

Financial Materiality Process

The Sustainability Accounting Standards Board (SASB)—an international reference of ESG information for investors—has determined, through a global analysis and consultation process, a list of material topics by industry on which it has based its standards.

Given this exercise, in Monex, we decided to apply the topics that SASB establishes for the industries in which we have activity (in the financial sector): Commercial Banking, Asset Management, and Investment Banking and Brokerage.

Result

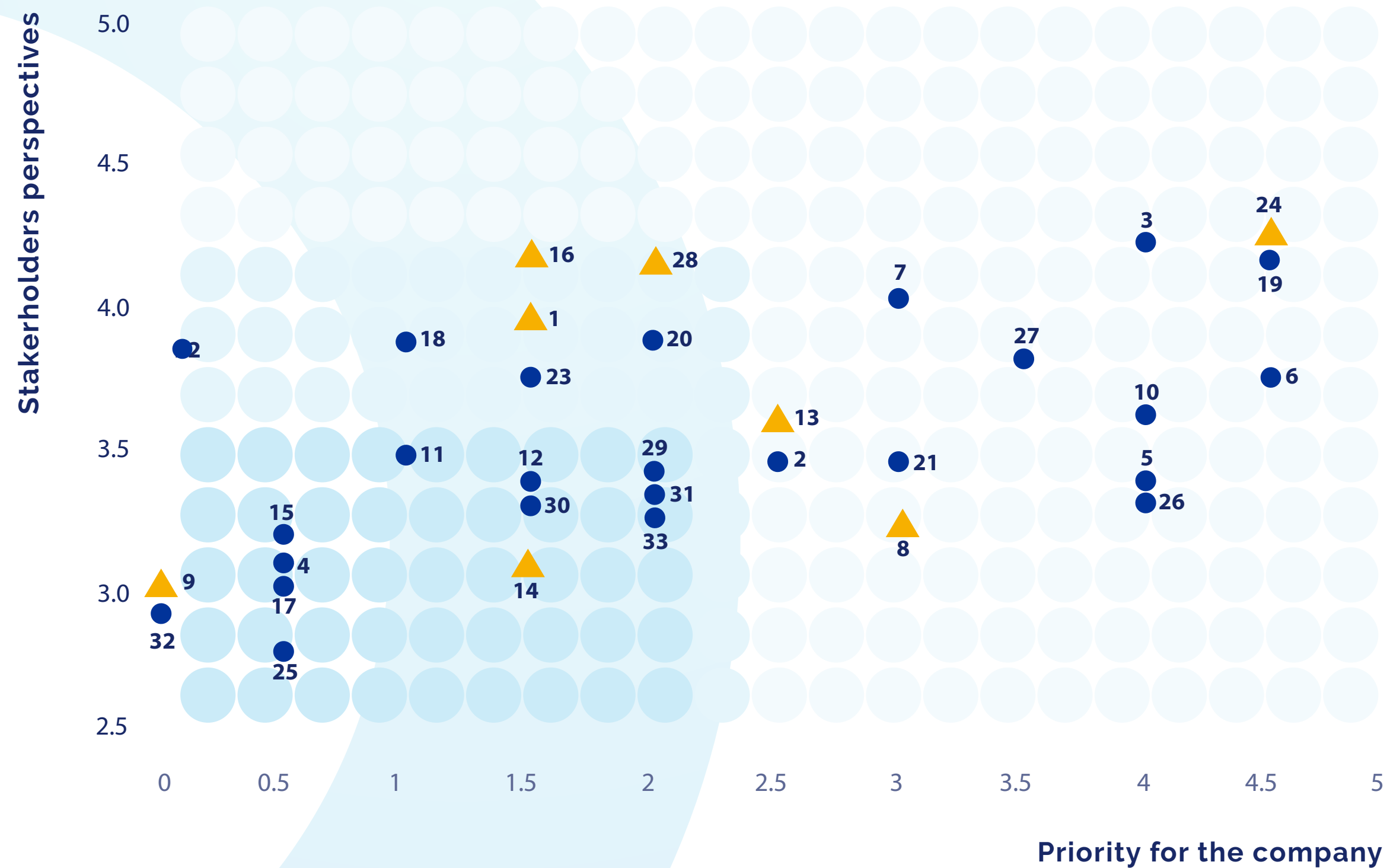
We present below the matrix that integrates both materialities:



Sustainability Accounting Standards Board (SASB) facilitates companies to address financial materiality with a list of parameters (indicators), complementary to its proposal for financially material issues.

<https://www.sasb.org>

Matrix of Integrated Materiality



Materiality of impact

Financial materiality

- Material issues
- Emerging issues
- Non-proactive management issues



Material issues	▲ 24	Ehitics and anticorruption
	19	Corporate governance
	6	Digital transformation
	3	Regulatory compliance
	10	Economic performance
	5	Customer service
	26	Attraction and retention of employees
	27	Training and development of employees
	7	Product innovation
	21	Disclosure and transparency of financial information
Emerging issues	▲ 8	Financial inclusion
	▲ 13	Cybersecurity
	2	Sustainable investment
	▲ 16	Own ESG risks and of the portafolio
Non-proactive management issues	▲ 28	Diversity and equal opportunities
	▲ 1	Sustainable financing
	22	Disclosure and transparency of sustainable information (ESG)
	23	Relationship with authorities
	18	Environmental and social impact of the portfolio
	22	Relationship with investors
	29	Remuneration and incentives to employees
	31	Work climate
	33	Financial education
	12	Development of the importer and exporter market (Mexico)
30	Health and social security	
Non-proactive management issues	▲ 14	Systemic risk management
	11	Evolution of the foreign exchange and stock market (economic, social and political factors)
	15	Customer data management
	4	Responsible supply chain
	17	Operational ecoefficiency
	25	Tax strategy
	▲ 9	Selling practices / product information
32	Socioeconomic development of communities	

2. ESG Strategy

Consolidated material topics:

18	MATERIAL TOPICS	
TYPE	N	TOPIC
Both	24	Ethics and anticorruption
Impact	19	Corporate governance
Impact	6	Digital transformation
Impact	3	Regulatory compliance
Impact	10	Economic performance
Impact	5	Customer service
Impact	26	Attraction and retention of employees
Impact	27	Training and development of employees
Impact	7	Product innovation
Impact	21	Disclosure and transparency of financial information
Both	8	Financial inclusion
Both	13	Cybersecurity
Impact	2	Sustainable investment
Both	16	Own and Portfolio ESG Risks
Financial	28	Diversity and equal opportunities
Financial	1	Sustainable financing
Financial	14	Systemic risk management
Financial	9	Selling practices/product information

