

# Mexico: ESG Development in the Public Equity Market – 2020

Marimar Torreblanca, CFA  
*Partner and CEO of Miranda ESG* 

Damian Fraser, CFA  
*Partner and CEO of Miranda Partners* 



[Picture source](#)

## Contents

<b>Executive Summary</b> .....	3
<b>Introduction</b> .....	4
<b>The Overall Industry Results</b> .....	5
<b>Leaders and Laggards</b> .....	11
<b>ESG Development Heatmaps and main conclusions by Sector</b> .....	13
Banks.....	13
Capital Goods .....	14
Commercial Services Supplies.....	15
Construction.....	16
Consumer Discretionary .....	17
Consumer Staples.....	18
Energy .....	19
FIBRAs .....	20
Food & Beverages.....	21
Healthcare.....	22
Materials.....	23
Metals & Mining.....	24
Other Financials.....	25
Telcos & Media.....	26
Transportation.....	27
<b>Investor Relations and ESG websites by company</b> .....	28
<b>Disclaimer</b> .....	30

## Executive Summary

- Many companies in Mexico have by now established ESG teams and strategies. Some others have not yet started. Since we believe all public companies will eventually need to demonstrate at least a minimum ESG effort, we are **introducing our ESG Development Heatmaps** to analyze where the public companies in Mexico currently stand and how they stack up against each other.
- Measuring and comparing ESG performance in companies in different industries (or even within the same industry, but with different business structures) is difficult. By comparing companies with the same ESG topics, you will have a bias towards the industries that are more exposed to the topics you chose as the relevant ones.
- In **our heatmaps** we tried to avoid this by **focusing on the process** of developing an ESG strategy **and the communication efforts** of their ESG initiatives.
- We understand that companies that tick a lot of ESG boxes are not necessarily truly implementing ESG in day-to-day operations. Also, companies that do not tick such boxes, may in fact be doing great ESG things, but keeping it to themselves.
- On the basis of our heatmaps, the **most ESG-mature sector in Mexico is Metals & Mining**. The **least ESG-mature sector in Mexico is Commercial Services Supplies**. FIBRAs are second least mature.
- We **clearly still see a lot of room for improvement** in ESG Development in **the Mexican market**.
- We believe **eventually most companies will have to catch up** as AFOREs (Mexican pension funds) become more serious about ESG integration and global funds increase the pressure on this front.
- It is **easy to understand why larger companies** (with more resources, larger teams) usually **rank higher** than smaller companies within the same industry, but **ESG strategies can be tailored** to different budgets. **Smaller companies should not shy away** from ESG just because of constrained resources.

*We believe what matters to investors at this stage in the Mexican market is that companies are on the right path towards robust ESG disclosure and designing the best possible ESG strategies.*

## Introduction

Many public companies do not know where to start when trying to build a company's ESG strategy. ESG can be a bit overwhelming as it covers so many issues, and companies are trying to get this right. So, considering our experience working with companies in the Mexican market, where should they start?

Our answer is always the same: ideally start with a materiality analysis which will set the tone for your ESG efforts, and then develop the strategy for whatever topics come out as material. If you skip the materiality assessment, you can focus on whatever topics you choose (but you risk dedicating time and effort to things that do not matter that much to your stakeholders).

To develop the strategy, first define the KPIs (you cannot improve what you cannot measure), set goals for those KPIs, and communicate these goals down the organization. Finally, report your progress and ideally benchmark your results vs your peers so you can find the gaps for improvement.

Doing a materiality assessment itself is not trivial, but it should not be an expensive and complex process either. Companies must be careful that the right questions are asked so answers become useful and the overall exercise is helpful. It usually is wise to obtain help from ESG specialists to make this a simpler and smoother process.

Many companies in Mexico by now have “walked the walk” and established ESG teams and strategies. Some others have not even started. Since we believe eventually all companies will need to have at least a minimum ESG effort if they want to keep funding future growth in the public markets (be it debt or equity), we thought it was interesting to analyze where the different sectors in Mexico stand in terms of ESG strategy development. To do this, we developed simple sector heatmaps, based exclusively on information that is publicly available, to show the progress on two areas:

- **ESG Strategy:** we measured if there is a formal ESG strategy developed (or in the process of being developed) and whether this strategy is aligned to global initiatives (such as the UN's SDGs, TCFD, etc.).
- **ESG Communication:** we measured how transparent the communication is regarding ESG, and whether the company is reporting under recognized standards.

Measuring and comparing ESG performance in companies in different industries (or even within the same industry, but with different business structures) is no easy task. Ideally companies must focus on their material topics (i.e., the sustainability topics that matter the most to that unique company in that particular industry). Therefore, it is only natural some industries will have made more progress in some ESG topics than others. So, if you try to compare them all with the same ESG topics, you will have a bias towards the industries that are more exposed to the topics you chose as the relevant ones. In our heatmaps we tried to avoid this by focusing more on the process of developing an ESG strategy and the communication efforts of ESG initiatives.

Having said that, by only focusing on the process, we understand that companies that tick a lot of ESG boxes are not necessarily truly implementing ESG in day-to-day operations. Also, companies that do not tick such boxes, may in fact be doing great ESG things. But we still believe our approach shows a relatively clear picture of where the market stands in terms of ESG Development, and as such it is worth following it.

In this report we will first go through the overall industry data, then show leaders and laggards by industry, and in the end spend some time on each industry heatmap with more details and explanations. We hope to update the heatmaps on an annual basis to track the progress towards better ESG development in the market. We welcome all

feedback and questions on the analysis, as we all know ESG is a dynamic topic and we are sure we all share the same goal: to make the Mexican market more sustainable for the future.

## The Overall Industry Results

For this section we are using a relatively simplistic approach. We are basically counting the number of companies that comply with each item in our heatmap for a given sector, and then dividing that number by the total number of companies that we analyzed in the sector. Then we average those percentages by category (ESG Strategy / ESG Communication) to get an overall average % per industry which we use as an indicator of the level of maturity the industry has in that given category.

This is clearly straight forward, and easy to understand as a methodology, but we know simplicity has a cost and in this case it has to do with not necessarily reflecting issues like how much time or resources a company dedicates to ESG (maybe a company has a pretty robust strategy, but has decided not to be a signatory of the initiatives we track, and for that it has a low % which in turn punishes the industry %), or how some topics are more material for certain industries and so it's expected more companies align with certain initiatives, or if companies in a given sector have dedicated a lot of resources to developing an ESG strategy but have other structural ESG issues which are not properly accounted for like this, or even the simple fact that %s are more affected by individual decisions in some sectors (with less companies) than in others (with more companies).

