Double materiality analysis: activities carried out

01 Identification of topics

02 IRO Identification

03 Stakeholder consultation

04 Calibration and Validation

- List of 17 preliminary Sustainability issues as a result of public consultation and review of information from different sources, peers and FUNO's previous materiality.

- Definifng Impacts, Risks and Opportunities (IROs) associated with each of the 17 preliminary sustainability themes defined in the previous stage so that they could later be evaluated and prioritized by stakeholders through surveys.

- Design of consultation to stakeholders to collect information of financial impact and relevance.
- Application of online surveys to 254 people representing 4 stakeholders* for impact perspective evaluation.
- Application of one-to-one surveys to managers to evaluate financial relevance.
- Analysis of the results to obtain material issues with a financial and impact perspective.

- Calibration of the material issues in conjunction with the responsible Directorate, the result was the validation of the material issues.
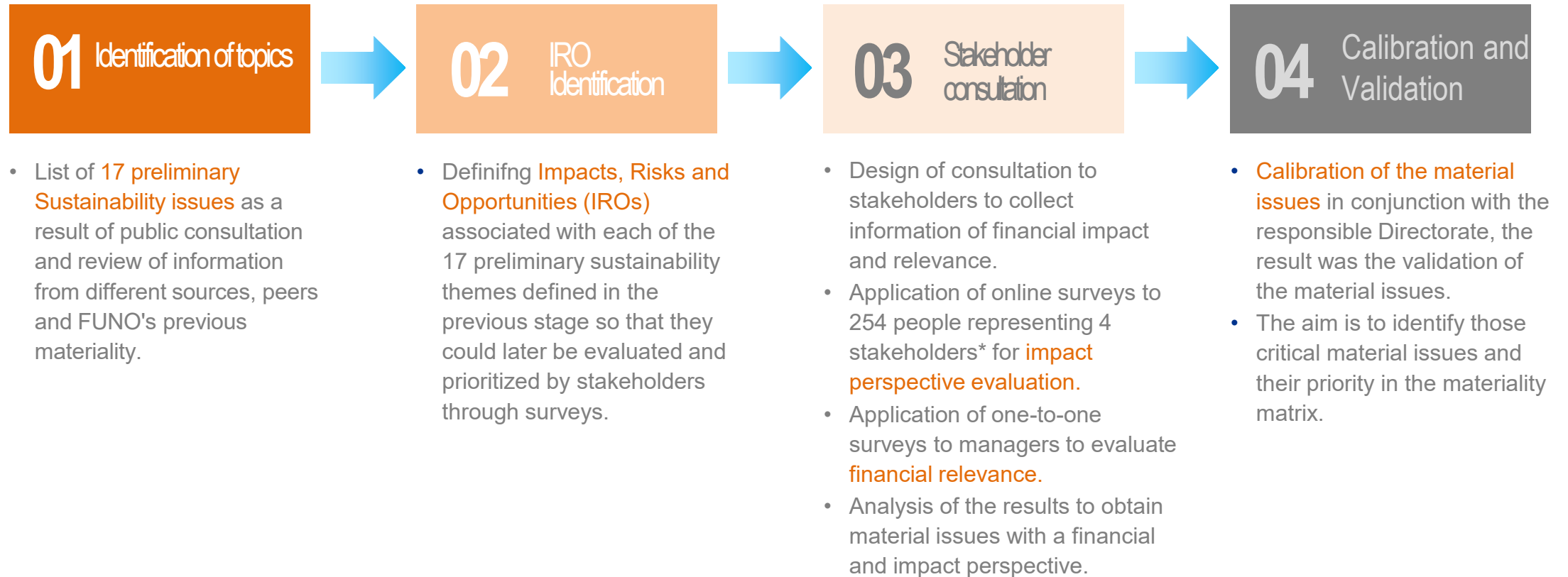- The aim is to identify those critical material issues and their priority in the materiality matrix.