2. ESG Strategy

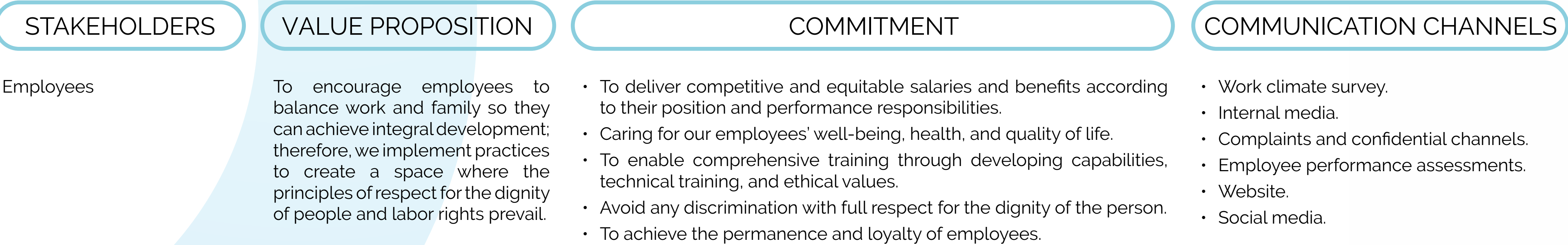
2.2. Stakeholders

At Monex, we seek to create value for all our stakeholders, reflected in how we relate to and involve them in our activity.

Our stakeholders are all those who can be impacted by our activities and/or who can influence our operation and business. To determine them, we conducted an internal analysis of identification and prioritization. In

addition, we defined an engagement plan to establish the frequency and appropriate communication channels to maintain a close dialogue.

The value proposition, commitment, and main channels of communication with our stakeholders are the following:



2. ESG Strategy

2.2. Stakeholders

STAKEHOLDERS	VALUE PROPOSITION	COMMITMENT	COMMUNICATION CHANNELS
Clients	Provide our clients with the best service to promote their development, attending to their needs.	<ul style="list-style-type: none"> • To protect and contribute to developing the client's assets, providing an efficient and value-added service. • To be honest and transparent in the relationship with the clients, including the commercialization and operation of the service. • To contribute to the client's total satisfaction. 	<ul style="list-style-type: none"> • Website. • ESG Report. • Social media. • Face-to-face channels. • Satisfaction surveys. • Media. • Call center. • Complaints and confidential channel.
Shareholders, investors, and other capital suppliers	To boost the return on their investment through prudent management and the strength of a successful business model, always with transparency in decision-making and business results.	<ul style="list-style-type: none"> • To deliver reliable and timely information on business development. • To govern the company efficiently, consistently, ethically, and transparently. • To attend transparent and honest corporate governance practices. • Development of professional administration with long-term vision. 	<ul style="list-style-type: none"> • Stock Exchange Annual Report. • ESG Report. • Website. • Face-to-face channels. • In-person channels. • Shareholders meeting.
Suppliers	To offer trusting relationships with conditions that benefit both parties, mediated by transparency and fair treatment.	<ul style="list-style-type: none"> • Developing selection processes that allow free competition in a transparent and honest environment. • Comply with mutually established commitments to build a relationship of trust and loyalty. 	<ul style="list-style-type: none"> • ESG Report. • Face-to-face channels. • Satisfaction surveys. • Complaints and confidential channels. • Telephone and other traditional communication channels.

2. ESG Strategy

2.2. Stakeholders

STAKEHOLDERS	VALUE PROPOSITION	COMMITMENT	COMMUNICATION CHANNELS
<p>Authorities and regulatory bodies</p>	<p>To guarantee compliance with the applicable regulation.</p>	<ul style="list-style-type: none"> • Strictly comply with laws and regulations. • Be proactive in collaboration with authorities and regulatory bodies. 	<ul style="list-style-type: none"> • Website. • Stock Exchange Annual Report. • ESG Report. • Social media. • Face-to-face channels. • Association committees.
<p>Competitors and trade associations</p>	<p>To operate with ethical and fair competition values.</p>	<ul style="list-style-type: none"> • To exercise ethical relationships of respect and transparency towards competitors. • To collaborate in the strengthening of the financial system in trade initiatives. • To participate in alliances and work in collaboration to promote sustainable finance. 	<ul style="list-style-type: none"> • Website. • ESG Report. • Social media. • Media.
<p>Community</p>	<p>To contribute to the development of the community through initiatives that meet their primary needs.</p>	<ul style="list-style-type: none"> • To support the development of communities through in-kind and financial donations to different foundations, in an effort made by Fundación Monex. • To encourage the participation of employees in social and environmental actions. 	<ul style="list-style-type: none"> • Company's website. • Social responsibility web section. • ESG Report. • Social media. • Media. • Fundación Monex's own channels.