Having said that, we see interesting conclusions in the industry averages. On that note, we would like to highlight 12 key messages:

- 1. The most ESG-mature sector in Mexico is Metals & Mining. Energy comes 2<sup>nd</sup> in ESG Strategy and Consumer Staples comes 2<sup>nd</sup> in ESG Communication. The least ESG-mature sector in Mexico is Commercial Services Supplies. FIBRAs are 2<sup>nd</sup>.**

ESG Strategy	Average	ESG Communication	Average
Metals & Mining	40%	Metals & Mining	69%
Energy	39%	Consumer Staples	64%
Banks	36%	Banks	64%
Capital Goods	32%	Capital Goods	63%
Transportation	31%	Transportation	59%
Construction	27%	Other Financials	52%
Consumer Staples	26%	Construction	52%
Telcos & Media	26%	Materials	51%
Food & Beverages	22%	Energy	50%
Materials	22%	Telcos & Media	44%
Other Financials	19%	Consumer Discretionary	44%
Consumer Discretionary	18%	Healthcare	39%
Healthcare	14%	Food & Beverages	37%
FIBRAs	12%	FIBRAs	36%
Commercial Services Supplies	0%	Commercial Services Supplies	14%

Source: Miranda ESG

2. Banks and Transportation are the sectors with more updated materiality analyses in the market. Food & Beverage and Other Financials are the sectors with less (bar Commercial Services Supplies which is a 2-company sector, and neither company have done one).

Materiality Analyses	Average
Banks	63%
Transportation	63%
Construction	60%
Metals & Mining	60%
Capital Goods	50%
Energy	50%
Telcos & Media	44%
Materials	35%
Consumer Discretionary	33%
Consumer Staples	33%
FIBRAs	27%
Healthcare	25%
Food & Beverages	17%
Other Financials	17%
Commercial Services	0%

Source: Miranda ESG

3. No company in the market has publicly disclosed KPIs for ALL its material topics, nor objectives or goals for these KPIs.
4. Energy is the only sector where 100% of the companies have an ESG Committee or dedicated team. Metals & Mining comes 2<sup>nd</sup> with 80% coverage. Capital Goods and Healthcare tie in second to last place (after Commercial Services Supplies) with a 25% coverage.

ESG Team	Average
Energy	100%
Metals & Mining	80%
Banks	63%
Transportation	63%
Construction	60%
Consumer Staples	50%
Other Financials	50%
Telcos & Media	44%
Food & Beverages	42%
Materials	41%
Consumer Discretionary	33%
FIBRAs	27%
Capital Goods	25%
Healthcare	25%
Commercial Services Supplies	0%

Source: Miranda ESG

5. **100% of the companies in Capital Goods, Energy, and Metals & Mining have publicly aligned with SDGs mapping their initiatives to individual goals. Only 27% of FIBRAs have done this exercise so far.**

Aligned with SDGs	Average
Capital Goods	100%
Energy	100%
Metals & Mining	100%
Transportation	88%
Banks	75%
Construction	60%
Materials	53%
Consumer Staples	50%
Food & Beverages	50%
Healthcare	50%
Other Financials	50%
Consumer Discretionary	47%
Telcos & Media	44%
FIBRAs	27%
Commercial Services Supplies	0%

Source: Miranda ESG

6. **There is little alignment with TCFD in Mexico so far. 8 of the 15 sectors we analyzed have 0 companies reporting under TCFD's framework. Metals & Mining (where we see the highest adoption) only has 20%.**

Aligned with TCFD	Average
Metals & Mining	20%
Consumer Staples	17%
Banks	13%
Capital Goods	13%
Telcos & Media	11%
FIBRAs	7%
Materials	6%
Commercial Services Supplies	0%
Construction	0%
Consumer Discretionary	0%
Energy	0%
Food & Beverages	0%
Healthcare	0%
Other Financials	0%
Transportation	0%

Source: Miranda ESG

**7. This is even worse regarding Science Based Targets. 9 sectors have zero participation.**

Aligned with Science Based Targets	Average
Capital Goods	25%
Banks	13%
Telcos & Media	11%
Food & Beverages	8%
Consumer Discretionary	7%
Materials	6%
Commercial Services Supplies	0%
Construction	0%
Consumer Staples	0%
Energy	0%
FIBRAs	0%
Healthcare	0%
Metals & Mining	0%
Other Financials	0%
Transportation	0%

Source: Miranda ESG

**8. CDP has been somewhat more successful in penetrating the Mexican market. In Metals & Mining 60% of the companies are aligned with this initiative.**

Aligned with CDP	Average
Metals & Mining	60%
Consumer Staples	50%
Banks	38%
Transportation	38%
Food & Beverages	33%
Telcos & Media	33%
Capital Goods	25%
Construction	20%
Consumer Discretionary	13%
FIBRAs	13%
Materials	12%
Commercial Services Supplies	0%
Energy	0%
Healthcare	0%
Other Financials	0%

Source: Miranda ESG

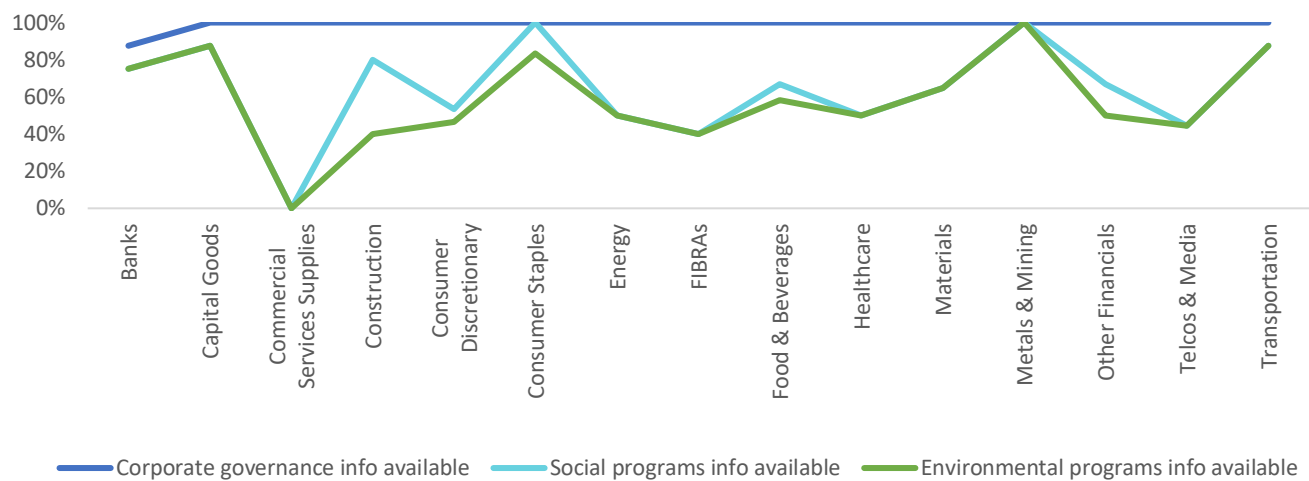


9. The UN Global Compact is also relatively more popular here. Energy has 100% participation. FIBRAs, on the other hand, only have 7% participation.