METHODOLOGY

*The stakeholders were employees, suppliers, tenants and civil society organizations/communities.

Identification of preliminary Sustainability issues

Topics were identified for FUNO's prescribers that can have a significant impact on their sector, operations and stakeholders.

The most relevant initiatives, trends, methodologies, frameworks and standards on Sustainability issues at the general and particular level of the sector were considered.

Reports and recommendations from industry bodies were reviewed, assessing their impact and relevance to FUNO before being included in the preliminary list of Sustainability issues.

SASB and GRI: international organizations that create standards and methodologies for the dissemination of economic, environmental and social information.

S&P Corporate Sustainability Assessment: questionnaire focused on monitoring the ESG performance of companies by industry for the decision-making of investors and key audiences.

MSCI: Provider of environmental, social and governance indices designed to help institutional investors more effectively benchmark ESG investment performance.

TCFD: international organization that aims to create standards on climate change mainly in matters of corporate governance, metrics and objectives, strategy and risk management.

GRESB: organization that provides Real Estate investors with information about ESG issues in this sector.

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Identification of preliminary Sustainability issues – initial universe

GRI

- Biodiversity management
- Energy and emissions
- Waste management
- Water Management
- Adaptation to climate change
- Community Engagement and Development
- Diversity and equal opportunities
- Employee development and training
- Human rights
- Child labour
- Working conditions

- Occupational Health and Safety
- Stakeholder participation
- Attracting and retaining talent
- Anti-competitive practices
- Structure of the Board of Directors
- Compliance policies, systems, and procedures
- Corruption and bribery
- Data protection and cybersecurity
- Risk Management
- Supply Chain Management
- Relationship with government entities

GRESB

- Noise and light pollution in the development of projects
- Biodiversity management in project development
- Energy and emissions in project development
- Water and waste management in the Project Development
- Efficiency in the use of construction resources and materials
- Energy and lifecycle emissions of assets
- Noise and light pollution in the life cycle of assets
- Waste management in the asset lifecycle
- Water management in the life cycle of assets
- Resource efficiency
- Resilience to natural disasters
- Adaptation to climate change
- Environmental Management System
- Community Engagement and Development
- Customer satisfaction

- Diversity and equal opportunities
- Employee development and training
- Human rights
- Rights and working conditions
- Local employment
- Occupational Health and Safety of Employees and Contractors
- Stakeholder participation
- Attracting and retaining talent
- Anti-competitive practices
- Compliance policies, systems, and procedures
- Corruption and bribery
- Data protection and cybersecurity
- Risk management and culture
- Responsible and sustainable supply chain
- Relationship with government entities

SASB STANDARDS
Now part of IFRS Foundation

- Energy Management
- Water Management
- Managing Tenant Sustainability Impacts

- Adaptation to climate change
- Sustainability Services
- Transparent information and management of conflicts of interest

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Identification of preliminary Sustainability issues

Frameworks and reference publications were also considered.

- The double-materiality concept Application and Issues – GRI.
- EU Guidelines on non-financial Reporting directive.
- Corporate Sustainability Reporting Directive (CSRD).
- Double Materiality Guidelines – EFRAG.
- The Two Dimensions of ESG Materiality – S&P.
- Sustainability-related risks and opportunities and the disclosure of material information – IFRS Sustainability.
- Statement of Intent to Work Together Towards Comprehensive Corporate Reporting – CDP, CDSB, GRI, IIRC y SASB.
- Exploring materiality – SASB.

The issues of FUNO's prior materiality were considered.

