



CARBON FOOTPRINT RESULTS



2022

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Introduction

In the present day, where awareness of the challenges posed by climate change permeates every facet of our society, it is imperative for financial institutions to assume their role in mitigating the effects of global warming. A valuable tool in this endeavor is the calculation of the Carbon Footprint, as it is a metric that provides a quantifiable insight into the environmental impact of our actions.

In this report, we will elucidate the composition of BanBajío's Carbon Footprint in 2022, and likewise expound upon how its calculation actively contributes to global efforts in mitigating global warming.

The Carbon Footprint, in essence, is a metric that quantifies the totality of greenhouse gases, such as carbon dioxide (CO₂), released directly or indirectly due to various activities, products, services, or operations. This measure aids us in comprehending the environmental impact of our daily actions. By quantifying our greenhouse gas emissions, we can pinpoint specific areas that significantly contribute to global warming, enabling us to take concrete steps to reduce these impacts. This deeper understanding motivates us to make more sustainable choices and adopt practices that decrease our contribution to environmental issues.

Regular measurement and comparison of the Carbon Footprint over time provide a systematic approach to assess the effectiveness of mitigation strategies implemented. By consistently monitoring emissions and evaluating how our actions affect the Carbon Footprint, we can refine and adjust our strategies to maximize their efficacy. This establishes a cycle of continuous improvement that leads to a gradual reduction in emissions and contributes to the fight against global warming.

Therefore, it can be asserted that the calculation of the Carbon Footprint is a fundamental tool in the battle against climate change. Its quantifiable measurement allows us to concretely understand and address the environmental impact of our actions and decisions. By embracing data-driven mitigation strategies, we can effectively reduce our greenhouse gas emissions and actively contribute to the preservation of the environment and the welfare of future generations. As an entity dedicated to sustainability, this Mexican bank is taking a significant step by acknowledging and addressing its Carbon Footprint, demonstrating leadership in the fight against global warming.



About Us



BanBajío is a financial institution tasked with providing a wide range of multiple banking products and services, boasting over 28 years of experience in the national financial market. This positions BanBajío as the third-largest bank in Mexico among those not affiliated with foreign banking institutions. Its focus spans strategic areas such as corporate banking, agribusiness SMEs, government, international banking, trust services, real estate, factoring, and leasing.

Since its establishment in July 1994 in León, Guanajuato, under the trade name BanBajío, it has carried out various operations, including deposit-taking, loan granting, securities operations, and trust administration, financial factoring, and leasing. Through the opening of branches staffed with highly trained personnel in areas of significant business potential, BanBajío has experienced substantial growth, establishing its presence with more than 1,000,000 customers in 29 states across the country.

BanBajío has solidified its position as the eighth-largest bank in the country and a leader in credit products aimed at the development of Small and Medium Enterprises. Alongside the Banco de Comercio Exterior, it holds a prominent

position in supporting the automotive, electronics, and electrical industries, and ranks third in supporting the export community, tourism, and tourist destinations known as "magic towns."

In the realm of national banking, BanBajío stands out as the eighth most important bank in terms of loan placement and support to industry, commerce, and services in Mexico. Furthermore, it has been honored twice with the National Agri-Food Award for its outstanding support to the agri-food sector, demonstrating leadership in supporting agriculture through rediscount agreements with Trusts Instituted in Relation to Agriculture in recent years.

BanBajío has gained national recognition for its commitment to socially responsible management, which has been recently honored for the tenth consecutive year with the Socially Responsible Company Distinction awarded by the Mexican Center for Philanthropy (CEMEFI). Additionally, its affiliation with the United Nations Global Compact network and the adoption of responsible banking principles underscores its commitment to ESG (Environmental, Social, and Governance) sustainability practices.



Scope of the Report

The quantification of emissions generated by BanBajío was carried out following the guidelines stipulated by the Secretariat of Environment and Natural Resources (SEMARNAT) using the method established in the "Greenhouse Gas Protocol." It also incorporates the guidelines set forth by the Regulation of the General Climate Change Law regarding the National Emissions Registry (RENE), based on the international standard ISO-14064-1:2018 and the national standard NMX-SAA-14064-1 for greenhouse gas (GHG) emissions accounting. BanBajío's analysis encompasses emissions generated directly or indirectly by business activities, which are categorized into three scopes based on the type of activities, employing an operational approach to establish the boundaries of Scopes 1, 2, and 3.