Signatory of the UN Global Compact	Average
Energy	100%
Banks	63%
Capital Goods	50%
Food & Beverages	50%
Other Financials	50%
Telcos & Media	44%
Materials	41%
Construction	40%
Metals & Mining	40%
Consumer Staples	33%
Consumer Discretionary	27%
Healthcare	25%
Transportation	25%
FIBRAs	7%
Commercial Services Supplies	0%

Source: Miranda ESG

10. Information on corporate governance in Mexico is widely available; not going into the quality of this information, all companies but one have the basics covered. Information on environmental and social initiatives is scarcer, but still relatively available (again, the quality of this information may vary widely).



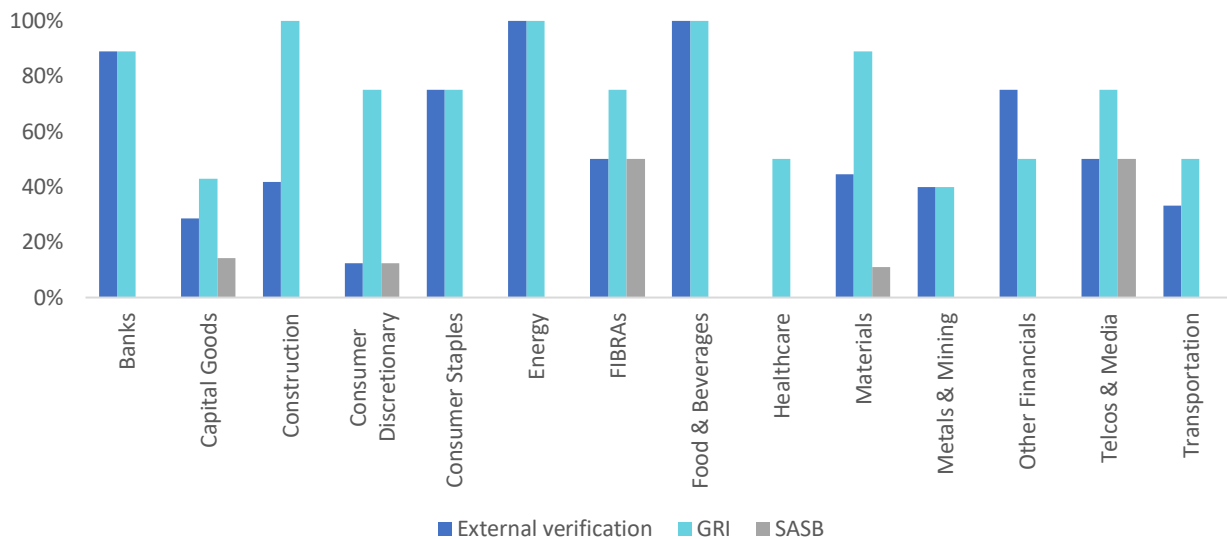
Source: Miranda ESG

**11. Metals & Mining again comes 1<sup>st</sup> as far as ESG reports go. Capital Goods is 2<sup>nd</sup>. FIBRAs is 2<sup>nd</sup> to last. Commercial Services Supplies is last.**

Sustainability or integrated report	Average
Metals & Mining	100%
Capital Goods	88%
Banks	75%
Transportation	75%
Consumer Staples	67%
Other Financials	67%
Construction	60%
Consumer Discretionary	53%
Materials	53%
Energy	50%
Healthcare	50%
Telcos & Media	44%
Food & Beverages	42%
FIBRAs	27%
Commercial Services Supplies	0%

Source: Miranda ESG

**12. On average, 74% of the ESG or integrated reports in Mexico align to GRI properly, 53% of these reports are externally verified, and only 10% include SASB indicators.**



Source: Miranda ESG

We clearly still see a lot of room for improvement in ESG Development in the Mexican market. Some sectors have worked harder and longer on this than others, but we believe eventually most companies will have to catch up as AFOREs (Mexican pension funds) get more serious about ESG integration and global funds increase the pressure on this front.

For companies that believe this will be an additional obligation with limited benefits we can say the following: most companies we work with do find additional benefits in the process of establishing an ESG Strategy and properly communicating this with their stakeholders.

## Leaders and Laggards

We now turn to a topic of interest because it gives them examples to follow (or avoid). Before getting to it, we would like to reinforce the message that it is natural some industries have made more progress in ESG than others given their exposure to sensitive ESG issues (as an example, Metals & Mining companies have had to deal with ESG questionings for longer than other industries, so it is not surprising they have done more homework).

It is also easy to understand why bigger companies (with more resources, larger teams, more relevant to large institutional investment funds) usually rank higher than smaller companies within the same industry. On this we would say that ESG strategies can be tailored to different budgets, so smaller companies should not shy away from this just because of constrained resources. We have seen quite successful ESG strategies in small vehicles (i.e. Vinte, Rotoplas), and less successful ESG strategies in large vehicles.

As ESG Integration becomes a reality for more funds (especially with more local pension funds), all companies that want to grow in this market will have to figure this out. Leaders can be used as examples on the best ways to approach this. Some industries will have tougher comps than others, but in the end what matters at this stage in the Mexican market to investors is that companies are actually on the right path towards solid ESG disclosure and designing the best possible ESG strategies.