List of preliminary issues

Environment(A)			
Issue	**Previous sub-topics**	**Current sub-topics***	**Current Description**
Climate change	• Climate Change Risks and Management	• Adaptation to climate change • Climate Physical and Transition Risks • Climate resilience • Emissions	Identification and management of risks and opportunities associated with weather events that impact real estate assets, as well as the implementation of strategies to improve the resilience of properties.
Energy efficiency	• Energy consumption and energy efficiency • Sustainable Building Management • Energy transition • Renewable • Use of alternative fuels	• Energy consumption and efficiency • Energy Compliance • Energies and fuels • Renewable/Alternative	Efficient and responsible use of energy within processes and developments, to reduce consumption and GHG emissions, as well as the promotion of the use of renewable energy sources.
Natural capital → **Ecosystem regeneration**	• Biodiversity • Soil regeneration	• Biodiversity conservation • Soil protection • Management of protected areas • Impact on biodiversity	Responsible management of land use, biodiversity conservation, and the implementation of practices that minimize the impact on the local environment. As well as generating a balance between real estate development and the preservation of ecosystems.
Gestión hídrica		• Reduction, recycling and reuse • Hazardous waste management • Circular economy	Development and execution of strategies for efficient waste management, focused on reducing waste generation, maximizing recycling and responsible disposal of waste generated in operations and properties.

*Note. The current sub-topics are listed in an illustrative but not limited manner.

→ Name changed

▲ New issue

List of preliminary issues

	Issue	Previous sub-topics	Current sub-topics*	Current Description
▲	**Waste management**		• Reduction, recycling and reuse • Hazardous waste management • Circular economy	Development and execution of strategies for efficient waste management, focused on reducing waste generation, maximizing recycling and responsible disposal of waste generated in operations and properties.
▲	**Sustainable infrastructure**		• Sustainable Construction Certifications • Implementation of sustainable technologies and materials • Efficient and sustainable design • Sustainable mobility and accessibility	Design, construction, and operation of environmentally responsible and resource-efficient properties, as well as the creation of spaces that improve the quality of life and foster a productive environment in the community.

*Note. The current sub-topics are listed in an illustrative but not limited manner.

▲ New issue

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List of preliminary issues

Social (S)			
Issue	**Previous sub-topics**	**Current sub-topics***	**Current Description**
Community Outreach ➜ **Social investment**	• Community Support & Development • Community Engagement • Vulnerable populations • Volunteering • Support for the local economy	• Community Support & Development • Community Engagement • Vulnerable populations • Volunteering • Support for the local economy • Job creation. • ROI social projects. • Amount of investment allocated to • social projects.	A set of actions by the company aimed at bringing benefits to the community in which it operates, through community development initiatives, volunteerism and donations to charities.
Human Capital	• Talent acquisition, management and retention • Talent development • Employee engagement and satisfaction • Diversity and inclusion in the workplace • Equitable remuneration	• Talent acquisition, management and retention • Training and development • Diversity and inclusion • Equitable remuneration	Capabilities, knowledge, and skills of a company's employees and their ability to attract and retain top talent.
Human rights	• Protection of children's rights • Protection of human rights	• Labor rights • Freedom of association • Child and forced labour • Rights of your stakeholders (guests, tenants, suppliers, etc.) • Mechanisms for reporting human rights violations.	The company's obligation to respect and promote human rights in its operations and supply chain.

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➜ Name changed

*Nota. Los subtemas actuales se enlistan de manera enunciativa más no limitativa.

List of preliminary issues

	Social (S)			

	Issue	Previous sub-topics	Current sub-topics*	Current Description
▲	**Occupational health and safety**		• Accident Prevention • Health and Wellness Programs • Personal Protective Equipment • Safety culture • Initiatives to promote the well-being of employees	Actions and decisions focused on ensuring a safe and healthy work environment for employees by minimizing risks and promoting health and well-being in the workplace.
▲	**Tenant satisfaction**		• Tenant Relations • Quality of service to tenants • Complaint Handling • Condition of the facilities	Investors may be reluctant to invest in properties with high tenant turnover and low satisfaction. Dissatisfaction can lead to a loss of trust on the part of existing and potential tenants. Dissatisfaction makes it difficult to plan and execute future projects.
▲	**Guest Experience**		• Access and comfort of the facilities • Quality of interaction with staff • Overall satisfaction • Guest/visitor safety • Quality of complementary services (parking, toilets, etc.)	How guests at the property perceive their experience, addressing factors such as comfort, access, customer service, and overall perception of the visit.