2. ESG Strategy

2.3. Strategic Priorities



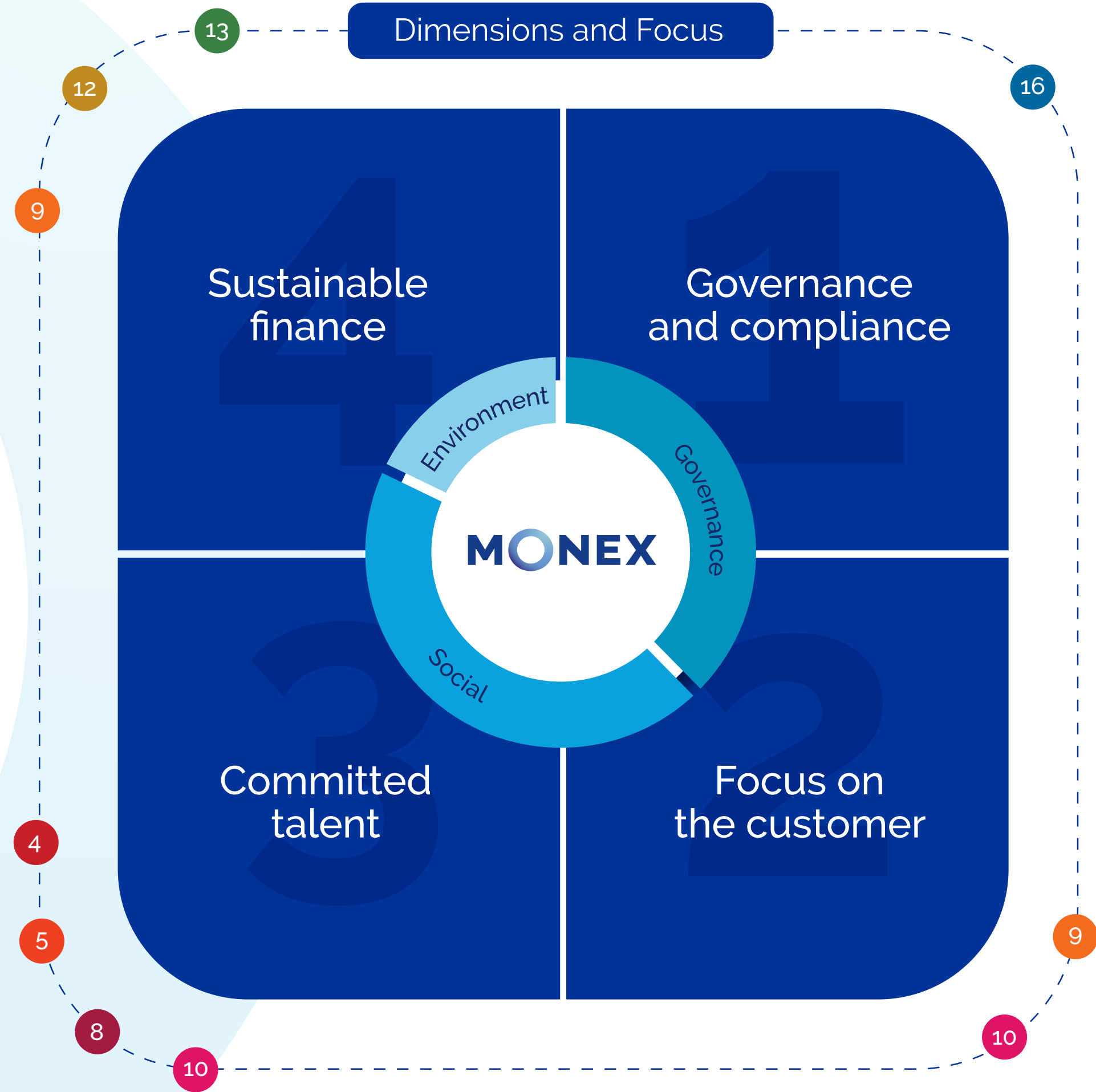
Material topics are the basis for developing our ESG Strategy—our development priorities— articulated in focal points and lines of work.

Each line of work integrates the initiatives we have been carrying out previously and the new initiatives that will be proposed as part of the roadmap exercise, which will be implemented until 2025.

The Sustainable Risk and Opportunities Analysis Committee (COSUSTENTA) shall coordinate the Strategy, monitoring the progress and the main indicators. The implementation of the Strategy shall be a joint effort with different areas leading initiatives.

Further information is in the Governance and Culture chapter.

ESG MODEL



9 13 12 16 4 5 8 10 Corresponds to the Sustainable Development Goals (SDGs) developed by the United Nations.

Stakeholder

- Company customers
- Person customers
- Employees
- Investors and other capital suppliers
- Authorities
- Trade and other associations
- Competitors
- Suppliers
- Community

Lines of action

- 

1.1. Corporate Governance Structure
1.2. Culture of ethics and compliance
1.3. Information security
- 

2.1. Digital transformation
2.2. Culture of innovation
2.3. Transparency with the customer
- 

3.1. Attraction and retention of employees
3.2. Diversity of talent
3.3. Diversity and well-being of the employee
- 

4.1. Customer development
4.2. Promotion of green practices
4.3. Alliances for market development

2. ESG Strategy

2.3. Strategic Priorities

Dimension	Focal Points	Objectives by Focal Points	Material Topics by Focal Points
Governance	1 Ethics and Integrity	To strengthen internal decision-making and the incorporation of ESG criteria by ensuring the safeguarding of the company's assets and the trust of stakeholders, promoting ethical practices, a culture of compliance, and measures for data protection.	<ul style="list-style-type: none"> • Corporate governance • Ethics and anti-corruption • Regulatory compliance • Cybersecurity • Disclosure and transparency of financial information
	2 Focal Points on Clients	To promote transparency and trust with the clients, whose development prevails through comprehensive financial solutions. Furthermore, to facilitate a service network that allows the client to grow.	<ul style="list-style-type: none"> • Digital transformation • Product innovation • Client services • Selling practices/product information
Social	3 Committed Talent	To deploy capacities in clients and society related to financial management. To maximize the potential of education as a means to reach financial inclusion.	<ul style="list-style-type: none"> • Employee attraction and retention • Diversity and equal opportunities • Employee training and development
	4 Sustainable Finance	To encourage the clients' best social and environmental practices, contributing to sustainable development through the services provided to them. Likewise, to manage risks and opportunities in ESG topics.	<ul style="list-style-type: none"> • Sustainable financing • Financial inclusion • Sustainable investment • Own and Portfolio ESG Risks

Notes:

*Systemic risk management and economic performance are cross-cutting topics to all focal points.







**The above material topics include those of the impact and financial materialities.

2. ESG Strategy

2.4. Initiatives and Outstanding Results

We have achieved milestones in collaboration with different stakeholders in our track record.

We present below the main indicators as of the end of 2021. These initiatives shall be integrated into the Strategy in development.

GOVERNANCE DIMENSION				SOCIAL DIMENSION				
SDG	SDG and Targets	Initiative	Main Indicators	SDG	SDG and Targets	Initiative	Main Indicators	
	16.7	Governance structure based on the best international practices and in line with local regulations in Mexico.	43% of directors are independent.		3.3	The Safe Return Plan integrates different biosecurity and response protocols in case of suspicious cases, e.g., random PCR tests for employees (returning to on-site work).	1.8 million MX investment (Safe Return Plan) (2021).	
	16.5, 16.6	Annual and mandatory ethics training program. It supplements the Code of Ethics and main related policies for new employees during induction.	81% of employees are trained in ethics.				Implementation of safeguard measures at work centers, including branches (e.g., sanitary filters), and protection of employees and clients.	
	16.6	Cybersecurity strategy articulated in 1) Guidelines (policies and codes); 2) Platform and system management measures, including internal and external tests; 3) Culture: training and awareness of employees. Information security management system, certified under the international standard ISO 27001.	Implementation of the Information Security Policy.			8.5	Performance assessment associated with remunerations and career development plans.	All employees are assessed on performance (of the corresponding total).
	16.5, 16.6	Ethics line: whistleblower channel, managed by an external third party, by the best practices. The process established for the analysis of reports, with the participation of the Executive Committee.	Operating hotline.			8.8	Health program for employees, including consultations and medical evaluations; vaccination. Compliance with the Mexican Standard NOM035; a specific work program has been established to identify employee psychosocial risks. Well-being initiatives focused on improving the quality of life, encouraging healthy habits; sports; nutrition, etc.	221 medical studies performed 500 vaccines applied (employees and relatives). Over 198 hours in virtual physical activities applied.
 	12.6, 12.8, 16.6	Awareness of the Board of Directors and leading executives on ESG context and the opportunities for the Group.	Training session.		Miscellaneous	Work climate monitoring with teamwork plans. Social investment strategy delegated to Fundación Monex. It is articulated in four main axes: 1) Strategic alliances, 2) Support for Mexican cinema, 3) Community involvement (including Monex employee volunteering), and 4) Support for social research (see diagram).	95% of employees are proud to say that they work at Monex. Miscellaneous, see COP report.	