**Mexico – ESG Strategy Development Leaders and Laggards by Industry**

ESG Strategy	Leader	Laggard
Banks	Banorte	Actinver, Multiva
Capital Goods	Orbia	GCarso, GISSA, Sanborns
Commercial Services Supplies	None	Both haven't started
Construction	Vesta	Many haven't started
Consumer Discretionary	City Express, Sports World	Many haven't started
Consumer Staples	Walmex	Gigante, La Comer
Energy	IENOVA	Vista Oil
FIBRAs	Fibra Uno	Many haven't started
Food & Beverages	Bimbo, Coca Cola Femsa	Many haven't started
Healthcare	Genomma Lab	Benavides, Fragua
Materials	Cemex	AHMSA, Convertidora, ICH,
Metals & Mining	Fresnillo	Frisco
Other Financials	Crédito Real	Financiera Independencia
Telcos & Media	America Movil, Televisa	Many haven't started
Transportation	Aeromexico, G Mexico	TMM

Source: Miranda ESG

### Mexico – ESG Communication Leaders and Laggards by Industry

ESG Communication	Leader	Laggard
Banks	Banorte, BBVA, Regional,	Multiva
Capital Goods	Orbia	Interceramic
Commercial Services Supplies	PASA	ACCEL
Construction	Vesta & Vinte	Aristos, DINE, GICSA
Consumer Discretionary	City Express	El Cid, Palacio de Hierro, RLH
Consumer Staples	Chedraui, Kimber, Walmex	Gigante
Energy	IENOVA	Vista Oil
FIBRAS	Fibra Uno	Many haven't published
Food & Beverages	Bimbo, Coca Cola Femsa,	Minsa
Healthcare	Genomma Lab	Benavides, Fragua
Materials	Cemex	Collado, Convertidora, ICH,
Metals & Mining	Grupo Mexico, Peñoles	Autlan, Fresnillo
Other Financials	Crédito Real, Qualitas	Financiera Independencia
Telcos & Media	America Movil	Cablevisión, Maxcom, Radio
Transportation	G Mexico Transportes	TMM

Source: Miranda ESG

## ESG Development Heatmaps and main conclusions by Sector

### Banks

The Financials sector seems to be one of the early adopters of ESG in Mexico, at least as far as ESG communication goes. Banks, in particular, seem to be ahead of the curve with one of the most active companies in terms of ESG in Mexico (Banorte) leading by example.

As materiality analyses range from 2017 to 2019, and given the pandemic, it will be interesting to see who updates its materiality analysis this year and how that affects their strategy going forward. We would like to see more transparency regarding KPIs and KPI goals for all the material topics, and the inclusion of SASB metrics will start to matter more as investors are actively asking for this.

### Mexican Banks—ESG Development Heatmap

ESG Strategy	Actinver	BanBajío	Banorte	BBVA	GF Inbursa	GF Multiva	Regional	Santander México
Materiality analysis		2019	2018	2017			2018	2018
KPIs clearly identified for each material topic								
ESG goals defined for KPIs								
ESG Committee or dedicated team								
Aligned with SDGs								
Aligned with TCFD								
Aligned with Science Based Targets								
Aligned with CDP								
Signatory of the UN Global Compact								
ESG Communication	Actinver	BanBajío	Banorte	BBVA	GF Inbursa	GF Multiva	Regional	Santander México
Corporate governance info available								
Social programs info available								
Environmental programs info available								
Sustainability or integrated report		2019	2019	2019	2019		2019	2019
External verification for report								
Report under GRI								
Report under SASB								

Source: Miranda ESG

### Capital Goods

Capital Goods is a relatively advanced industry in terms of ESG development too. You have one of the most developed companies in the whole market (Orbia), and a few other companies who have been working on ESG initiatives for a while now (like Alfa, Rotoplas). You also have three companies who have not done a materiality analysis yet, but all of them at least produce an integrated annual report.

In this industry we believe it would make sense to update materiality analyses too (at least in the cases where materiality analyses were done in 2018 or earlier). We would also expect to see a higher adoption of SASB metrics, and more participation in initiatives related to climate change.

### Mexican Capital Goods—ESG Development Heatmap

ESG Strategy	ALFA	Grupo Carso	GISSA	Interceramic	Kuo	Orbia	Rotoplas	Sanborns
Materiality analysis	2015			2018	2018	2019	2019	
KPIs clearly identified for each material topic								
ESG goals defined for KPIs								
ESG Committee or dedicated team								
Aligned with SDGs								
Aligned with TCFD								
Aligned with Science Based Targets								
Aligned with CDP								
Signatory of the UN Global Compact								
ESG Communication	ALFA	Grupo Carso	GISSA	Interceramic	Kuo	Orbia	Rotoplas	Sanborns
Corporate governance info available								
Social programs info available								
Environmental programs info available								
Sustainability or integrated report	2019	2019	2019	2018	2019	2019	2019	2019
External verification for report								
Report under GRI								
Report under SASB								

Source: Miranda ESG

## Commercial Services Supplies

Commercial Services Supplies is a very small sector in the market, and one with companies that are very thinly traded. We believe that explains why you have so little interest from these companies in ESG initiatives.

Having said that, PASA is the only company listed in the BMV which is dedicated to environmental issues (it collects garbage, manages waste, and produces chemical products for environmental cleaning). We believe for this reason it would make much sense to improve its ESG disclosure (and maybe strategy) and become more visible in the ESG arena.

### Mexican Commercial Services Supplies—ESG Development Heatmap

ESG Strategy	ACCEL	PASA
Materiality analysis	Red	Red
KPIs clearly identified for each material topic		
ESG goals defined for KPIs		
ESG Committee or dedicated team		
Aligned with SDGs		
Aligned with TCFD		
Aligned with Science Based Targets		
Aligned with CDP		
Signatory of the UN Global Compact		
ESG Communication	ACCEL	PASA
Corporate governance info available	Green	Green
Social programs info available	Red	Yellow
Environmental programs info available	Red	Yellow
Sustainability or integrated report	Red	Red
External verification for report	Red	Red
Report under GRI	Red	Red
Report under SASB	Red	Red

Source: Miranda ESG

## Construction

The Construction sector seems above average in terms of disclosing environmental efforts (which may have to do with the regulatory requirements of their regular operations), but pretty average in their overall ESG Communication effort. Most companies still have a long way to go to really formalize a robust ESG strategy.

In this group you have companies with a very long ESG track record (Vesta, Vinte), and companies with zero track record. From this group we saw two green debt issuances last year, and we wonder what we will see in 2021. Overall, we would hope for more ESG integration in the group, especially from very visible and highly traded companies.

