



Credit  
Rating  
Agency

# Sustainability Report 2020



# About the Report

This **Sustainability Report** covers the result of the application of practices, policies, and sustainability strategies in **2020**.

Likewise, the performance of **HR Ratings** and the economic, social and environmental impact that it had in the last year are identified. Finally, the report incorporates our sustainability goals and objectives **for 2021**.

This report and the previous one are available at:

[https://www.hrratings.com/sustainable\\_company/reports.xhtml](https://www.hrratings.com/sustainable_company/reports.xhtml)

Report publication day: April 13, 2021.

## Contact:

**María Fernanda Guzmán**

Vicepresident Human Resources

[mariafernada.guzman@hrratings.com](mailto:mariafernada.guzman@hrratings.com)

**Luisa Adame**

Public Finance Manager

[luisa.adame@hrratings.com](mailto:luisa.adame@hrratings.com)

**Tania Quevedo**

Human Resources Manager

[tania.quevedo@hrratings.com](mailto:tania.quevedo@hrratings.com)

HR Ratings de México, S.A., de C.V.

Tel +52 (55) 15 00 31 30

Guillermo González Camarena 1200

Piso 10, Col. Centro de Ciudad Santa Fe

C.P.01210, CDMX

[www.hrratings.com](http://www.hrratings.com)





# Content

- 1 Message from the President
- 2 About HR Ratings
- 3 Our Philosophy
- 4 Our Growth
- 9 Our Products
- 10 HR Awareness
- 23 Our sustainable development goals
- 24 Support to charities
- 25 Corporate Level & HR Ratings
- 26 Market Performance
- 27 Corporate Governance 





“ In a few decades, the relationship between the environment, resources, and conflict may seem almost as obvious as the connection we see today between human rights, democracy, and peace ”

Wangari Maathai, Premio Nobel de la Paz 2004.

Source: The Nobel Prize. 2004. Award ceremony speech, de The Nobel Prize Web Page:  
<https://www.nobelprize.org/prizes/peace/2004/ceremony-speech/>



 Message from  
the President of the Board



**Alberto Ramos**

Chairman of the Board of Directors of HR Ratings



**Dear friends, clients and HR Ratings family,**

2020 was a year full of changes in every way. A year in which many of us expected stability and growth, and yet one of the greatest global crises occurred, accompanied by fears and losses. However, thanks to the daily effort of our collaborators and the trust of our clients, we managed to meet many of our objectives this year.

As of March 2020, HR Ratings, like many other companies, made the decision to do everything possible to prevent the spread of the COVID-19 virus. We started with limiting access to offices and working from home on a temporary basis. However, this practice, which we hoped would last a few weeks, ended up becoming our day to day for the rest of the year.

Despite the above, I would like to emphasize that I am very proud of the speed of adaptation that our collaborators have shown in the face of these changes. We were all forced to adjust a work area in our homes, learn to respect working hours, to follow up on our clients now only with calls and videoconferences; to be close to our colleagues, even without seeing them day by day and to hold team meetings more frequently.

However, adaptation to the pandemic not only consisted of job changes, but we were all forced to make personal and family changes to maintain a healthy coexistence. For this reason, HR Ratings, through HR Awareness, launched the Together from a Distance campaign, with the main objective of supporting our employees to be close, even if we were working from home. Together from a Distance was in charge of maintaining constant communication between all HR Ratings collaborators to remind us that we are all still a team. During 2020 workshops and psychological therapies were offered to add value to the experience of isolation that each one lived. In addition, as a gesture to our collaborators, on some Fridays we sent surprise meals to cheer up the team at the end of the week and remind them that they are part of a company that values them.

And despite having been a year with many challenges, I am deeply grateful to the entire HR Ratings family, since, once again, in 2020 they confirmed to me that we are a great team. We learned that as collaborators we must be close and take care of each other; we remembered how vulnerable we are and the importance we must give to the environment and our planet. With this we reaffirm the importance of continuing to constantly implement environmental awareness within the company and that this is extended to the community through our collaborators and clients. HR Ratings continues, for the third consecutive year, applying and strengthening practices that help us reduce our carbon footprint and meet the goals of the UN Sustainable Development Goals; but, without a doubt, we have now seen it from a completely different perspective than in previous years. The carbon footprint as a company decreased significantly in 2020, which now leads us to propose greater challenges, since currently the objective is to implement policies and mechanisms to reduce the carbon footprint from home, since this new normal has brought us new modalities of work where we merge office and home.