2. ESG Strategy

2.4. Initiatives and Outstanding Results



INTEGRATED SOCIAL AND ENVIRONMENTAL

SDG	SDGs and Targets	Initiative	Main Indicators
17	17.16, 17.17	Active involvement in the development of sustainability in the financial sector in Mexico, including the different environmental, social, and governance (ESG) factors.	Participation in Sustainability and Social Responsibility Committees of the Mexican Banking Association (ABM, for its acronym in Spanish) and the Green Finance Advisory Board (CCFV, for its acronym in Spanish).

MONEX

3

Focal Points on
Responsible Banking



3. Focal Points on Responsible Banking

3.1. Introduction

In 2020, Monex signed up for the Principles for Responsible Banking (PRB) coordinated by the United Nations Environment Programme Initiative (UNEP-FI).

These Principles constitute an innovative framework enabling financial institutions to align their commercial strategy with society's objectives in the form of the United Nations Sustainable Development Goals (SDGs) and the Paris Agreement on Climate Change.

We present below the 6 Principles for illustrative purposes:

Principle Alignment

- 1 Aligning Monex's commercial strategy to contribute to people's needs and society's objectives, as stated in the SDGs, the Paris Agreement on Climate Change, and relevant national and regional frameworks.

Principle Impact & Target Setting

- 2 Continuous increase of Monex's positive impacts while decreasing the negative impacts on, and managing the risks to, people and the environment resulting from the group's activities, products, and services. To this end, objectives shall be established and published where we can have the most significant impacts.

Principle Clients & Customers

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

Principle Stakeholders

- 4 We will proactively and responsibly consult, participate, and associate with relevant stakeholders to achieve society's objectives.

Principle Governance & Culture

- 5 We will implement the commitment to these Principles through effective governance and a culture of responsible banking.

Principle Transparency & Accountability

- 6 We will regularly review the individual and collective implementation of these Principles, being transparent about and accountable for positive and negative impacts, as well as contributing to society's objectives.

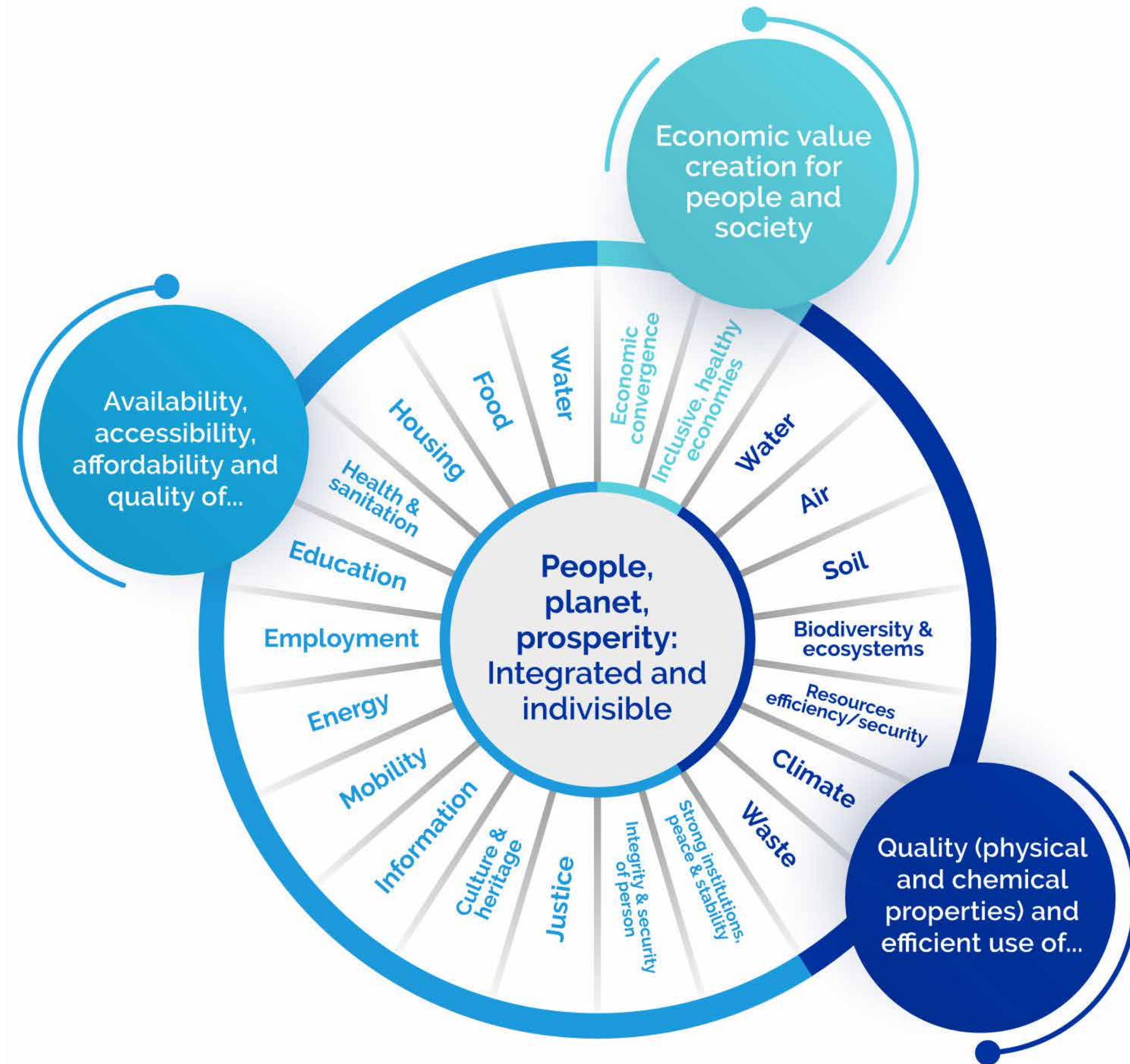
3. Focal Points on Responsible Banking

3.2. Priorities

Identification and Dimensioning of Impacts: Introduction

The Principles of Responsible Banking demand the identification of positive and negative impacts of the portfolio. To this end, as detailed below, we used the tools offered by UNEP-FI, especially the most appropriate ones for the portfolio products included in the analysis.