### Mexican Construction—ESG Development Heatmap

ESG Strategy	Aleatica	ARA	Aristos	CADU	DINE	GICSA	GMD	IDEAL	Javer	PINFRA	Planigrupo	Vesta	Vinte
Materiality analysis				2019					2019			2019	2019
KPIs clearly identified for each material topic													
ESG goals defined for KPIs													
ESG Committee or dedicated team													
Aligned with SDGs													
Aligned with TCFD													
Aligned with Science Based Targets													
Aligned with CDP													
Signatory of the UN Global Compact													
ESG Communication	Aleatica	ARA	Aristos	CADU	DINE	GICSA	GMD	IDEAL	Javer	PINFRA	Planigrupo	Vesta	Vinte
Corporate governance info available													
Social programs info available													
Environmental programs info available													
Sustainability or integrated report	2019	2019		2019				2019	2019			2019	2019
External verification for report													
Report under GRI													
Report under SASB													

Source: Miranda ESG



### Consumer Discretionary

The Consumer Discretionary is below average in terms of ESG Development. While more than half communicate their sustainability strategies, less than half have done materiality analyses. Furthermore, just a few companies align to globally recognized sustainability initiatives which forces them to report under stricter guidelines. There seems to be significant upside in terms of KPIs development.

This is obviously a pretty diverse group, and some of these companies operate in industries which were very affected by the pandemic (entertainment, hotels, restaurants, etc), but we would expect to see a renewed interest at least in the most visible companies within the group. Some of the materiality analyses that have been done seem stale by now, and we believe with the massive shift in industry dynamics from the pandemic, it would make sense to see updated efforts from the group.

### Mexican Consumer Discretionary—ESG Development Heatmap

	Alsea	CIE	City Express	CMR	El Cid	Elektra	Famsa	G. Hotelero Santa Fe	Grupo Vasconia	Liverpool	Nemak	Palacio de Hierro	Posadas	RLH	Sports World
<b>ESG Strategy</b>															
Materiality analysis	2017		2018	2015		2019		2019			2015				2019
KPIs clearly identified for each material topic															
ESG goals defined for KPIs															
ESG Committee or dedicated team															
Aligned with SDGs															
Aligned with TCFD															
Aligned with Science Based Targets															
Aligned with CDP															
Signatory of the UN Global Compact															
<b>ESG Communication</b>															
Corporate governance info available															
Social programs info available															
Environmental programs info available															
Sustainability or integrated report	2019	2019	2019	2018		2019		2019			2019		2019		2019
External verification for report															
Report under GRI	2018														
Report under SASB															

Source: Miranda ESG

## Consumer Staples

The Consumer Staples sector is above average in terms of ESG Communication efforts (almost all companies publish sustainability or integrated reports, all companies publish their Social programs information), but below average in terms of ESG Strategy development (only 2 companies have done materiality analyses). This seems to suggest companies are aware of the benefits of publicly discussing these topics when you are directly exposed to the general public as clients, but that the formalization of an ESG strategy probably needs an extra push (possibly coming from investors).

We hope the companies that haven't done so, work in formalizing their ESG efforts in the near future. We would also expect further adoption of SASB metrics given investors' requests for it.

### Mexican Consumer Staples—ESG Development Heatmap

ESG Strategy	Chedraui	Gigante	Kimberly Clark	La Comer	Soriana	Walmex
Materiality analysis			2019			2018
KPIs clearly identified for each material topic						
ESG goals defined for KPIs						
ESG Committee or dedicated team						
Aligned with SDGs						
Aligned with TCFD						
Aligned with Science Based Targets						
Aligned with CDP						
Signatory of the UN Global Compact						
ESG Communication	Chedraui	Gigante	Kimberly Clark	La Comer	Soriana	Walmex
Corporate governance info available						
Social programs info available						
Environmental programs info available						
Sustainability or integrated report	2019		2019	2019	2018	2019
External verification for report						
Report under GRI						
Report under SASB						

Source: Miranda ESG

## Energy

There are just two listed companies in the BMV, and one recent energy IPO in BIVA (which wasn't included in the analysis as it is just ramping up as a public company). From the two listed companies, IENOVA has clearly done more in terms of ESG than Vista, but even Vista is already working on several ESG initiatives. For this reason, we believe over 2021 this sector will see an improvement in terms of ESG development.

One thing that stands out is that neither company is aligned with an international initiative related to climate change. We hope this also changes as in this industry it is expected to see some of this. Furthermore, as we've said for other industries, we would expect to see the adoption of SASB metrics somewhat soon.

### Mexican Energy—ESG Development Heatmap

ESG Strategy	IENOVA	Vista Oil
Materiality analysis	2019	
KPIs clearly identified for each material topic		
ESG goals defined for KPIs		
ESG Committee or dedicated team		
Aligned with SDGs		
Aligned with TCFD		
Aligned with Science Based Targets		
Aligned with CDP		
Signatory of the UN Global Compact		
ESG Communication	IENOVA	Vista Oil
Corporate governance info available		
Social programs info available		
Environmental programs info available		
Sustainability or integrated report	2019	
External verification for report		
Report under GRI		
Report under SASB		

Source: Miranda ESG

## FIBRAs

The FIBRAs sector is one of the less ESG-developed sectors in the market. This partly has to do with many FIBRAs being quite small, and cost conscious cultures, but even within the larger FIBRAs there are some that have not yet done a materiality analysis. We would expect to see more progress in the coming months as some FIBRAs are currently working on setting up their ESG efforts.

We believe it is also interesting to see how little alignment there is with international ESG initiatives. We would expect this to change as time goes by and the bar is raised for the industry. We would at least expect to see these companies mapping their sustainability efforts to the SDGs or discussing what they are doing in terms of social and environmental topics.

### Mexican FIBRAs—ESG Development Heatmap

ESG Strategy	Danhos	Educa	HD	Hotel	Inn	Macquarie	Monterrey	Nova	Prologis	Plus	Shop	Storage	Uno	Upsite	Terrafina
Materiality analysis	2018			2019			2020				2020		2016		2020
KPIs clearly identified for each material topic															
ESG goals defined for KPIs															
ESG Committee or dedicated team															
Aligned with SDGs															
Aligned with TCFD															
Aligned with Science Based Targets															
Aligned with CDP															
Signatory of the UN Global Compact															
ESG Communication	Danhos	Educa	HD	Hotel	Inn	Macquarie	Monterrey	Nova	Prologis	Plus	Shop	Storage	Uno	Upsite	Terrafina
Corporate governance info available															
Social programs info available															
Environmental programs info available															
Sustainability or integrated report	2019			2019		2019	2019		2019				2019		
External verification for report															
Report under GRI															
Report under SASB															

Source: Miranda ESG

## Food & Beverages

The Food & Beverages sector also has room for improvement in terms of ESG development even though some companies in this group have worked on ESG initiatives for quite some time (Coca Cola Femsa, Arca Contal, Bimbo, FEMSA, Herdez), and we have even seen green debt instruments issued from them.