Bearing all this in mind and being prepared to continue improving, we look forward to 2021, which will undoubtedly be full of challenges that come to improve us all as individuals and companies. One of our main challenges is to increase our participation in sustainable finance practices. In 2020, the Climate Bonds Initiative (CBI) granted us the extension of the authorization as an approved verifier to evaluate green bonds globally in all available sectors, which will help us meet this great challenge. Likewise, we have become signatories of the Principles of Responsible Investment, promoted by the UN (UNPRI), thus reaffirming our commitment to incorporate environmental, social and governance (ESG) on our credit ratings.

I invite our readers to implement small changes both in our jobs and in our homes, that help us to have a better planet for all.

Sincerely,  
Alberto

# About HR Ratings

Within more than 14 years in the market, HR Ratings is the largest Credit Rating Agency in Mexico. With offices in Mexico and the United States, being innovative and taking care of the quality of our service, at the end of 2020 we achieved the following:

Increase our  
current ratings  
**10.4%**  
closing 2020 with  
**1,800**  
ratings.

Maintain our client  
portfolio, closing  
2020 with  
**497**  
clients.

Increase  
**30.9%**  
the rated amount in  
issuances, closing 2020  
with an amount of  
**US\$127**  
**BN.**

HR Ratings became the leader in Mexico and seeks to expand around the world, committed to our society and the environment.

# Our Philosophy

## Mission:

To support clients and investors to make informed decisions by giving credit quality opinions based on dynamic analysis, transparent, with constant follow up, distinguishing ourselves by our quality customer service.

## Vision:

To become the leading credit rating agency in the markets we participate at, being distinguished by our commitment to transparency, quality analysis and customer service.

## Values:

- **Transparency:** Give explanations that are always true and precise.
- **Quality of service:** always Treat the customer with respect. Always be helpful and friendly.
- **Integrity:** Having a total and clear knowledge of the operation manuals and our procedures. Be perceptive and know how to listen to customer needs.
- **Punctuality:** Always respect the response times towards customers under all circumstances.
- **Honesty:** Give the client information about the values that govern HR Ratings.
- **Responsibility:** Answer emails and calls in the shortest possible time. Always offer absolute availability and excellent disposition.
- **Trust**
- **Innovation**

# Our Growth

2007



**HR Ratings** obtained the registration of the National Banking Securities Commission (CNBV, for its initials in Spanish) in Mexico.

2008



We issued our **first public rating**.

2012



We **obtained** the registration of the US Securities and Exchange Commission (SEC) to **issue credit ratings for government securities** in the United States.

2014



We became the **first Latin American Credit Rating Agency** (CRA) certified by the European Securities and Markets Authority (ESMA).

# Our Growth

2015



We issued our first rating in the **European market** (Elektra Group).

2016



We became the **second largest CRA** in Mexico. We created a **strategic alliance** with Japan Credit Rating Agency (JCR).

We were registered by the SEC to **issue credit ratings of corporates and financial institutions**.

We were included in the credit rating providers list of the **National Association of Insurance Commissioners** (NAIC) in the United States.

2017



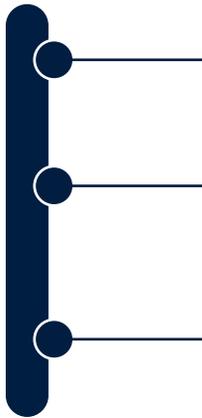
We complied with the Standard **established by CONSAR** "to have more than 10 years' experience".

We issued the **Green Bonds Methodology** and the first Green Certification (BANOB17X and BANOB 17-2X).

We created and **alliance** with the Central American Credit Rating Society (SC Riesgo for its initials in Spanish).

# Our Growth

2018



We issued the Social and **Sustainable Bonds Methodology** and the first **Sustainable Rating** (VINTE 18X).