For each scope, the following consumptions are considered:

Scope 1

Procurement of gasoline and diesel used for the company's vehicle fleet and emergency electrical power generation plants, respectively.

Scope 2

Consumption of electricity from both CFE (Comisión Federal de Electricidad) and ALP (American Light and Power MX).

Scope 3

Business flights undertaken via aircraft.

Methodological Considerations

Calculation and Reporting of Emissions were carried out in accordance with the standards established by the international ISO-14064-1 standard, the national standard NMX-SAA-14064-1, and the Greenhouse Gas Protocol, encompassing the operational activities conducted by BanBajío across the three scopes. These activities result in emissions of gases such as:

- **Carbon Dioxide (CO₂)**
- **Methane (CH₄)**
- **Nitrous Oxide (N₂O)**

While this list of greenhouse gases refers to activities undertaken by BanBajío, greenhouse gases, in general, encompass seven different gases, namely Carbon Dioxide (CO₂), Methane (CH₄), Nitrous Oxide (N₂O), Hydrofluorocarbons (HFC), Perfluorocarbons (PFC), Sulfur Hexafluoride (SF₆), and Nitrogen Trifluoride (NF₃).

The calculations and accountings presented below were performed in adherence to the principles of relevance, integrity, consistency, transparency, and precision.

For the quantification of the emissions mentioned above, the following calculation method was employed:

Activity Consumption Data • Emission Factor • Global Warming Potential = Emissions (tCO₂e)

The Global Warming Potentials (GWPs) used are as follows:

GEI	PCG
CO ₂	1
CH ₄	28
N ₂ O	265

The Emission Factors used were obtained from:

- **RENE (Gasoline, Diesel, and Electric Power Emission Factors)¹**
- **EPA (Flight Emission Factors)²**

1. RENE, Factor de emisión para combustibles para la generación de electricidad o energía térmica, Refrigerantes e Interconexión a Red Eléctrica (CFE).

<https://www.gob.mx/semarnat/acciones-y-programas/registro-nacional-de-emisiones-rene>

2. EPA Factores de emisión para viajes en avión.

https://www.epa.gov/sites/production/files/2018-03/documents/emission-factors_mar_2018_0.pdf



Scope 1

Regarding emissions within this scope, those stemming from direct energy consumption and fugitive emissions were considered, which include Gasoline and Diesel.

For the calculation of these emissions, the following were applied:

- The considerations stipulated by the "Agreement Establishing the Technical Specificities and Formulas for the Application of Methodologies for the Calculation of Greenhouse Gas or Compound Emissions DOF 2015"³
- The unit conversion for gasoline and diesel because their calorific values are reported in Barrels of Oil Equivalent (BOE). Since 1 BOE = 158.98 liters.

For the quantification of emissions, the following estimation method was used:

$$E_{CO_2} = \sum V_i C_i * F.E._{CO_2} * P C_i * BOE$$

$$E_{CH_4} = \sum V_i C_i * F.E._{CH_4} * P C_i * BOE$$

$$E_{N_2O} = \sum V_i C_i * F.E._{N_2O} * P C_i * BOE$$

$$E_{CO_2e} = E_{CO_2} * PCG_{CO_2} + E_{CH_4} * PCG_{CH_4} + E_{N_2O} * PCG_{N_2O}$$

Where:

E_{CO_2} = Carbon Dioxide Emissions

E_{CH_4} = Methane Emissions

E_{N_2O} = Nitrous Oxide Emissions

$V_i C_i$ = Quantity or volume of fuel consumption, where i can be: Natural Gas, LPG

$P C_i$ = Calorific value of the fuel, where i can be: Natural Gas, LPG

$F.E._{CO_2}$ = Carbon Dioxide Emission Factor for fuel i, expressed in tons or kilograms of CO₂ / MegaJoule

$F.E._{CH_4}$ = Methane Emission Factor for fuel i, expressed in kilograms of CH₄ / MegaJoule