Most of these companies are open in terms of reporting, once again clearly showing that when your business is directly exposed to end consumers it makes sense to be open about sustainability given consumer preferences. But we would expect to see more materiality analyses (and more updated analyses) overall as this topic gains traction. No company is reporting SASB indicators in this industry as of the 2020 reporting cycle, but maybe that will also change in 2021.

### Mexican Food & Beverages—ESG Development Heatmap

ESG Strategy	Arca Contal	Bachoco	Bafar	Bimbo	Coca Cola Femsa	Cuervo	Cultiba	FEMSA	Gruma	Herdez	Lala	Minsa
Materiality analysis	2014			2019	2012			2012		2019		
KPIs clearly identified for each material topic												
ESG goals defined for KPIs												
ESG Committee or dedicated team												
Aligned with SDGs												
Aligned with TCFD												
Aligned with Science Based Targets												
Aligned with CDP												
Signatory of the UN Global Compact												
ESG Communication	Arca Contal	Bachoco	Bafar	Bimbo	Coca Cola Femsa	Cuervo	Cultiba	FEMSA	Gruma	Herdez	Lala	Minsa
Corporate governance info available												
Social programs info available												
Environmental programs info available												
Sustainability or integrated report	2019		2018	2019	2019	2019		2019	2014	2019	2018	
External verification for report												
Report under GRI												
Report under SASB												

Source: Miranda ESG

## Healthcare

In Healthcare, the most visible stock within the 4 public names (Genomma Lab) has clearly done more than the rest. Given the limited liquidity of the other names, we can see why this is the case. Having said that, with the visibility that this sector has gained as we are in the midst of a global pandemic, it would make sense for all of these companies (if they plan to keep growing and funding this growth in the markets) to improve their ESG efforts overall.

### Mexican Healthcare—ESG Development Heatmap

ESG Strategy	Benavides	Fragua	Genomma Lab	Medica Sur
Materiality analysis	Red	Red	2019	Red
KPIs clearly identified for each material topic			Yellow	
ESG goals defined for KPIs			Light Green	
ESG Committee or dedicated team			Light Green	
Aligned with SDGs			Light Green	
Aligned with TCFD			Light Green	
Aligned with Science Based Targets			Light Green	
Aligned with CDP			Light Green	
Signatory of the UN Global Compact			Light Green	
Signatory of the UN Global Compact			Light Green	
ESG Communication	Benavides	Fragua	Genomma Lab	Medica Sur
Corporate governance info available	Red	Red	Light Green	Light Green
Social programs info available			Light Green	
Environmental programs info available			Light Green	
Sustainability or integrated report			2019	2019
External verification for report			Light Green	
Report under GRI			Light Green	
Report under SASB			Light Green	

Source: Miranda ESG

## Materials

The Materials is average for ESG development, even though it includes companies with mature ESG practices (like Cemex). We are yet to see a company with full compliance in KPIs and KPI goals disclosures, and we would expect to see updated materiality analyses from some of these companies soon. There is not a lot of interest in global initiatives related to climate change, despite the sector being quite exposed to these issues. Hopefully over the coming years this will change.

### Mexican Materials—ESG Development Heatmap

ESG Strategy	AHMSA	Alpek	Bio Pappel	Cemex	Collado	Convertidora	CYDSA	Elementia	GCC	ICH	Lamosa	Moctezuma	Pochteca	Proteak	Simec	Tenaris	Vitro	
Materiality analysis		2015	2014	2017				2017	2019			2019	2019					2019
KPIs clearly identified for each material topic																		
ESG goals defined for KPIs																		
ESG Committee or dedicated team																		
Aligned with SDGs																		
Aligned with TCFD																		
Aligned with Science Based Targets																		
Aligned with CDP																		
Signatory of the UN Global Compact																		
ESG Communication	AHMSA	Alpek	Bio Pappel	Cemex	Collado	Convertidora	CYDSA	Elementia	GCC	ICH	Lamosa	Moctezuma	Pochteca	Proteak	Simec	Tenaris	Vitro	
Corporate governance info available																		
Social programs info available																		
Environmental programs info available																		
Sustainability or integrated report		2019	2018	2019			2018	2019	2019		2019	2019	2019				2019	2019
External verification for report																		
Report under GRI																		
Report under SASB																		

Source: Miranda ESG

## Metals & Mining

The Metals & Mining sector is the most open about ESG matters with 100% reporting within the group. There are still a couple of companies that haven't gone through a materiality analyses and that suggests there is still room for improving or formalizing the sustainability initiatives, but at least all of them discuss openly what they are doing and where they are heading in all of these topics.

As with other sectors, we would expect to see the adoption of ESG indicators by these companies in coming years as investors ask for it more openly. Ideally, we would also suggest more transparency with KPIs and KPIs goals.

### Mexican Metals & Mining—ESG Development Heatmap

ESG Strategy	Autlan	Fresnillo	Grupo Mexico	Frisco	Peñoles
Materiality analysis		2018	2019		2019
KPIs clearly identified for each material topic					
ESG goals defined for KPIs					
ESG Committee or dedicated team					
Aligned with SDGs					
Aligned with TCFD					
Aligned with Science Based Targets					
Aligned with CDP					
Signatory of the UN Global Compact					
ESG Communication	Autlan	Fresnillo	Grupo Mexico	Frisco	Peñoles
Corporate governance info available					
Social programs info available					
Environmental programs info available					
Sustainability or integrated report	2019	2019	2019	2019	2019
External verification for report					
Report under GRI					
Report under SASB					

Source: Miranda ESG



## Other Financials

Non-bank Financials still have a lot to do in terms of going through a formal process of materiality and KPIs definition. Only two companies have done a materiality analysis so far, and these analyses are probably in need of being updated. While the sector is less directly exposed to climate change in terms of its operations, it is likely that some of these companies start to adopt some of these initiatives and start to contribute to this soon. We would also expect to see them at least mapping their contributions into the UN’s SDGs as a way to direct their sustainability efforts going forward. Clearly many of these companies are currently prioritizing the significant impact of the pandemic on access to financing and asset quality, but as the pandemic recedes, we expect ESG to pick up in importance.