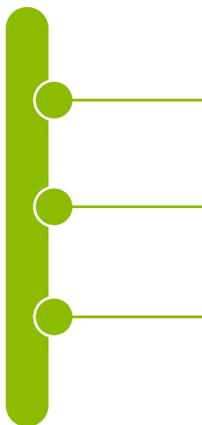


We created a strategic alliance with **DBRS**, the fourth largest CRA in the world.



We became an authorized verifier to evaluate green bonds under the outline and standards of the **Climate Bonds Initiative (CBI)**.

2019



We became **No. 1 CRA in Mexico**.



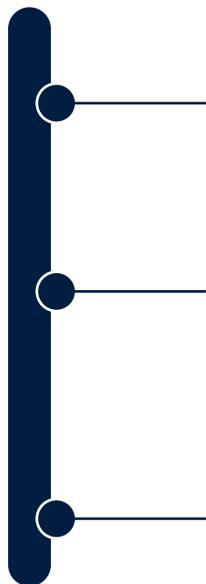
We created a strategic alliance with **Global Ratings of Ecuador**.



We became the first **CRA as Socially Responsible Company** (ESR for its acronym in Spanish).



# Our Growth 2020



In 2020, we issued **1,834 ratings**.



We obtained the extension of the authorization as a verifier approved by the CBI to evaluate **Green Bonds** globally and in all available sectors.



We join as a signatory of the **Principles of Responsible Investment**, promoted by the UN (UNPRI).



# World Presence



-  Offices
-  Alliances
-  Sovereignties
-  International Ratings

# Our Products

Ratings on the following sectors and products:

## Sectors:

- Corporate
- Public Finance
- Infrastructure
- Financial Institutions
- Non-banking Financial Institutions
- Energy
- Insurance & Leasing
- Sovereign Debt
- ABS
- Future Cash Flows
- Investment Funds

## Types of Ratings / Reviews

- Corporate
- Counterparty Risk
- Primary, Special, Master, Trustee
- Administrator and Common
- Representative
- Public Finance – States and Municipalities
- Bank Credits
- Investment Funds
- Long & Short Term Unsecured Issuances.
- Structured (Securitizations)
- Future Cash Flows
- Infrastructure Projects
- Insurance and Bond
- Sovereign Debt
- Decentralized Agencies
- Corporate Governance
- Green Bonds
- Social Bonds
- Sustainable Bonds
- Integrity Policies
- Partial Guarantees
- Water Operating Agencies

## 2020 Releases

- Hybrid Instruments
- Special-Tax Bonds

# HR Awareness

Since 2018, HR Ratings implemented its HR Awareness campaign to incorporate environmental and social actions within the company and that these could be extended to the community through our collaborators and clients. 2020 was a challenging year as we all had to adapt to a new way of working. However, for HR Ratings, the most important thing is to continue being innovative, both in the products we offer to our clients and in what we offer to our employees within the workplace. That is why, during this last year, we have focused on innovating and strengthening environmental and social practices. Likewise, we consider that 2021 will be a challenging year as we will seek actions to reduce our environmental footprint from home.

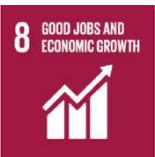
HR Awareness bases its proposals on the UN Sustainable Development Goals (SDGs), which are the following:



# Actions that we maintained in 2020



- We continue having box lessons for employees. Now we do it through digital platforms.
- We maintain the HR Runners team with **29 participants**.

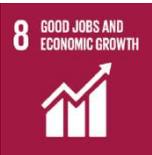


- We conducted 1 **earthquake drill** on January 20, in which all employees participated.
- We participated for the second consecutive year in **"Pride Month"** during the month of June.



- We continue to be part of GPTW, CCFV, ESR and CBI.

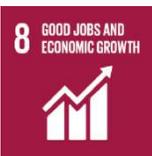
# Actions that we improved on **2020**



- As of 2020, the insurance for major medical expenses, provided to all our employees, is extended to spouse and children.
- We increased to 2 Home Office days per month.

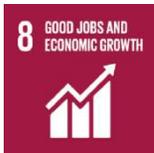


- We increased the percentage of **women in HR Ratings** to 43.1% in 2020 (vs. 41.5% in 2019).
- We increased an additional 5 days for paternity leave to those granted by law.