$F.E._{N_2O}$ = Nitrous Oxide Emission Factor for fuel i, expressed in kilograms of N₂O / MegaJoule

BOE = Barrel of Oil Equivalent, equivalent to 158.98 liters/BOE

PCG_{CO_2} = Global Warming Potential of carbon dioxide

PCG_{CH_4} = Global Warming Potential of methane

PCG_{N_2O} = Global Warming Potential of nitrous oxide

E_{CO_2e} = Carbon Dioxide Equivalent Emissions

Scope 2

These emissions result from electricity consumption. For their calculation, the following estimate was used, provided by the Federal Electricity Commission (CFE):

- Emission Factor for the year 2022: 0.435 tCO_{2e}/MWh

For the quantification of emissions, the following calculation was used:

Emissions generated [tCO_{2e}] = Emission Factor * kWh consumed

3. Acuerdo que establece las particularidades técnicas y las fórmulas para la aplicación de metodologías para el cálculo de emisiones de gases o compuestos de efecto invernadero DOF 2015 https://dof.gob.mx/nota_detalle.php?codigo=5406149&fecha=03/09/2015&print=true

Scope 3

Scope 3 emissions derive from flights undertaken by aircraft. For their calculation, the classification of flights and their respective emission factors were used in accordance with the EPA methodology in conjunction with GHG (Emission Factors for Greenhouse Gas Inventories)⁴.

For the quantification of emissions, the following calculation was performed:

$$E_{CO_2} = \sum DVi * FEVi_{CO_2}$$

$$E_{CH_4} = \sum DVi * FEVi_{CH_4}$$

$$E_{N_2O} = \sum DVi * FEVi_{N_2O}$$

$$E_{CO_2e} = E_{CO_2} * PCG_{CO_2} + E_{CH_4} * PCG_{CH_4} + E_{N_2O} * PCG_{N_2O}$$

Where:

E_{CO_2} = Carbon Dioxide (CO₂) Emissions

E_{CH_4} = Methane (CH₄) Emissions

E_{N_2O} = Nitrous Oxide (N₂O) Emissions

DVi= Distance traveled in the flight classified according to its type (Short, Medium, or Long)

FEVi_{CO₂}= Carbon Dioxide Emission Factor per kilometer traveled for a given distance i

FEVi_{CH₄}= Methane Emission Factor per kilometer traveled for a given distance i

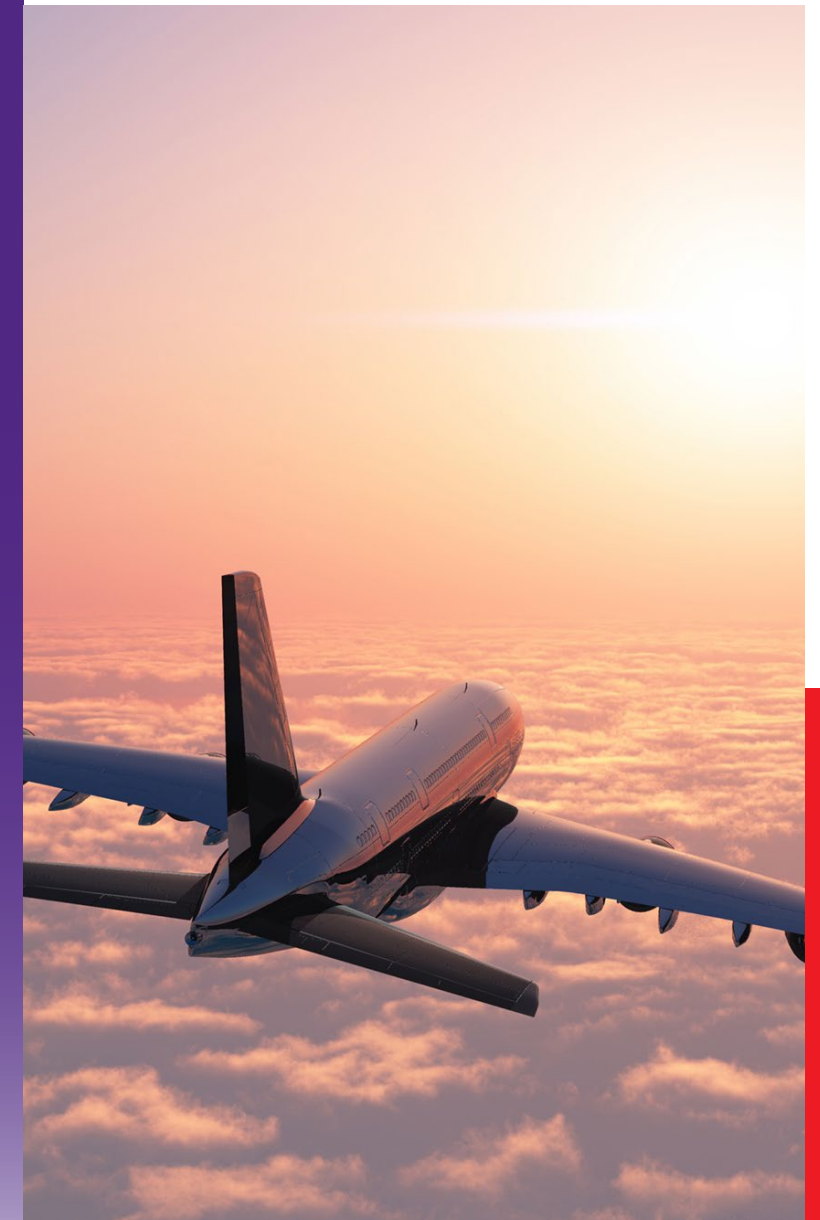
FEVi_{N₂O}= Nitrous Oxide Emission Factor per kilometer traveled for a given distance i