### Mexican Non-Bank Financials—ESG Development Heatmap

	Bolsa Mexicana de Valores	Crédito Real	Financiera Independencia	Gentera	Qualitas	Unifin
<b>ESG Strategy</b>						
Materiality analysis		2017			2016	
KPIs clearly identified for each material topic						
ESG goals defined for KPIs						
ESG Committee or dedicated team						
Aligned with SDGs						
Aligned with TCFD						
Aligned with Science Based Targets						
Aligned with CDP						
Signatory of the UN Global Compact						
<b>ESG Communication</b>						
Corporate governance info available						
Social programs info available						
Environmental programs info available						
Sustainability or integrated report	2019	2019	2015	2019	2019	
External verification for report						
Report under GRI						
Report under SASB						

Source: Miranda ESG

## Telcos & Media

The Telcos & Media sector is dichotomized. There are four companies which have relatively good (or very good) progress in both ESG Strategy and ESG Communication, and then there are five companies who have done very little (or nothing). Obviously, this is closely correlated to how visible or liquid the stocks are (or how long they have been around).

We believe that while it is understandable why bigger companies have more resources to develop and document their ESG efforts, all companies can benefit from this process. For this reason, we would expect to see more progress from the sector in coming years (especially considering companies that are interested in still finding funding through the market).

### Mexican Telcos & Media—ESG Development Heatmap

ESG Strategy	América Móvil	Axtel	Cablevisión	Maxcom	Megacable	Radio	Telesites	Televisa	TV Azteca
Materiality analysis	2017	2019						2018	2019
KPIs clearly identified for each material topic									
ESG goals defined for KPIs									
ESG Committee or dedicated team									
Aligned with SDGs									
Aligned with TCFD									
Aligned with Science Based Targets									
Aligned with CDP									
Signatory of the UN Global Compact									
ESG Communication	América Móvil	Axtel	Cablevisión	Maxcom	Megacable	Radio	Telesites	Televisa	TV Azteca
Corporate governance info available									
Social programs info available									
Environmental programs info available									
Sustainability or integrated report	2019	2019						2019	2019
External verification for report									
Report under GRI									
Report under SASB									

Source: Miranda ESG

## Transportation

The Transportation is above average in terms of ESG development. Having said that, we find it interesting that a sector that is relatively close to climate change issues is not more aligned with TCFD, Science Based Targets, and CDP. We would expect this to come as KPI goals are formalized and more investors engage companies on these topics. We would also expect the adoption of SASB indicators in the industry.

### Mexican Transportation—ESG Development Heatmap

ESG Strategy	Aeromexico	ASUR	GAP	G. México Transportes	OMA	TMM	Traxión	Volaris
Materiality analysis	2018		2019	2019	2014		2019	2018
KPIs clearly identified for each material topic								
ESG goals defined for KPIs								
ESG Committee or dedicated team								
Aligned with SDGs								
Aligned with TCFD								
Aligned with Science Based Targets								
Aligned with CDP								
Signatory of the UN Global Compact								
ESG Communication	Aeromexico	ASUR	GAP	G. México Transportes	OMA	TMM	Traxión	Volaris
Corporate governance info available								
Social programs info available								
Environmental programs info available								
Sustainability or integrated report	2019	2019	2019	2019	2017		2019	2019
External verification for report								
Report under GRI								
Report under SASB								

Source: Miranda ESG

## Investor Relations and ESG websites by company

### Companies

#### BANKS

Actinver	<a href="#">IR</a>	<a href="#">ESG</a>
BanBajío	<a href="#">IR</a>	<a href="#">ESG</a>
Banorte	<a href="#">IR</a>	<a href="#">ESG</a>
BBVA	<a href="#">IR</a>	
GF Inbursa	<a href="#">IR</a>	
GF Multiva	<a href="#">IR</a>	
Regional	<a href="#">IR</a>	<a href="#">ESG</a>
Santander Mexico	<a href="#">IR</a>	<a href="#">ESG</a>

#### CAPITAL GOODS

ALFA	<a href="#">IR</a>	<a href="#">ESG</a>
GrupoCarso	<a href="#">IR</a>	<a href="#">ESG</a>
GICSA	<a href="#">IR</a>	
Interceramic	<a href="#">IR</a>	<a href="#">ESG</a>
Kuo	<a href="#">IR</a>	<a href="#">ESG</a>
Orbia	<a href="#">IR</a>	<a href="#">ESG</a>
Rotoplas	<a href="#">IR</a>	<a href="#">ESG</a>
Sanborns	<a href="#">IR</a>	<a href="#">ESG</a>

#### COMMERCIAL SERVICES

#### SUPPLIES

ACCEL	<a href="#">IR</a>	
PASA	<a href="#">IR</a>	<a href="#">ESG</a>

#### CONSTRUCTION

Aleatica	<a href="#">IR</a>	<a href="#">ESG</a>
ARA	<a href="#">IR</a>	<a href="#">ESG</a>
Aristos	<a href="#">IR</a>	<a href="#">ESG</a>
CADU	<a href="#">IR</a>	<a href="#">ESG</a>
DINE	<a href="#">IR</a>	
GMD	<a href="#">IR</a>	<a href="#">ESG</a>
IDEAL	<a href="#">IR</a>	<a href="#">ESG</a>
Javer	<a href="#">IR</a>	<a href="#">ESG</a>
PINFRA	<a href="#">IR</a>	

#### CONSUMER DISCRETIONARY

Alsea	<a href="#">IR</a>	<a href="#">ESG</a>
CIE	<a href="#">IR</a>	
City Express	<a href="#">IR</a>	<a href="#">ESG</a>
CMR	<a href="#">IR</a>	<a href="#">ESG</a>
El Cid	<a href="#">IR</a>	
Elektra	<a href="#">IR</a>	<a href="#">ESG</a>
Famsa	<a href="#">IR</a>	<a href="#">ESG</a>
G. Hotelero Santa Fe	<a href="#">IR</a>	

Grupo Vasconia	<a href="#">IR</a>	<a href="#">ESG</a>
Liverpool	<a href="#">IR</a>	
Nemak	<a href="#">IR</a>	<a href="#">ESG</a>

#### CONSUMER STAPLES

Chedraui	<a href="#">IR</a>	<a href="#">ESG</a>
Gigante	<a href="#">IR</a>	<a href="#">ESG</a>
Kimberly Clark	<a href="#">IR</a>	<a href="#">ESG</a>
La Comer	<a href="#">IR</a>	<a href="#">ESG</a>
Soriana	<a href="#">IR</a>	<a href="#">ESG</a>
Walmex	<a href="#">IR</a>	<a href="#">ESG</a>