- We conducted 38 internal trainings available to all employees and 4 trainings with external providers for certain areas.

# Actions that we implemented on 2020



- We created the campaign "**Together from a Distance**"
- **NOM 035** was complied with, whose main objective is to specify, analyze and prevent psychosocial risk factors.
- Internal and external surveys of work environment and emotional stability were applied to all collaborators.



- A **lactation room** was created in the new offices.
- Participation on March 8 in the national campaign "**A day without us**", so 33 women did not come to work.
- We implemented a flexible schedule for 6 months for **maternity**.



# Actions that we implemented on 2020



- Gym financial support to promote the well-being of each employee.



- We became signatories of PRI.



# Together from a Distance

During 2020, as a response to the new normal experienced by COVID-19, HR Awareness created the "Together from a distance" campaign. This with the aim of being close to the collaborators through different activities.

Among these activities are the following:

Working from home since March 16, 2020

Workshop for collaborators on "Emotion, Choice, Action"

Psychological therapies available to employees

2 surprise deliveries of food to employees' homes

Gifts to collaborators on Father's Day and Mother's Day

Box lessons through digital platforms



Constant sanitation of offices, for employees who for any reason had to go to the offices.

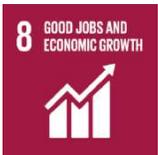
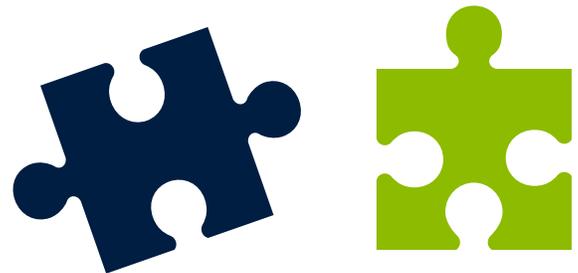
Creation of prevention guidelines and policies based on the processes suggested by the health authorities.



# Goals 2021



- Make alliances with organizations that promote the physical development of our employees and that at the same time we can support communities and / or charities .



- Home Office: Increase to two home office days a week due to the success of our performance working remotely in 2020.



- Involve employees with constant surveys for current actions, how to improve them and which ones to implement.

# Goals 2021

13 CLIMATE ACTION



- Increase the communication of HR Awareness about advice on how to reduce our CO2 emissions from home.
- If the confinement by COVID-19 allows it, carry out our second reforestation brigade.

12 RESPONSIBLE CONSUMPTION



- Alliance with sustainable online stores.



3 GOOD HEALTH



- Continue with the “Together from a Distance” campaign and manage a safe return to the offices for all employees.



# Water

Considering that the collaborators were working at the office until March 16, 2020, with figures estimated by HR Ratings, we consider the following water consumption by the company:

## **Around 300.8 thousand liters.**

Without considering that employees work at home, the average consumption during a year in the offices is around 1.1 million. This is equivalent to a saving, in 2020, of more than 70% in the water consumed within the offices. It is important to consider that the new offices have dry urinals and WC. savers, so we would expect a slight saving in the annual average consumption once we return to the offices.



Source: HR Ratings calculations.