PCG_{CO₂}= Global Warming Potential of carbon dioxide

PCG_{CH₄}= Global Warming Potential of methane

PCG_{N₂O}= Global Warming Potential of nitrous oxide

EC_{CO₂e}= Carbon Dioxide Equivalent Emissions



Limitations and Challenges






The calculation of BanBajío's Carbon Footprint was carried out using the information provided by the organization, which means that consumption data per facility are subject to the accuracy, precision, and validation by the organization.

05.




Carbon footprint results

Expenditures by scope and emission sources

Scope	Type of emission source	Emission Source	Quantity	Units
 Scope 1	Fixed sources	Diesel	10,860.76	liters
		LP Gas	18,315.50	
	Mobile sources	Gasoline	172,765.16	
 Scope 2	Electric Power	CFE	21,625,838.60	kWh
		ALP	3,106,414.86	
 Scope 3	Bussines trips	flights	756	flights

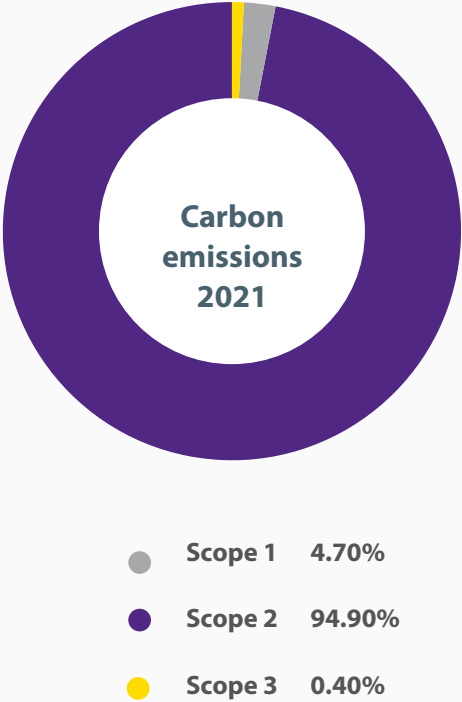
Resulting in **10,874.60 tCO₂e** during 2022.

Emissions of tCO₂e by scope and emission sources.

