

NACIONAL FINANCIERA S.N.C., I.B.D.

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Engagement Team:

Akshay Chandrakapure, akshay.chandrakapure@morningstar.com

Bhakti Chikhalikar, bhakti.chikhalikar@morningstar.com

Introduction

In 2023, NACIONAL FINANCIERA S.N.C., I.B.D. (“NAFIN”) issued a social bond (the “2023 Social Bond”) and raised MXN 25,783.39 million to finance or refinance projects aimed at supporting micro, small and medium-sized enterprises. In 2025, NAFIN engaged Sustainalytics to review the projects financed with proceeds from the 2023 Social Bond (the “Nominated Expenditures”) and provide an assessment as to whether they meet the use of proceeds criteria and whether NAFIN complied with the reporting commitments established in the NAFIN Sustainability Bond Framework (the “Framework”).¹ Sustainalytics provided a Second-Party Opinion on the Framework in October 2021.² This is Sustainalytics’ third annual review of allocation and reporting of instruments issued under the Framework, following previous reviews in December 2022 and December 2023.

Evaluation Criteria

Sustainalytics evaluated the Nominated Expenditures and NAFIN’s reporting based on whether they:

1. Meet the use of proceeds and eligibility criteria defined in the Framework; and
2. Reported on at least one key performance indicator (KPI) for each use of proceeds category defined in the Framework.

Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
Support for SMEs and programs designed to create jobs, prevent and/or alleviate unemployment caused by socioeconomic crisis or natural disasters. ³	<ul style="list-style-type: none"> • The funds under this category will be allocated to loans or other financial backing for micro, small and medium-sized enterprises. • Investments in digital systems⁴ that allow data collection and processing of eligible projects for the purpose of tracking environmental or social risks and impacts. 	<ul style="list-style-type: none"> • Number of benefitted SMEs. • Number of benefitted SMEs headed by women. • Value of the credit granted to SMEs. • Number of jobs created related to SMEs competitive programs.

¹ NAFIN, “NAFIN Sustainability Bond Framework 2021”, (2021), at: https://www.nafin.com/portalfn/files/secciones/emisiones-relaciones-internacionales/captacion/documentos/BonoSostenibleMEX_ENG_Final.pdf

² Sustainalytics, “Second-Party Opinion, Nacional Financiera S.N.C., I.B.D (NAFIN) Sustainability Bond Framework”, (2021), at: https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/nafin-sustainability-bond-framework-second-party-opinion.pdf?sfvrsn=38487a7_1

³ Target population is that with income below the income poverty line according to the definition established by the Mexican National Council for the Evaluation of Social Development Policy CONEVAL (2018), at: https://www.coneval.org.mx/Medicion/MP/Paginas/acuerdo_actualizacion_lineamientos_pobreza_2018.aspx

⁴ Limited to 5% of total allocations.

Issuer’s Responsibility

NAFIN is responsible for providing accurate information and documentation relating to the details of the projects, including descriptions, amounts allocated and impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from the 2023 Social Bond. The work undertaken as part of this engagement included collection of documentation from NAFIN and review of said documentation to assess conformance with the Framework.

Sustainalytics relied on the information and the facts presented by NAFIN. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by NAFIN.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

Conclusion

Based on the limited assurance procedures conducted,⁵ nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the Nominated Expenditures do not conform with the use of proceeds criteria and reporting commitments in the Framework. NAFIN has disclosed to Sustainalytics that the proceeds from the 2023 Social Bond were fully allocated as of November 2023.

Detailed Findings

Table 2: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of projects to determine alignment with the use of proceeds criteria outlined in the Framework.	The Nominated Expenditures comply with the use of proceeds criteria.	None
Reporting Criteria	Verification of projects or assets to determine if impact was reported in line with the KPIs outlined in the Framework.	NAFIN reported on at least one KPI per use of proceeds category.	None

⁵ Sustainalytics’ limited assurance process includes reviewing documentation relating to details of projects, as provided by the issuing entity, which is responsible for providing accurate information. These may include descriptions of projects, estimated and realized costs, and reported impact. Sustainalytics has not conducted on-site visits to projects.

Appendices

Appendix 1: Allocation of proceeds

Table 3: Allocation of proceeds from the 2023 Social Bond

Use of Proceeds Category	Project Description	Allocated Amount (MXN million)
Support for SMEs and programs designed to create jobs, prevent and/or alleviate unemployment caused by socioeconomic crisis or natural disasters	This project involves providing loans to Mexican MSMEs through Financial Intermediaries that are part of the NAFIN Network.	25,783.39
Total Allocated Proceeds		25,783.39
Total Unallocated Proceeds		0
Total Proceeds Raised		25,783.39

Appendix 2: Reported Impact

Table 4: Reported social impact from the 2023 Social Bond

Use of Proceeds Category	Reported Impact 1			
	Total credit granted to MSMEs	Total jobs created	Total MSMEs supported	Total municipalities vulnerable to climate change (MVCC ⁶) where SMEs were financed
Support for SMEs and programs designed to create jobs, prevent and/or alleviate unemployment caused by socioeconomic crisis or natural disasters	1,031,782	800	718,982	1,090
	Reported Impact 2			
	Total credit granted to MVCCs	MSMEs supported in MVCCs	Jobs created in MVCCs	
	Out of 1,031,782 loans, 604,681 were granted to MVCCs	Out of 718,982 MSMEs supported, 419,594 were in MVCCs	Out of 800 jobs created, 412 were created in MVCCs	

⁶ NAFIN has confirmed to Sustainalytics that an MVCC is defined as a municipality located in a region identified as having “medium”, “high” or “very high” vulnerability to climate change, per a climate change vulnerability index as described in: Borja-Vega, C and De La Fuente. *Municipal vulnerability to climate change and climate related events in Mexico (English)*. World Bank Group. <http://documents.worldbank.org/curated/en/327691468281941794/Municipal-vulnerability-to-climate-change-and-climate-related-events-in-Mexico>.

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