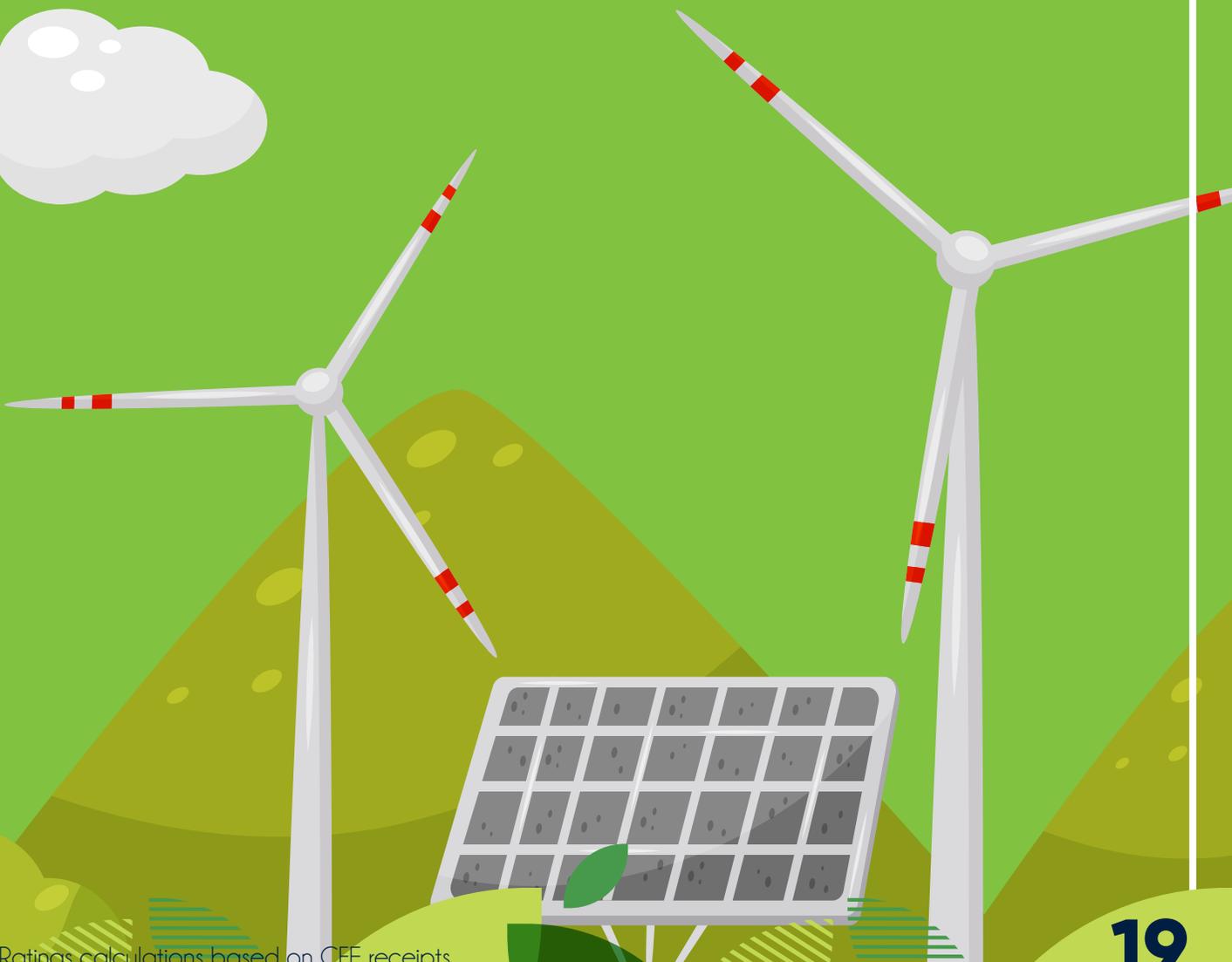


# Energy

In 2020 a decrease in light consumption of 60.4% was observed, consuming a total of 47 kWh per employee.

**In 2021** we will continue to see low levels of energy consumption within the office as employees continue to work from home. Likewise, once we return to the offices, we would expect to see a decrease in the average energy consumption compared to 2019, since the new offices have 100% energy-saving light bulbs.

HR Ratings continues to look for different options so that in the long term (2030) 100% of our energy consumption comes from renewable sources.





# Impact Financial Products

One of the internal values we work with is innovation. Like the financial sector, we continue to innovate the sustainable finance market, offering our clients green, social and sustainable evaluations.

In 2020 we have carried out:

10 green, social and sustainable bond evaluations

3 Webinars related to Green Bonds in Mexico and Latin America

Updating of our Green, Social and Sustainable Bond Evaluation Criteria in line with market performance.

By 2021 we will continue to update the evaluation criteria as the market for such labeled bonds continues to grow and we will continue to create information for our clients and the financial sector through industry reports, webinars and infographics.

Likewise, we will incorporate ESG factors into the credit rating methodologies of certain sectors and develop the ESG Evaluation criteria for entities.



# Responsible Consumption

The most important thing in being sustainable is having a responsible consumption. Considering that as of March 2020 HR Ratings employees worked from home due to the pandemic, most of our objectives were not achieved.

Therefore, HR Awareness seeks to implement objectives that employees can carry out from home during 2021.