Scope	Type of emission source	Emission Source	tCO ₂ e
 Scope 1	Fixed sources	Diesel	30.80
		LP Gas	30.22
	Mobile sources	Gasoline	439.91
 Scope 2	Electric Power	CFE	9,407.23
		ALP	919.49
 Scope 3	Bussines trips	flights	46.94

The distribution of emissions generated by BanBajío is established as follows:

Emissions generated by scope

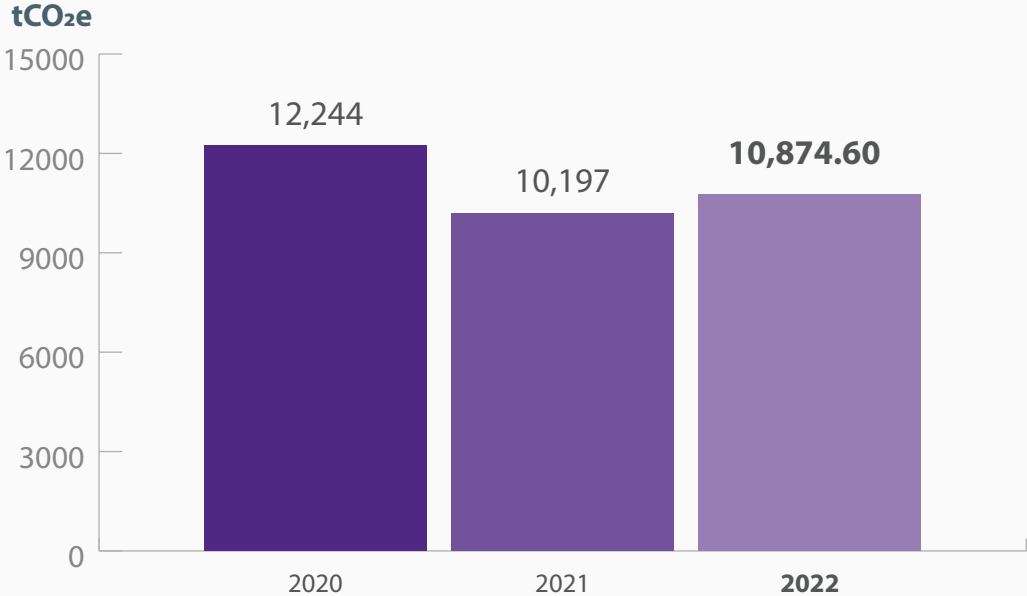


It is evident that most emissions originate from electricity consumption, which is supplied by the Federal Electricity Commission (CFE), and the purchase of clean energy through American Light Power (ALP). Meanwhile, emissions from Scope 1 and Scope 3 account for approximately 5% of the total emissions.

Carbon footprint per Year

By maintaining historical data on emissions generated by BanBajío, we can make a comparison of emissions generated over time.