#### ENERGY

IENOVA	<a href="#">IR</a>	<a href="#">ESG</a>
Vista Oil	<a href="#">IR</a>	<a href="#">ESG</a>

#### FIBRAS

Fibra Danhos	<a href="#">IR</a>	<a href="#">ESG</a>
Fibra Educa	<a href="#">IR</a>	
Fibra HD	<a href="#">IR</a>	
Fibra Hotel	<a href="#">IR</a>	<a href="#">ESG</a>
Fibra Inn	<a href="#">IR</a>	
Fibra Macquarie	<a href="#">IR</a>	<a href="#">ESG</a>
Fibra Monterrey	<a href="#">IR</a>	<a href="#">ESG</a>
Fibra Nova	<a href="#">IR</a>	
Fibra Prologis	<a href="#">IR</a>	<a href="#">ESG</a>
Fibra Plus	<a href="#">IR</a>	
Fibra Shop	<a href="#">IR</a>	<a href="#">ESG</a>

#### FOOD & BEVERAGES

Arca Contal	<a href="#">IR</a>	<a href="#">ESG</a>
Bachoco	<a href="#">IR</a>	
Bafar	<a href="#">IR</a>	<a href="#">ESG</a>
Bimbo	<a href="#">IR</a>	<a href="#">ESG</a>
Cuervo	<a href="#">IR</a>	<a href="#">ESG</a>
Cultiba	<a href="#">IR</a>	
FEMSA	<a href="#">IR</a>	<a href="#">ESG</a>
Gruma	<a href="#">IR</a>	<a href="#">ESG</a>
Herdez	<a href="#">IR</a>	<a href="#">ESG</a>

#### HEALTHCARE

Benavides	<a href="#">IR</a>	<a href="#">ESG</a>
Fragua	<a href="#">IR</a>	
Genomma Lab	<a href="#">IR</a>	<a href="#">ESG</a>
Medica Sur	<a href="#">IR</a>	<a href="#">ESG</a>

**MATERIALS**

AHMSA	<a href="#">IR</a>	<a href="#">ESG</a>
Alpek	<a href="#">IR</a>	<a href="#">ESG</a>
Bio Pappel	<a href="#">IR</a>	<a href="#">ESG</a>
Cemex	<a href="#">IR</a>	<a href="#">ESG</a>
Collado	<a href="#">IR</a>	
Convertidora	<a href="#">IR</a>	
CYDSA	<a href="#">IR</a>	<a href="#">ESG</a>
Elementia	<a href="#">IR</a>	<a href="#">ESG</a>
GCC	<a href="#">IR</a>	<a href="#">ESG</a>
ICH	<a href="#">IR</a>	
Lamosa	<a href="#">IR</a>	<a href="#">ESG</a>
Moctezuma	<a href="#">IR</a>	<a href="#">ESG</a>
Pochteca	<a href="#">IR</a>	<a href="#">ESG</a>
Proteak	<a href="#">IR</a>	<a href="#">ESG</a>
Simec	<a href="#">IR</a>	
Tenaris	<a href="#">IR</a>	<a href="#">ESG</a>
Vitro	<a href="#">IR</a>	<a href="#">ESG</a>

**METALS & MINING**

Autlan	<a href="#">IR</a>	<a href="#">ESG</a>
Fresnillo	<a href="#">IR</a>	<a href="#">ESG</a>
Grupo Mexico	<a href="#">IR</a>	<a href="#">ESG</a>
Frisco	<a href="#">IR</a>	<a href="#">ESG</a>
Peñoles		

**OTHER FINANCIALS**

BMV	<a href="#">IR</a>	<a href="#">ESG</a>
Crédito Real	<a href="#">IR</a>	<a href="#">ESG</a>
Financiera Independencia	<a href="#">IR</a>	<a href="#">ESG</a>
Gentera	<a href="#">IR</a>	<a href="#">ESG</a>
Qualitas	<a href="#">IR</a>	<a href="#">ESG</a>
Unifin	<a href="#">IR</a>	

**TELCOs & MEDIA**

América Móvil	<a href="#">IR</a>	<a href="#">ESG</a>
Axtel	<a href="#">IR</a>	<a href="#">ESG</a>
Cablevisión	<a href="#">IR</a>	
Maxcom	<a href="#">IR</a>	
Megacable	<a href="#">IR</a>	
Radio Centro	<a href="#">IR</a>	
Telesites	<a href="#">IR</a>	
Televisa	<a href="#">IR</a>	<a href="#">ESG</a>
TV Azteca	<a href="#">IR</a>	<a href="#">ESG</a>

**TRANSPORTATION**

Aeromexico	<a href="#">IR</a>	
ASUR	<a href="#">IR</a>	<a href="#">ESG</a>
GAP	<a href="#">IR</a>	
G. México Transportes	<a href="#">IR</a>	
OMA	<a href="#">IR</a>	
TMM	<a href="#">IR</a>	
Traxión	<a href="#">IR</a>	<a href="#">ESG</a>
Volaris	<a href="#">IR</a>	<a href="#">ESG</a>

## Disclaimer

The document hereby attached was created by “MIRANDA ESG” (“Miranda ESG”). The information is presented in summarized form and is not meant to be complete. There are no declarations or guarantees, expressed or implicit, in respect to the accuracy, impartiality or integrity of the information.

The information included in this document was obtained from public and/or private sources. The projections or previsions included in this document, are a generalized recommendation and are based on subjective assumptions and estimations about events and circumstances that have not yet happened and are subjected to significant variations. Therefore, it is not possible to guarantee that any of the results included in the document will happen in the future, in other words, it does not guarantee the result or the success of the posed strategies.

This document has been prepared solely with informational purposes. No declarations are made in respects to precision, sufficiency, veracity or accuracy of the information and opinions hereby included. Miranda ESG will not answer (either because of negligence or for any other reason) for any damage or detriment derived or related to the use of this document or its content, or any connection to the document. Miranda ESG is not responsible for the use or association with this document, including but not limited to, any declaration, expressed or implicit or guarantees or omissions included in this information.

This document is based on facts and/or events that have happened up to this date, consequently any future facts and/or events can impair the conclusions hereby expressed. Miranda ESG does not assume any responsibility to update, review, rectify or invalidate this presentation based on any future occurrence.

The opinions related to this document eventually expressed by Miranda ESG, should be considered only as suggestions/recommendations to better operate various topics related to the presentation.

This document and its contents are property of Miranda ESG and cannot be reproduced or broadcast in part or in its entirety without the previous written consent of Miranda ESG.