UNEP-FI has established the possible impact areas in its Radar Impact initiative (see image).



Source: Adapted from The Impact Radar (UNEP FI, 2018).

3. Focal Points on Responsible Banking

3.2. Priorities

Identification and Dimensioning of Impacts: Introduction

Organizational scope: of our activity.

- In this exercise, we incorporated the segments of currency exchange and international payments (41.7%), and credit portfolio (6.1%), reaching 48% of Monex's total portfolio.
 - Consequently, we used the following tools: 1) *Investment Portfolio Impact Analysis Tool* or currency exchange and international payments and 2) *Portfolio Impact Analysis Tool for Banks* for credit.

Geographic scope:

- México. We excluded international transactions from the scope.

Types of business:

- Business Banking, Trading | Execution.

Scale of exposure:

- All sectors and industries of both businesses.

Context and significance:

- The tool provides the economic, social, and environmental impact areas of Monex's portfolio; in addition, it provides a criticality rating for each impact area by country.

3. Focal Points on Responsible Banking

3.2. Priorities

Identification and Dimensioning of Impacts: Results

Principal Impact Areas – Currency Exchange and International Payments

Since Monex is the national leader in the payments and international exchange business, we included all our currency exchange business in this analysis.

Using the classification proposed by the tool, the services were classified as follows: individual foreign exchange (3%); remittances (direct or through transfer companies) (1%); SMEs (e.g., import/export activities) (24%); large companies (e.g., import/export activities, return of benefits or dividends) (38%); institutional investors (pension funds and insurance companies) (13%); government (1%); other companies (17%).

Below we present an explanation of the relationship between our activity and the impact areas. This theoretical framework and our management will allow us to extend the positive impacts and decrease, mitigate, or directly eliminate negative ones.

The principal impact areas of payments and global changes are:

Type of Impact	Significance	Impact Area
Positive	1	Economic convergence
	2	Inclusive and healthy economies
	3	Employment
	4	Strong institutions

Type of Impact	Significance	Impact Area
Negative	1	Economic convergence
	2	Inclusive and healthy economies
	3	Strong institutions

The mobilization of capital through the foreign exchange market **can positively contribute to:**

- Stimulate the local economy in Mexico (primary market), distributed to the population through salaries, local supply agreements, etc.
- Provide economic stability to companies to develop a more robust corporate governance and focus on the medium to long term.

The mobilization of capital through the foreign exchange market **can negatively contribute to:**

- Generate inequalities if not acting responsibly in the exercise of the different beneficiary companies (indirect impact of Monex).
- Represent risks and impacts associated with capital flows on ethics, local taxes, and the inappropriate use of resources. In that regard, Monex is responsible for strictly applying "Know Your Client" policies.

3. Focal Points on Responsible Banking

3.2. Priorities

Identification and Dimensioning of Impacts: Results

Principal Impact Areas – Corporate Credit Portfolio

All the credit portfolio was integrated with the following sectors (listed from highest to lowest proportion): Other Financial Services, except for Insurance and Pension Fund Activities (17%), Real Estate Development of Housing (14%), Industrial Real Estate Development (8%), Trusts and Similar Financial Entities (7%), among others.

We present below an explanation of the relationship between our type of activity and the impact areas.

This theoretical framework and our management will allow us to extend the positive impacts and decrease, mitigate, or directly eliminate negative ones.

The principal impact areas of the credit portfolio are the following:

Type of impact	Significance	Impact Area	Type of impact	Significance	Impact Area
Positive	1	Economic convergence	Negative	1	Strong institutions
	2	Inclusive and healthy economies		2	Efficiency/security of resources
	3	Mobility		3	Waste
	4	Cultural heritage		4	Water availability
	5	Lodging		5	Cultural heritage
	6	Strong institutions			

Corporate lending, by the main sectors to which it is directed, **may positively contribute to:**

- Financial activities that facilitate the availability of resources for companies and citizens; contributing more to their governance.
- Availability of infrastructure by third parties and impact on mobility, tourism, and culture.
- Housing development.

Corporate lending, by the main sectors to which it is directed, **may negatively contribute to:**

- Risk due to the type of sectors exposed to poor ethical practices; to this end, Monex has controls in place.
- Risk of financial activities with a dynamic nature to which contribute other resource-intensive activities and waste-generating activities. Real estate developments and infrastructure, including cultural heritage, could also be affected.

3. Focal Points on Responsible Banking

3.2. Priorities

Commitments and Objectives

Based on the most significant impact areas of the portfolio on the foreign exchange (FX) and international payments, as well as corporate credit, we established a series of commitments aligned with different Sustainable Development Goals (SDGs).



Related Impact Areas: Economic convergence; inclusive and healthy economies; Employment.

Commitment: Contribute to the creation of employment by supporting the economic development of companies with profits of up to 260 million pesos of annual sales¹ in the wholesale, retail, and manufacturing sectors..

The sectors have been determined by those in the Group's portfolio which contribute the most to Mexico's employment, according to the National Institute of Statistics and Geography (*Instituto Nacional de Estadística y Geografía (INEGI)*).

Business Objectives:

- Growth in cross-selling from FX/payments to other products in those sectors.
- Growth of FX transactions/payments in these sectors.
- Credit growth in these sectors.

Related SDGs: 8 (Decent Work and Economic Growth), 9 (Industry, Innovation, and Infrastructure), and 10 (Reduced Inequalities).

¹Based on Monex's internal classification of company segments; includes companies with relationships through any commercial channel.

3. Focal Points on Responsible Banking

3.2. Priorities

Commitment and Objectives



2nd Objective

Related Impact Areas: Inclusive and healthy economies; Efficiency/security of resources.

Commitment: Contribute to the ecoefficiency of the business operation of the clients.

Business Objectives:

- Increase debt purchase with ESG (environmental, social, and governance) criteria for its distribution to clients in the secondary market—facilitate clients' understanding of the funding opportunities based on the performance with high ESG standards.
- Provide financing associated with environmentally responsible practices (e.g., generation with renewable energies, energy efficiency).
- Obtain ESG-related funding: explore the issuance of green and/or sustainable bond(s), as well as any other financing mechanism of this type.

Related SDGs: 7 (Affordable and Clean Energy), 9 (Industry, Innovation, and Infrastructure), 12 (Responsible Consumption and Production), and 13 (Climate Action).

MONEX

4 Governance
and Culture



4. Governance and Culture

4.1. Corporate Governance

Grupo Financiero Monex's Corporate Governance is structured based on the applicable regulations, the best practice, and national and international recommendations.

It is based on the bylaws, with an organized structure to guarantee compliance with the institution's strategic objectives and generate value for all our shareholders and other stakeholders.