Carbon Footprint corresponding to 2020, 2021 and 2022

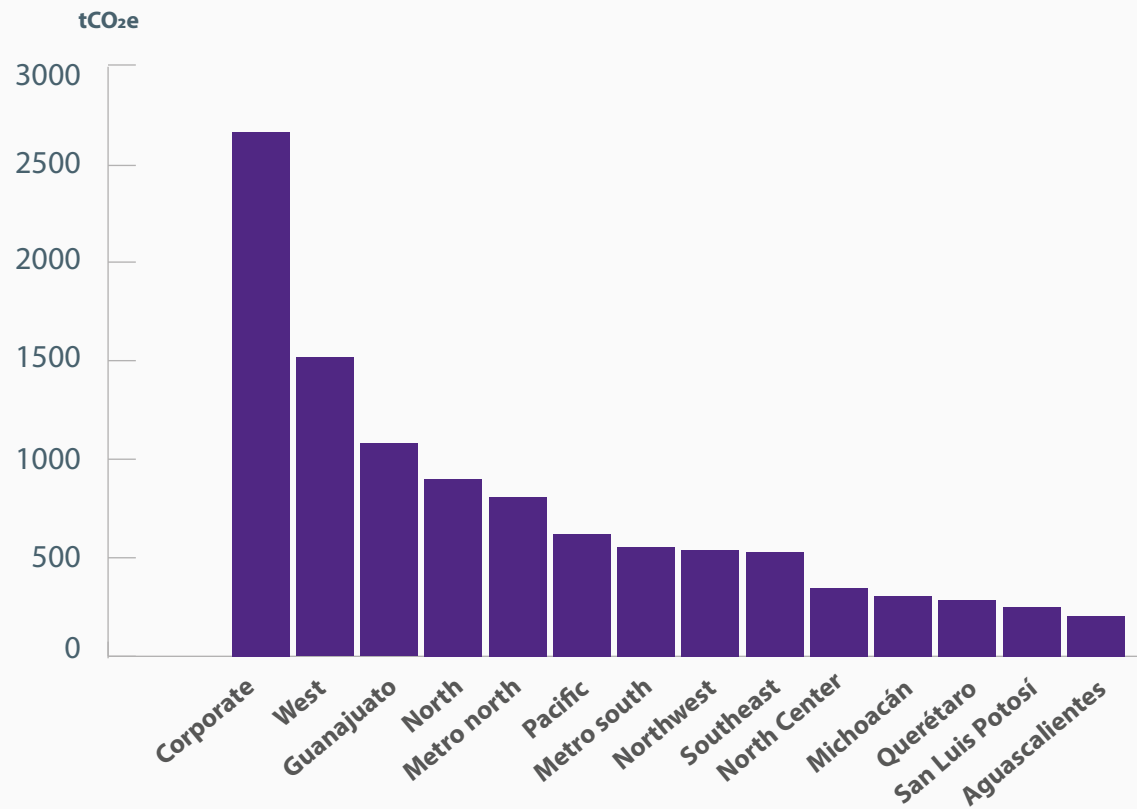


By keeping records of emissions generated per year, we can more easily identify trends and abnormalities. We can observe that this year, the Carbon Footprint increased by 5.47% compared to the previous year.

Carbon Footprint per Region

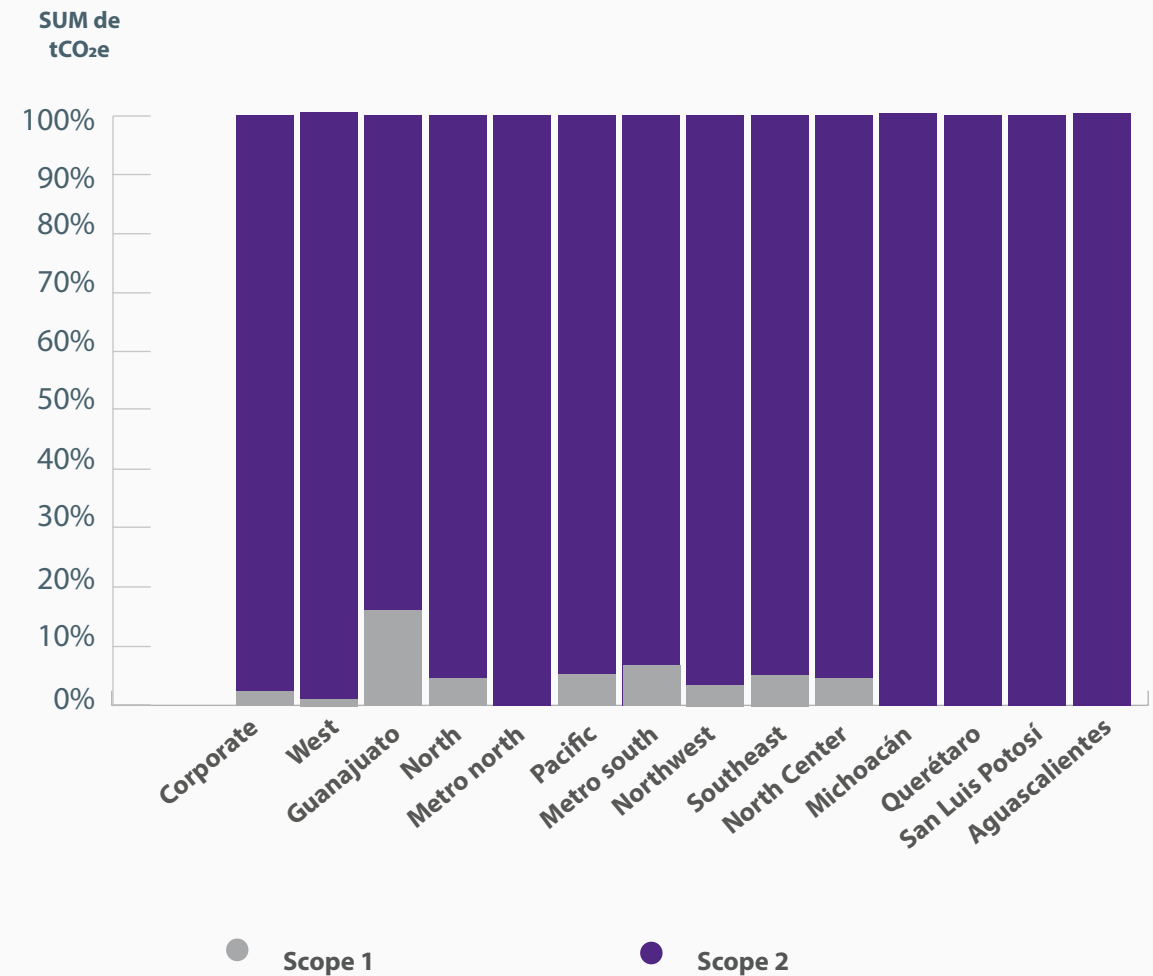
Once again, CORPORATIVO holds the highest level of emissions at the national level, which may be attributed to the volume of operations conducted.