▲ New issue

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List of preliminary issues

	Governance (G)		

Issue	Previous sub-topics	Current sub-topics*	Current Description
Anti-corruption and ethical practices → **Business ethics**	• Business ethics • Corporate culture • Corporate reputation • Anti-corruption practices	• Corruption • Bribe • Conflict of interest • Intellectual property • Anti-competitive practices • Corporate culture	Adoption of principles and practices that ensure that the company operates in a legal and morally correct manner. It includes creating and enforcing policies that promote integrity, honesty, and accountability in all business operations and decisions.
Transparency → **Transparency and accountability**		• Disclosure of financial information and • non-financial • Corporate information • Compliance • Investor and other stakeholder relations	Openness and clarity with which the organization communicates its operations, performance, and decision-making to its stakeholders. This includes accurately and honestly reporting on your financial and non-financial performance, as well as taking responsibility for your actions.
▲ **Cybersecurity**		• Cybersecurity policies and strategies • Cyber Risk Assessment and Management • Data Privacy • Confidentiality	Protection of systems, networks and data against digital attacks, unauthorized access and damage. It involves the implementation of preventive and defensive measures to ensure the integrity, confidentiality and availability of business information.
▲ **Corporate governance**		• Structure and composition of the governing body • Diversity in the organization • Control and audit policies • Executive Compensation	A set of rules, practices, and processes by which the organization is directed and controlled. It includes the structure of the board of directors, shareholder rights, transparency in decision-making, and the accountability and conduct of directors.

→ Name Changed
▲ New Issue

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List of preliminary issues

Governance (G)			
Issue	**Previous sub-topics**	**Current sub-topics***	**Current Description**
Sustainable value chain		• Supplier selection and evaluation • Supplier Regulatory Framework Compliance • Sustainable transport and logistics	It encompasses the management and responsibility of all actors in the supply chain to ensure sustainable environmental, social and economic practices. It involves working with suppliers to minimize negative impacts and maximize sustainable opportunities throughout the lifecycle of products and services.
Business model resilience[1]	• Long-term value creation		
Risk management[1]	• Public Health Risks • Business continuity • Physical failures and disasters • Socio-political risks		

[1] From the previous list of material topics of FUNO, it was determined that two of them should be eliminated from consideration, since they are included or immersed within one of the topics proposed in this exercise.
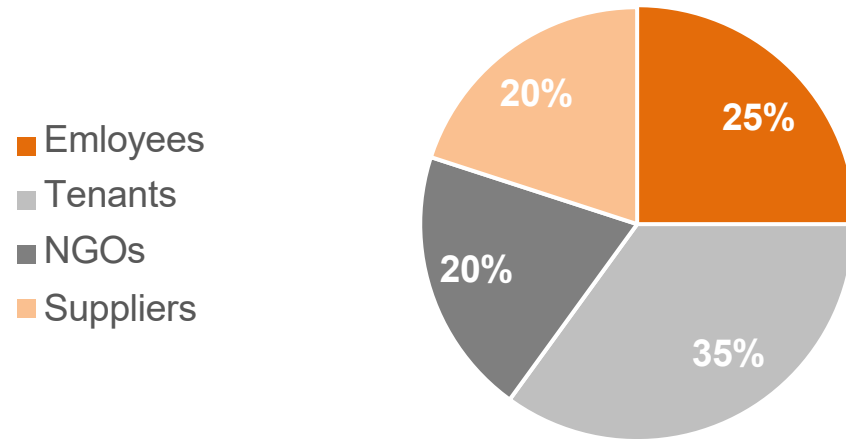
*Note. The current sub-topics are listed in an illustrative but not limited manner.