- **Shareholders' Meeting.**
- **The Board of Directors**, comprises seven members: six men and one woman. Three directors are independent (43%), which is above the percentage required by law. Additionally, each director has an alternate. The General Annual Shareholders' Meeting appoints or ratifies the members annually.

OWNERS

Héctor Pío Lagos Dondé **Chairperson**
Georgina Teresita Lagos Dondé
Mauricio Naranjo González **Vice-chairperson**
Moisés Tiktin Nickin

ALTERNATES

Ana Isabel Lagos Vogt
Julia Inés Lagos Vogt
Jorge Hierro Molina
Patricia García Gutiérrez

INDEPENDENT MEMBERS

David Aarón Margolín Schabes
Hernando Carlos Luis Sabau García
Jorge Galicia Romero

The Board of Directors comprises men (64%) and women (36%).

4. Governance and Culture

4.1. Corporate Governance

Board Committees

- The Monex's Audit and Corporate Practices Committee meets quarterly.
- The Audit Committee (Banco Monex and Monex Casa de Bolsa) meets monthly.
- The Risk Committee (Banco Monex, Monex Casa de Bolsa, and Monex Operadora de Fondos) meets monthly.
- The Credit Committee (Banco Monex) meets at least once a month.
- The Remunerations Committee (Banco Monex and Monex Casa de Bolsa) meets quarterly.
- The Financial Products Analysis Committee (Banco Monex and Casa de Bolsa).
- The Committee shall hold its ordinary meetings quarterly and on an extraordinary basis when the Chairperson or the Secretary calls for it.
- The Communication and Control Committee (Banco Monex, Casa de Bolsa, and Monex Operadora de Fondos). The Committee shall hold its ordinary meetings at intervals of no more than one calendar month and no less than ten days and on an extraordinary basis when the Chairperson or Secretary calls it.
- The Sustainable Risks and Opportunities Analysis Committee (COSUSTENTA).

COSUSTENTA was created in 2021 with the purpose of:

- Analyzing international and national trends and standards regarding social, environmental, and corporate governance risks (ESG).
- Developing the internal capacity to identify and manage ESG risks in Monex's credit portfolio and securities investments.
- Defining an ESG risk management strategy to identify the possible impacts and model economic losses and business opportunities.
- Coordinating the incorporation of ESG factors in decision-making in the rest of the company.
- Promoting the construction of a sustainability roadmap based on determining critical ESG topics, which allows prioritizing efforts.
- Boosting transparency of ESG information, strengthening the efforts of the extra financial reporting exercises.

Georgina Lagos chairs the committee.

COSUSTENTA is Monex's committee in charge of ESG initiatives. Now, it is structured in a 2025 Strategy based on double materiality (impact and financial materiality).

4. Governance and Culture

4.2. Culture

At Monex, we know that prioritized ESG efforts, addressed through the initiatives integrated into the Strategy, require the participation of all our employees.

To this purpose, we have a set of articulated actions, which have proven to be successful thanks to the involvement of our leaders and the interest of the different teams that make up Monex.

- ▶ We hold awareness sessions for the Board of Directors and Executives to analyze in more detail the value that the consideration of ESG aspects represents for the institution, long-term sustainability, and the relationship with the different stakeholders.

The Board of Directors of Monex and its senior executives have actively constructed our ESG Strategy.

- ▶ We have conducted an internal communication campaign for all the teams.
- ▶ For some of the main ESG topics, such as ethics, we have developed specific training tools for employees, which are integrated into our training programs.

At Monex, we also promote a culture of sustainability among external stakeholders:

- ▶ As an adherent to the Global Compact, we have been promoting the significance of making progress in implementing the initiative's ten principles, including respect for human rights, fair labor conditions, safeguarding the environment, and anti-corruption practices. We publish our progress in subsequent annual reports.
- ▶ We actively participate in the Green Finance Advisory Board (CCFV, for its acronym in Spanish) as general directors and the Sustainability Committee of the Mexican Banking Association (ABM, for its acronym in Spanish). Through these actions, we seek to promote the development of sustainable finance and the incorporation of ESG aspects into the development of products and services, including credit and investment.
- ▶ The preparation of this report is a communication exercise within our company; since it reflects our shared strategy and consolidates management information of the different leaders in ESG topics.

In addition, we seek to create culture by informing our progress in a specific section on our public platform on the web. We have a particular section on social responsibility: <https://www.monex.com.mx/portal/contenido/48/responsabilidad-social>

- ▶ Starting in 2022, we will share in this platform the progress in the ESG Strategy on a supplementary basis to the report.

MONEX

Exhibit: Self-Assessment of
the principles for responsible
banking



Exhibit: Self-Assessment of the principles for responsible banking

Grupo Financiero Monex (hereinafter Monex) signed the Principles for Responsible Banking, promoted by different leading international institutions and coordinated by the United Nations Environment Programme Finance Initiative (UNEP-FI).

Below, we present the main progress in 2021:

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.



REQUISITION	ANSWER AND SELF-ASSESSMENT	FURTHER DETAIL
<p>1.1.</p> <p><i>Describe</i> (high level) the business model of your bank, including the main segments of clients served, the types of products and services provided, the main sectors and types of activities and, where applicable, the technologies financed in the main geographies in which your bank operates or provides products and services.</p>	<p>Monex S.A.B. de C.V., through its subsidiaries, offers high-quality and specialized financial and payment products to clients in Mexico and abroad.</p> <p>With headquarters in Mexico City, Monex is present in Mexico, United States, Canada, United Kingdom, Spain, Netherlands, Luxembourg and Singapore.</p> <p>Monex Grupo Financiero is integrated by three entities: Banco Monex, Monex Casa de Bolsa and Monex Operadora de Fondos.</p> <p>The business model specializes in foreign exchange and international payment services. In addition, it includes other specialized financial business which are the result of the expansion and diversification strategy such as: Derivatives, Corporate Credit, Digital Accounts, Leasing, Electronic Banking and Cash Management, Investments and Fiduciary. As well as Private Banking (Capital Markets, Investment Funds, International Investments).</p>	<p>Structure of the group companies as corporations </p> <p>Information specific to each company of the Group </p> <p>Present ESG Executive Report Pages 7-8</p>

Exhibit: Self-Assessment of the principles for responsible banking

REQUISITION

1.2.
Describe how your bank has aligned with and/or plan to align its strategy to be consistent with and contribute to the purposes of the company, as stated in the Sustainable Development Goals, the Paris Agreement on Climate Change and the relevant national and regional frameworks.

ANSWER AND SELF-ASSESSMENT

To prepare the ESG Strategy, Monex began by determining the double materiality: impact and financial.