Emissions Generated by Region



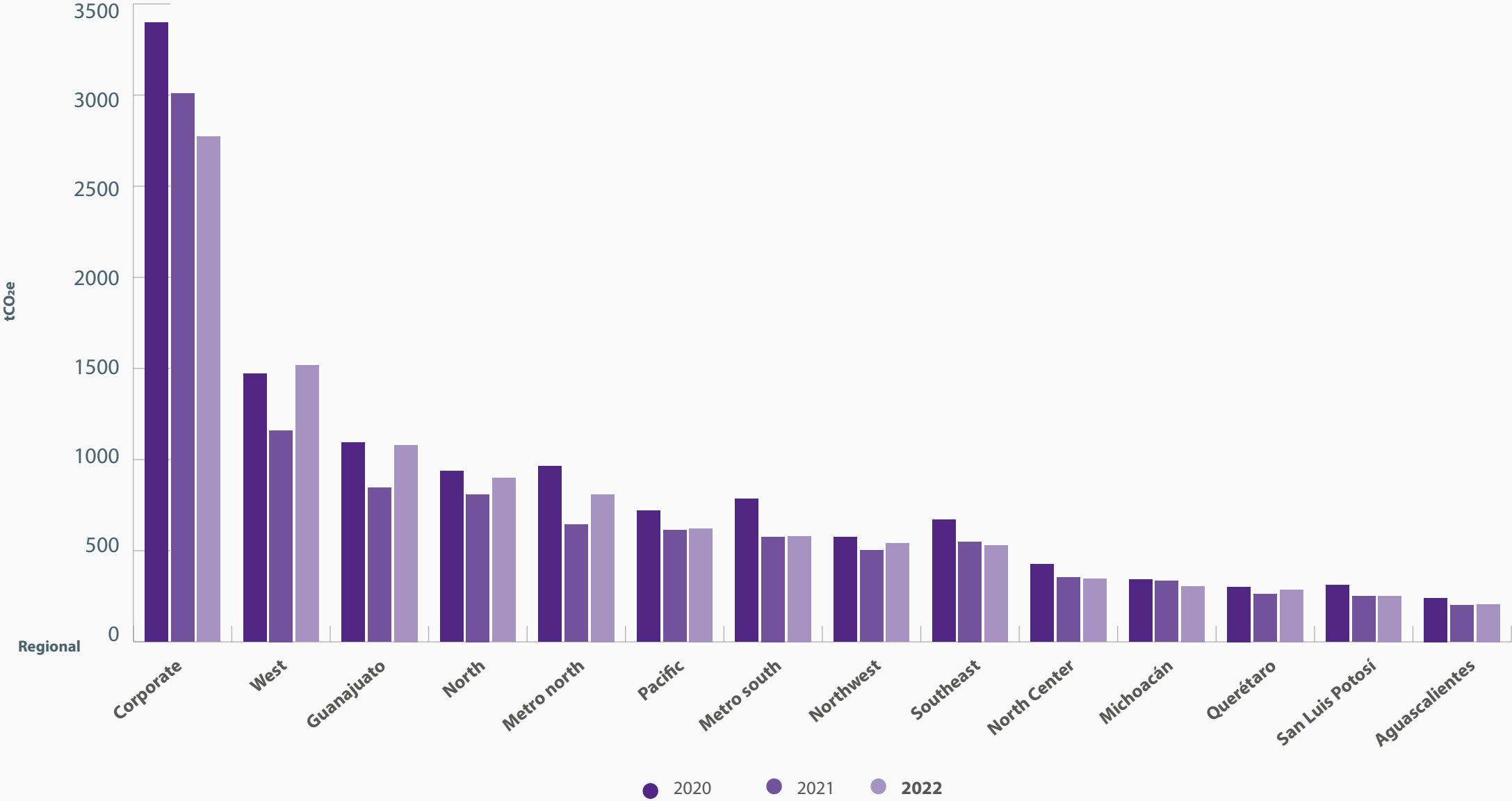
Likewise, it's important to perform a comparison regarding the source of emissions.