→ Name changed

⬇ Deleted Topic

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Dual Materiality Calibration

In collaboration with FUNO's Sustainability team, the weights assigned to the groups were calibrated of interest that participated in each axis.

Impact Axis

- Emloyees
- Tenants
- NGOs
- Suppliers

25%
35%
20%
20%

Prior to the weightings by stakeholder group for the impact axis, a value is given to initiatives, trends, methodologies, frameworks and standards related to ESG aspects, with SASB being the one classified with the highest value.

Financial Axis

- Current operations
- Strategic vision of Management

20%
80%
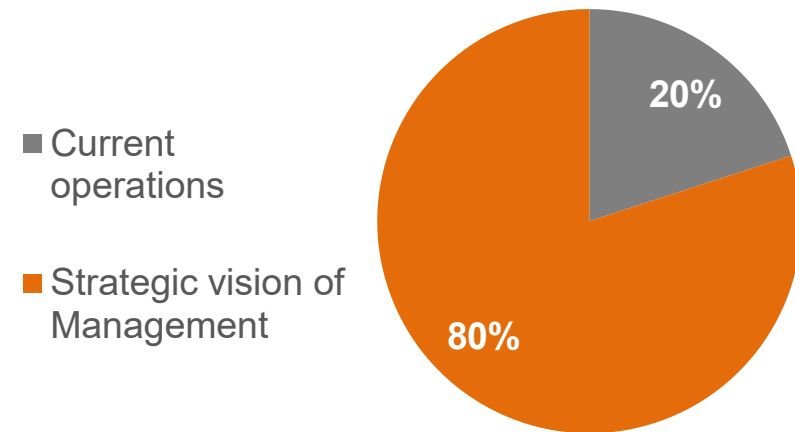
leaders with experience in different areas participated from their strategic perspective.

The specific weightings assigned took into account both the representativeness of each group for FUNO, and its influence on the organization.