For the impact materiality, inquiries were made to a selection of stakeholders and the strategic view of top-level managers was obtained. For the financial materiality, topics pointed out by the standards of *Sustainable Accounting Standards Board (SASB)* were considered.

The impact material topics, the critical subjects of the relationship with the environment, were related with the Sustainable Development Goals (SDGs). Monex will focus on these.

The ESG priorities defined in the materiality analysis will be the basis to design the Strategy.

Since 2020, Monex integrated the Sustainable Risk and Opportunities Analysis Committee (COSUSTENTA, for its acronym in Spanish) to analyze sectoral, national and international, trends, in sustainability and ESG financing, as well as the reaction of financial systems. This committee will also drive and monitor the progress of the ESG Strategy.

FURTHER DETAIL

Next ESG executive report
Present ESG Executive Report Pages 10-21

Exhibit: Self-Assessment of the principles for responsible banking

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.

REQUISITION

2.1. Impact Analysis:

Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis which complies with the following elements:

- a) Scope:
- b) Exposure scale:
- c) Context and significance:
- d) Scale and intensity / significance of the impact

Show that, based on this analysis, the bank:

- Identified and disclosed its most significant (potential) areas of positive and negative impact.
- Identified strategic commercial opportunities in connection with the increase of positive impacts / decrease of negative impacts.

ANSWER AND SELF-ASSESSMENT

To analyze the positive and negative impacts of the portfolio, Monex considered the recommendations of UNEP-FI. The *Investment Portfolio Impact Analysis Tool* was used to analyze the currency exchange and international payments portfolio and the *Portfolio Impact Analysis Tool* for the analysis of the credit portfolio.

The tools identified the principal areas of impact of the portfolio, according to the classification of the UNEP-FI. The obtained prioritization score was added to a classification of the criticality of each topic in Mexico.

As a result, for the FX and international payments portfolio, 4 principal areas of positive impact were determined (Economic Convergence, Inclusive and healthy economies, Employment, Strong Institutions) and 3 principal areas of negative impact (Economic convergence, inclusive and healthy economies, Strong institutions).

On the other hand, 12 main areas of positive impact were identified for the credit portfolio (Efficiency/ security of resources, Mobility, Fuel, Cultural heritage, Inclusive and healthy economies, Economic convergence, Climate, Health and Sanitation, lodging, Strong Institutions, Information, Water Availability) and 8 main areas of negative impact (Efficiency/security of resources, Waste, Strong Institutions, Water availability, Cultural Heritage, Climate, Integrity and safety of the person, Health and Sanitation).

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

FURTHER DETAIL

Present ESG Executive Report Pages 27-30

Provide the conclusion / statement of whether your bank has complied with the requirements related to the Impact Analysis.

Monex has complied with the requirements related to the Impact Analysis, determining the principal areas. The *Investment Portfolio Impact Analysis Tool* was used to analyze the FX and international payments portfolio and the *Portfolio Impact Analysis Tool* for the analysis of the corporate credit portfolio.

As next steps to improve the portfolio impact analysis, we will identify financed technologies in the customers.

Exhibit: Self-Assessment of the principles for responsible banking

REQUISITION

2.2. Setting targets

Prove that the bank has established and published at least two specific, **M**easurable (qualitative or quantitative) targets, **A**ttainable, **R**elevant and **L**imited in **T**ime (SMART), which address at least two of the identified “areas of most significant impact”, resulting from the activities of the bank and the provision of products and services.

Show that these targets are linked to and drive the alignment and a greater contribution to appropriate Sustainable Development Goals, the purposes of the Paris Agreement and other relevant international, national or regional frameworks. The bank must have identified a baseline (assessed against a specific year) and have established targets against this baseline.

Show that the bank has analyzed and recognized significant negative (potential) impacts of the goals established in other dimensions of the ODS/climate change/targets of the company and which has established relevant actions to mitigate them as far as possible to maximize the net result of the positive impact of the goals set.

Provide the conclusion / statement of whether your bank has complied with the requirements related to the Setting of Targets.

Based on the impact areas, Monex has set qualitative commitments, which respond to the most significant positive and negative impact areas of the Group’s portfolio and are aligned with the SDGs.

For the commitments related to FX and international payments business, qualitative targets have been set and, subsequently, medium-term quantitative targets will be set (2025) for a selection of indicators.

ANSWER AND SELF-ASSESSMENT

In accordance with the most significant areas of impact with net positive or negative contribution, a series of commitments and targets were set, aligned with different SDGs.

FURTHER DETAIL

Present ESG Executive Report Pages 31-32

Exhibit: Self-Assessment of the principles for responsible banking

REQUISITION

2.3. Implementation and monitoring with respect to targets

Show that your bank has defined actions and milestones to comply with the set targets.

Show that your bank has implemented the means to measure and monitor the progress in connection with the set targets. The definitions of key performance indicators, any change of these definitions and any change of baselines must be transparent.

ANSWER AND SELF-ASSESSMENT

In order to measure the performance of Monex in the attainment of the referred commitments, work is being performed in the determination of indicators with quantitative targets (medium-term goals).

To move forward in each commitment, Monex will integrate different initiatives in its ESG Strategy.

FURTHER DETAIL

In development.

Provide the conclusion / statement of whether your bank has complied with the requirements related to Plans for Implementation and Monitoring of Targets.

For each commitment, Monex is working on the determination of indicators and setting of targets (as medium-term targets).

The established indicators will be monitored on an annual basis to assess the progress against the medium-term target set forth by the Group itself.

Exhibit: Self-Assessment of the principles for responsible banking

REQUISITION

2.4. Progress in the attainment of targets

For each separate target:

Show that your bank has implemented actions that it had previously defined to comply with the established target.

Or explain the reason for the failure to implement the actions/need to modify them and how your bank is adapting its plan to comply with its set target.

Report on the progress of your bank during the last 12 months (up to 18 months in its first report after becoming signatory) until the attainment of each set target and the impact of its progress (when feasible and appropriate, banks must include quantitative disclosures).

Provide the conclusion / statement of whether your bank has complied with the requirements related to Progress in the Attainment of Targets.

Monex has established the commitments and qualitative targets during 2022; it is working on indicators and quantitative targets (medium-term targets). The progress will be monitored through COSUSTENTA, and it will be reported on an annual basis in the integrated report.

ANSWER AND SELF-ASSESSMENT

The progress in reaching the targets will be monitored by the different responsible areas, which will report to the COSUSTENTA Committee on their progress, milestones and potential obstacles that arise to reach them.

FURTHER DETAIL

Future integrated report (2022, to be published in 2023)

Exhibit: Self-Assessment of the principles for responsible banking

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.