Distribution of Emissions Generated per Region and by Scope



Analysis of Emissions per Year and by Region

Carbon Footprint per Year and Region



The Carbon Footprint Equivalent



275,491

pine trees^a (CO₂ equestered for 10 years).



\$ 1,751,293

Carbon credits-
Lacandona jungle^b.



2,834

flights (roundtrip)
Hong Kong to México^c.



15,366

homes illuminated
for a year^d.



1,260M

smartphones^e charged to
100% battery.



24,875

Oil barrels^e.



3,301

cars circulating throughout
the year^e (México).



3,676

tons of waste
landfilled^e.

References

- a. EPA
- b. MéxiCO₂
- c. ICAO 2020
- d. SENER 2020
- e. EPA GHG 2021

Carbon Footprint Indicators

To maintain a standard of how the Carbon Footprint behaves, an analysis is conducted to determine how many emissions each employee generates for BanBajío's operations, resulting in:

 **1.851** tCO₂e
per employee during 2022.



Reduction Strategies

Decarbonization Path

The Carbon Footprint serves as an essential index to track BanBajío's progress on its decarbonization journey and enables the implementation of specific strategies and measures to more effectively mitigate the environmental impact. The following recommendations or next steps are proposed to support BanBajío in its decarbonization path:

- **Promote energy efficiency** through the upgrading of equipment to more energy-efficient options.
- **Promote energy-saving plans** within operations.
- **Support the transition to renewable energy sources** such as solar, wind, hydroelectric, among others.
- **Raise awareness among employees and stakeholders** about the importance of decarbonization.

These recommendations, supported by effective Carbon Footprint monitoring, can serve as a support for BanBajío in the development and achievement of its sustainability objectives, demonstrating its commitment to the environment through actions.



IPSSUM Distinction

This certification reflects the exhaustive work carried out by BanBajío to measure and address its direct and indirect emissions, as well as emissions across the entire value chain (Scope 1+2+3). With EcoFootprint Standard 2, the company demonstrates its leadership in the fight against climate change and its focus on environmental transparency. Supported by the methodologies described in: GHG Protocol, ISO 14064-1, ISO 14064-3, The Greenhouse Gas Protocol Value Chain (Scope 3) Standard.



BanBajío
CO₂ measured
by ipssum®





Conclusions and Recommendations

The Carbon Footprint for BanBajío, covering the year 2022 and considering Scopes 1, 2, and 3, has been reported. The analysis of emissions was conducted in accordance with the requirements established in the Climate Change Law and the GHG Protocol.

It was quantified a Carbon Footprint of
10,874.60 tCO₂e.

The following key points are highlighted within the analysis:

- **Emissions for 2022 are higher than in 2021.** However, it's important to note that during 2021, activities resumed post-pandemic, making it an outlier.
- **The highest amount of emissions was detected under Scope 2,** corresponding to emissions generated by the use of electric power.
- **In terms of emissions by Region,** CORPORATE presented the highest amount of emissions for the year.
- **The majority of emissions originate from Scope 2,** which refers to emissions caused by electricity usage.
- **Overall, BanBajío has reduced its Carbon Footprint from 2020 to 2022,** maintaining a consistent emission pattern among Regions.



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