Topic Prioritization

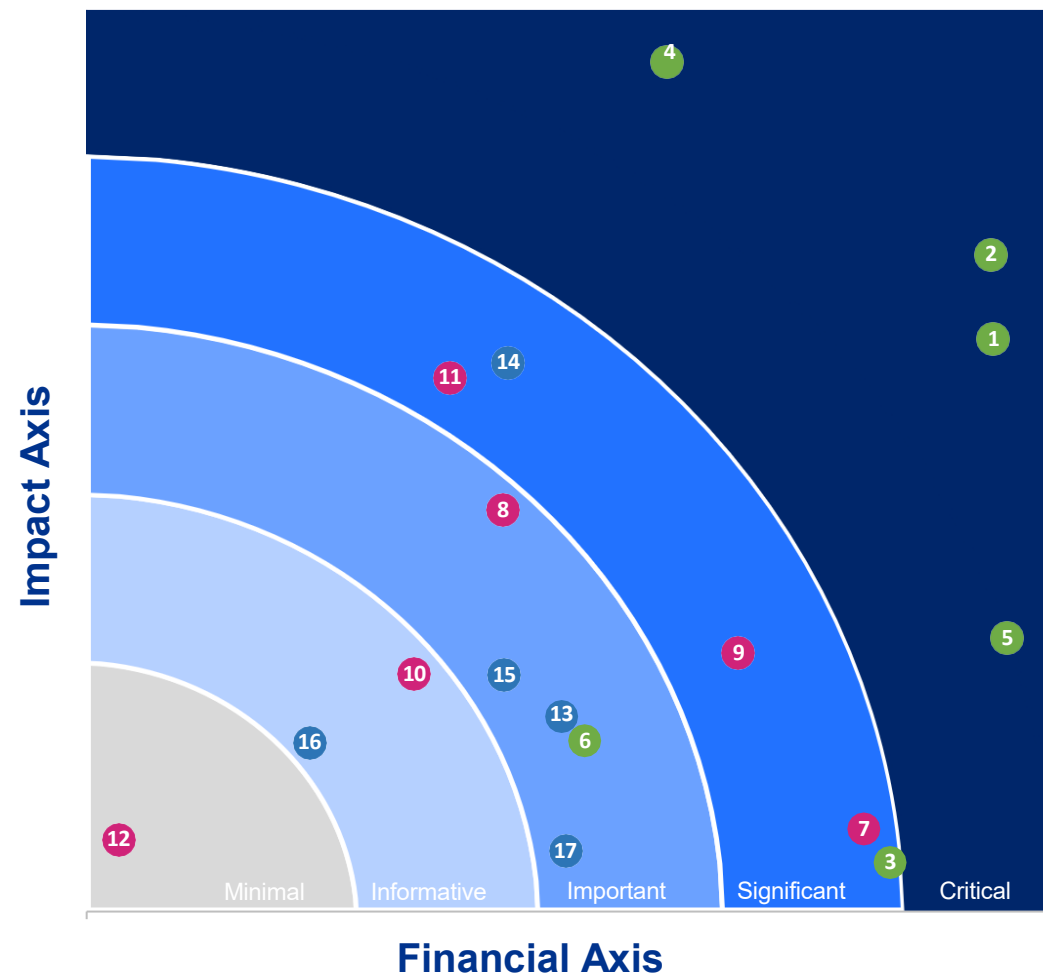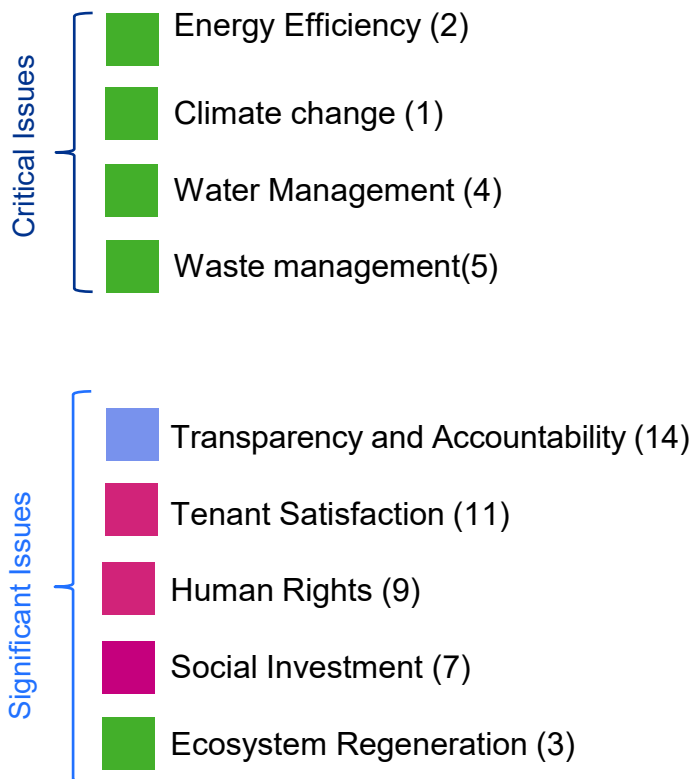| **Critical**	These issues are of utmost importance to the organization and its environment. Its impact is profound and direct, with the potential to significantly impact stakeholders, business viability, reputation, and have a significant financial impact. These are aspects that require immediate attention and concrete actions for their management and mitigation.
Significant	Although not as urgent as critical issues, these issues have a considerable impact on the company and its stakeholders. Its management and approach can generate significant benefits or risks in the long term. They require constant attention and action plans to manage them effectively.
Important	These are relevant issues for the organization and its environment, but their impact is not as immediate or critical as the first two levels. Although they may not pose an imminent threat, their proactive management is necessary to prevent them from becoming bigger problems in the future.
Informative	These issues are relevant, but they do not have a direct impact on the organization's strategy, operations, or reputation. They are relevant to certain stakeholders or may be related to emerging trends, but they are not critical or significant in the current context.
Minimal	These are issues of less relevance to the organization and stakeholders. Although they could be considered, their impact is minimal compared to other aspects of the operation and its environment. They don't require immediate attention or specific actions, but it's important to keep them in consideration to understand the big picture.