- Inform about recycling centers.
- Make an alliance with sustainable online stores.
- Give advice on how to reduce the consumption of plastics at home and how to reuse certain products.
- Inform about local restaurants and stores that have delivery of sustainable products.
- Implement bulk consumption.
- Inform about the difference between the symbols of recycling.
- Carry out surveys to determine the environmental impact of employees at home.





# Reforestation Brigade

Our first reforestation brigade was held in 2019, an event that we hoped to hold annually and in which employees, family and friends would participate. Due to the pandemic, in 2020 it was not possible to carry out the second brigade and we hope that in 2021 we will be able to carry it out.

However, in 2019 HR Ratings managed to plant a total of 600 trees of the *Pinus Hartwegii* species in Santiago Tianguistenco, State of Mexico, which today help absorb around 50 tons of CO<sub>2</sub>.

Due to the impact of the absorption of tons of CO<sub>2</sub> that a tree of this type can have, we consider the reforestation brigades as one of the most important practices to combat global warming and an activity that, if conditions allow us, we will carry out at least once a year.





# Corporate Level & HR Ratings

## 2015

Since 2015, we have been acknowledged as a **Great Place to Work**.



## 2016

We are part of the **Advisory Council for Green Finance** (CCFV, for its initials in Spanish) since its creation in 2016.



## 2018

In 2018, we became authorized **verifiers for the evaluation of green bonds** under the outline and standards of CBI.



## 2019

We have rating evaluation criteria for Green, Social and Sustainable bonds. In 2019, we were the first **risk rating agency to be a Socially Responsible Company** (ESR for its acronym in Spanish)



## 2020

En 2020, nos incorporamos como signatario de los Principios de Inversión Responsable, promovidos por la ONU (UNPRI, por sus siglas en inglés).



# Our Sustainable Development

Based on our own calculations, we were able to calculate the carbon footprint of HR Ratings. In 2020 we consider that employees have been working from home since March 16, 2020, so emissions within the office had a strong decrease in the last year. In this calculation we consider the following concepts: water, energy, flights, waste and transportation, both used for meetings and employees to get to the offices.

**2019**  
**518 tons of CO2**

**2020**  
**150 tons of CO2**

During 2020, COVID-19 helped us raise awareness of the impact of CO2 emissions that can be reduced within offices. However, the challenge for 2021 is to reduce CO2 emissions within employees' homes. That is why, during 2021, HR Awareness will reinforce communication in the company, where simple practices such as recycling, composting, saving electricity, saving water, reducing waste, reducing the use of plastic, etc., will be advised to implement at home.

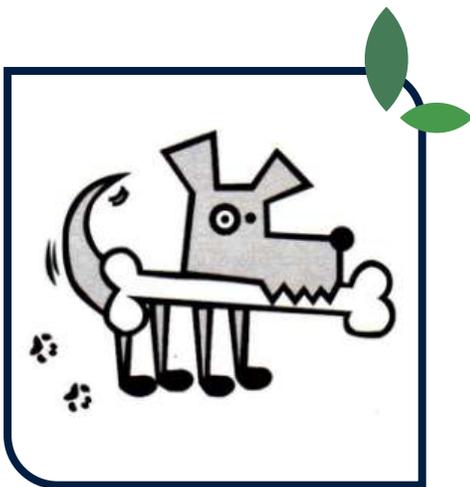
On the other hand, we have made progress in strategic alliances with different organizations that help promote sustainable finance and that do not have a direct impact on company's carbon footprint. In 2020, HR Ratings became a PRI signatory and we continue to be part of the CCFV. In addition, we continue with the ESR badge and continue to support our society in pride month and women's day. All of these in order to spread our philosophy among employees, their families and our clients.

# Support to Charities

Casa de las Mercedes: As of October 2015, we adopted the cause of the foundation and made monetary contributions on behalf of the entire team and collaborators of HR Ratings. Additionally, we visit the Casa de las Mercedes facilities to live with the women and children who are living there.

In December 2020, unfortunately due to the pandemic, we were unable to carry out the annual visit in the usual way. However, all employees helped 60 children to have their Christmas gifts, which were delivered with the necessary care. Even in difficult times, we managed to fulfill the dream of the children on these festive dates.