REQUISITION

3.1.

Provide a general description of the policies and practices that your bank has implemented and/or plans to implement to promote responsible relationships with its clients and customers. This must include high-level information on the implemented (and/or planned) programs and actions, their scale and, when possible, the results thereof.

3.2.

Describe how your bank has worked and/or plans to work with its customers and clients to encourage sustainable practices and enable sustainable economic activities. This will include information on planned/implemented actions, products and services developed and, when possible, impacts achieved.

ANSWER AND SELF-ASSESSMENT

Since 2020, Monex has the COSUSTENTA Committee, which is in charge of promoting the integration of ESG aspects in the business model; it will also be in charge of the promotion and coordination of the ESG Strategy once its construction is completed and the Group moves to the implementation stage.

On the other hand, Monex's Code of Ethics reflects the main guidelines for the relationship between the company and its different stakeholders: collaborators, clients, shareholders, suppliers, counterparties, environment, community and competitors.

ASG's first Executive Report will account for the main initiatives that the company has already been performing.

On the other hand, in connection with its social action, Monex is signatory to UN Global Compact since 2005; therefore, it shares its initiatives in the Communication of Progress Report (COP).

Based on the best international practices and as a result of Monex's ESG Strategy, the integration of ESG aspects in the business model will progress. This potentially includes the development of products and services with environmental and social benefit, such as investment funds with assets selected based on their ESG performance, among others.

FURTHER DETAIL

Present ESG Executive Report pages 22-24

Code of Ethics



COP Report 2021



Future integrated report (2022, to be published in 2023)

Exhibit: Self-Assessment of the principles for responsible banking

Principle 4: Stakeholders

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

REQUISITION

4.1.

Describe the stakeholders (or groups/types of stakeholders) that your bank has consulted, committed, collaborated or associated with in order to implement these Principles and improve your bank's impacts. This must include a high-level general description of how your bank has identified relevant stakeholders and the problems addressed/results obtained.

ANSWER AND SELF-ASSESSMENT

For the determination of the impact areas, using the tools provided by UNEP-FI, different business teams were consulted and contributed with the required information.

The priorities of Responsible Banking will be integrated into the ESG Strategy once designed, which are based on the materiality analysis. For this analysis, an external consultation of stakeholders was conducted: shareholders, employees, suppliers, authorities and other sectoral prescribers; also, the clients perspective was obtained through the vision of those responsible for serving Monex's clients.

Monex in addition maintains a regular communication with its stakeholders, making available channels and platforms with specialized teams.

FURTHER DETAIL

Present ESG Report pages 11, 17-19.

Principle 5: Governance and culture

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

REQUISITION

5.1.

Describe the governance structures, policies and relevant procedures that your bank has implemented or plans to implement to manage significant (potential) positive and negative impacts and support the effective implementation of the Principles.

ANSWER AND SELF-ASSESSMENT

Upon completion of the design of the ESG Strategy, the COSUSTENTA committee will be in charge of driving its implementation and will monitor progress. It will also serve as resolution forum in the definition of ESG risks and opportunities raised for the initiatives.

The responsibilities of the implementation of the ESG initiatives will be distributed among the different areas of the company. Responsible banking initiatives will be worked by the implied business areas (development of products and services).

FURTHER DETAIL

Present ESG Report page 35.

Exhibit: Self-Assessment of the principles for responsible banking

REQUISITION	ANSWER AND SELF-ASSESSMENT	FURTHER DETAIL
<p>5.2.</p> <p><i>Describe</i> the initiatives and measures that your bank has implemented or plans to implement to encourage a responsible banking culture among its employees. This must include a high-level overview of the development of skills, the inclusion in remuneration structures and the management of performance and communication of leadership.</p>	<p>The progress in sustainability within the different ASG topics (environmental, social and governance) will be reported through the communication channels established such as the internal sustainability microsite and the specialized training programs.</p> <p>Progress will also be performed in other awareness initiatives.</p>	<p>Future integrated report (2022, to be published in 2023)</p>
<p>5.3.</p> <p>Governance structure for the implementation of Principles.</p> <p><i>Prove</i> that your bank has a governance structure for the implementation of the PBR, including:</p> <ul style="list-style-type: none"> a. establishment of targets and actions to attain the established targets b. corrective actions in case of not reaching the targets or milestones or detecting negative unexpected impacts. 	<p>The monitoring of the progress on indicators with respect to the targets set, based on the portfolio impacts (positive and negative impacts), will correspond to the COSUSTENTA Committee. It will also be a forum to agree on necessary changes in the initiatives.</p>	<p>Present ESG Report page 35.</p>
<p>Provide the conclusion / statement of whether your bank has complied with the requirements related to Governance Structure for the Implementation of Principles.</p>		
<p>Monex complies with the requirements of a governance structure, articulated around COSUSTENTA and with the participation of the areas directly involved in the initiatives to reach the targets.</p> <p>We also to plan to reinforce the collaborators knowledge with awareness and specialized training, related to Monex's ESG Strategy, its results and impacts.</p>		

Exhibit: Self-Assessment of the principles for responsible banking

**Principle 6:
Transparency and
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.

REQUISITION

ANSWER AND SELF-ASSESSMENT

FURTHER DETAIL

6.1. Progress in the implementation of Principles.

Show that your bank has progressed in the implementation of the six Principles in the last 12 months (up to 18 months in its first report after becoming signatory), in addition to the establishment and implementation of targets in two areas at least (see 2.1-2.4).

Show that your bank has considered existing and emerging good international/regional practices for the implementation of the six Principles of Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practices.

Show that your bank has implemented/is working on the implementation of changes in existing practices to reflect and be in line with good existing and emerging international/regional practices and it has progressed in the implementation of these Principles.

Monex has make progress in the implementation of the principles, in accordance with the provisions in this Exhibit. Monex's commitment is total, from top management.

Description in this self-assessment document.

Provide the conclusion / statement of whether your bank has complied with the requirements related to the progress in the implementation of Principles of Responsible Banking.

After Monex commitment to the Principles of Responsible Banking, the milestones completed are: 1) I Impact analysis of the FX and international payment business and of the credit portfolio, 2) Commitment setting, 3) Establishment of commitments and qualitative targets from the business.

Monex is working to complete the design of its ESG Strategy, including responsible banking initiatives. It is also determining the indicators associated with the commitments and qualitative targets, raised by the impact analysis, which will have quantitative targets (medium-term targets).



MONEX

If you wish to receive more information and/or make any queries related to this report, you can contact us at the following email address:

sustentabilidad@monex.com.mx

Paseo de la Reforma 284, 06600, CDMX. 55 5230 0200 monex.com.mx