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03

Results

Double materiality at FUNO

The matrix shows the relationship that different topics have according to their importance to FUNO from a financial and impact perspective. The material topics are classified into: **Environmental**, **Social** and Governance.

Ambiental
Social
Gobernanza

Critical Issues
- Energy Efficiency (2)
- Climate change (1)
- Water Management (4)
- Waste management (5)

Significant Issues
- Transparency and Accountability (14)
- Tenant Satisfaction (11)
- Human Rights (9)
- Social Investment (7)
- Ecosystem Regeneration (3)

Impact Axis

Financial Axis

Minimal   Informative   Important   Significant   Critical

Full list of issues and their

Id	Dimensión	Tema
1	Climate change	Identification and management of risks and opportunities associated with weather events that impact real estate assets, as well as the implementation of strategies to improve the resilience of properties.
2	Energy efficiency	Efficient and responsible use of energy within processes and developments, to reduce consumption and GHG emissions, as well as the promotion of the use of renewable energy sources. renewable energy.
3	Ecosystem regeneration	Responsible management of land use, biodiversity conservation, and the implementation of practices that minimize the impact on the local environment. Like this how to generate a balance between real estate development and the preservation of ecosystems.
4	Water management	Efficient use and conservation of water resources throughout the operation and on the properties, to ensure their availability and quality.
5	Waste management	Development and execution of strategies for efficient waste management, focused on reducing waste generation, maximizing recycling and responsible disposal of waste generated in operations and properties.
6	Sustainable infrastructure	Design, construction, and operation of environmentally responsible and resource-efficient properties, as well as the creation of spaces that improve the quality of life and foster a productive environment in the community.
7	Social investment	A set of actions by the company aimed at bringing benefits to the community in which it operates, through community development initiatives, volunteerism and donations to charities.
8	Human capital	Capabilities, knowledge, and skills of a company's employees and their ability to attract and retain top talent.
9	Human rights	The company's obligation to respect and promote human rights in its operations and supply chain.
10	Occupational health and safety	Actions and decisions focused on ensuring a safe and healthy work environment for employees by minimizing risks and promoting health and well-being in the workplace.
11	Tenant satisfaction	Investors may be reluctant to invest in properties with high tenant turnover and low satisfaction. Dissatisfaction can lead to a loss of trust on the part of existing and potential tenants. Dissatisfaction makes it difficult to plan and execute future projects.
12	Guest Experience	How guests at the property perceive their experience, addressing factors such as comfort, access, customer service, and overall perception of the visit.
13	Business ethics	Adoption of principles and practices that ensure that the company operates in a legal and morally correct manner. It includes the creation and implementation of policies that promoteintegrity, honesty, and accountability in all business operations and decisions.
14	Transparency and accountability	Openness and clarity with which the organization communicates its operations, performance, and decision-making to its stakeholders. This includes reporting in a timely manner, accurate and honest about their financial and non-financial performance, as well as take responsibility for their actions.
15	Cybersecurity	Protection of systems, networks and data against digital attacks, unauthorized access and damage. It involves the implementation of preventive and defensive measures toEnsure the integrity, confidentiality and availability of business information.
16	Corporate governance	A set of rules, practices, and processes by which the organization is directed and controlled. It includes the structure of the board of directors, the rights of shareholders, transparency in decision-making and the responsibility and conduct of managers.
17	Sustainable value chain	It encompasses the management and responsibility of all actors in the supply chain to ensure sustainable environmental, social and economic practices. Implies Work with suppliers to minimize negative impacts and maximize sustainable opportunities throughout the lifecycle of products and services.

ANNEXES