On the other hand, we also continue to support the Association for the Defense of Animal Rights and Rabies Prevention. Finally, in 2021 we will inform employees that we continue to collect the plastic caps that we donate every year to the Banco de Tapitas social initiative in our offices. Banco de Tapitas aims to generate resources and support children with cancer.



# Performance Market

HR Ratings has had a remarkable performance and significant growth. Since its authorization by the CNBV, it has become one of the leading companies in the Mexican market and continues to grow each year.

**497**  
Clients

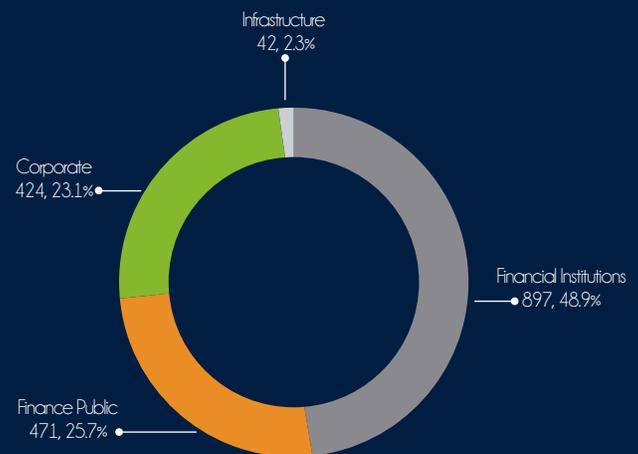
**1,834**  
Ratings

**US\$127 BN**  
Rated amount in  
issuances

**52.6%** Participation in the number of issues in force from 2008 to 2020

HR Ratings' participation in the local market went from covering 56.3% of issues in 2019 to 59.4% in 2020.

## Current Ratings by the End of each year by HR Ratings



Source: Bolsa Mexicana de Valores (BMV)

# Corporate Governance

At HR Ratings we have a team of experienced and trained analysts who, based on accredited methodologies, incorporate forward looking analysis in our ratings. The analysis committee together has more than 95 years of experience, with an average of around 19 years per member. At HR Ratings we have a solid corporate governance structure with a board of directors made up of internal and independent members, who represent at least 50% of it.

The purpose of HR Ratings board is to review, approve and audit the methodologies that we use to generate the analyzes, opinions, evaluations and credit ratings. Additionally, our directors have the task of monitoring the structure, operation and policies of the credit committee, as well as, in general, reviewing compliance with applicable regulations. The members of the board of directors, both internal and independent, are the following:

**Alberto I. Ramos** 

**Chairman of the Board of Directors**

Bachelor in Economy - ITAM

Postgraduate Degree in Advanced Econometrics - ITAM

**Tonatiuh Rodríguez** 

**Independent Member of the Council**

Bachelor in Economy - ITAM

Masters in Economy - Warwick University, UK

Banamex Award in Economy, 2002

**Anibal Habeica** 

**Vice president, Board of Administration**

Bachelor in Economy - ITAM

**Valeria Moy** 

**Independent Member of the Council**

Bachelor in Economy - ITAM

Masters in Management - London School of Economics and Political Science, London UK

**Fernando Montes de Oca** 

**General Manager**

Bachelor in Financial Management - ITESM

MBA - NYU Stern School of Business

**Javier Nájera Muñoz** 

**Independent Member of the Council**

Bachelor in Economy - ITAM

Postgraduate in Senior Management - IPADE Business School

**Juan Carlos Mateos** 

**Independent Member of the Council**

Bachelor in Economy - Claremont McKenna University

MBA - Harvard Business School

Chartered Financial Analyst (CFA)

At **HR Ratings** we believe that it is important to have responsible growth at all levels. That is why we have:



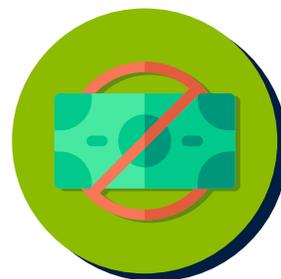
Regulators



Internal Committees



Collegiate decisions



Incorporation of anti-money laundering policies



Internal audits



Independent Auditors



Cyber security reinforcement



**Credit  
Rating  
Agency**