ESG in our Sights

Integrated Annual Report



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Alamar I Industrial Park Tijuana, Baja California

FUNO in numbers 2022

ALMOST
118.4
million sqft of GLA[1]

585
properties with 612 operations[2] throughout Mexico

93.7%
total occupancy rate

MXN
23.90 bn
in revenues, 9.3% higher than in 2021

999
employees



CuautiPark II, State of Mexico

MXN
131.7
million in social support

12.5
million sqft of area with LEED, BOMA, Well and EDGE Certification

[1] GLA: Gross Leasable Area.
[2] Operations: A specific use of a property; a single property can have more than one type of operation.

Message

"For FUNO®, our priorities are appropriately managing debt, investing in properties in the best locations, with an eye to quality and diversification by geography, segment and tenants, and taking advantage of opportunities brought by the relocation of companies to Mexico. We have met our goals despite the complexities brought by the pandemic, rising interest rates, inflation and market volatility. We are very satisfied that our solid financial, operating and ESG results have contributed to the development of the real estate industry as a whole, and with it the progress of Mexico."

André El Mann

FUNO® CHIEF EXECUTIVE OFFICER





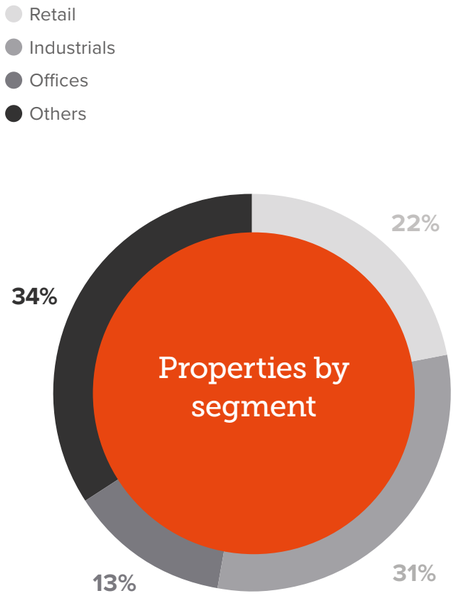
Message

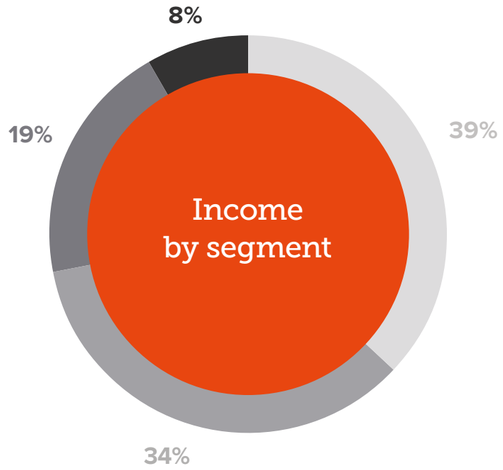
"FUNO®'s success comes from our determination to push our limits. Our focus on ESG strategy has brought firm progress toward our goals, some of which we have surpassed and gone on to set even more ambitious targets. Our commitment is to continue building community and improving quality of life wherever we are present, so we can continue growing, and Mexico can grow with us."

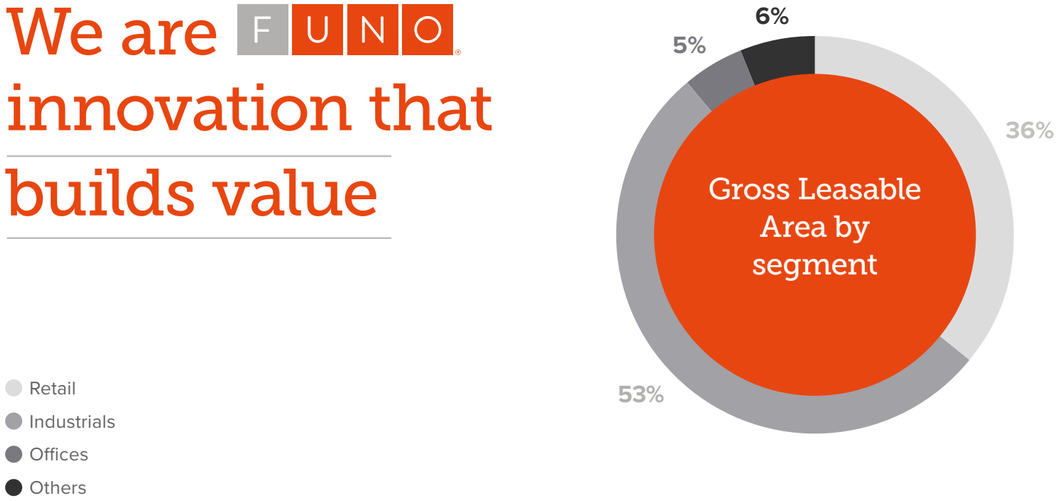
Gonzalo Robina

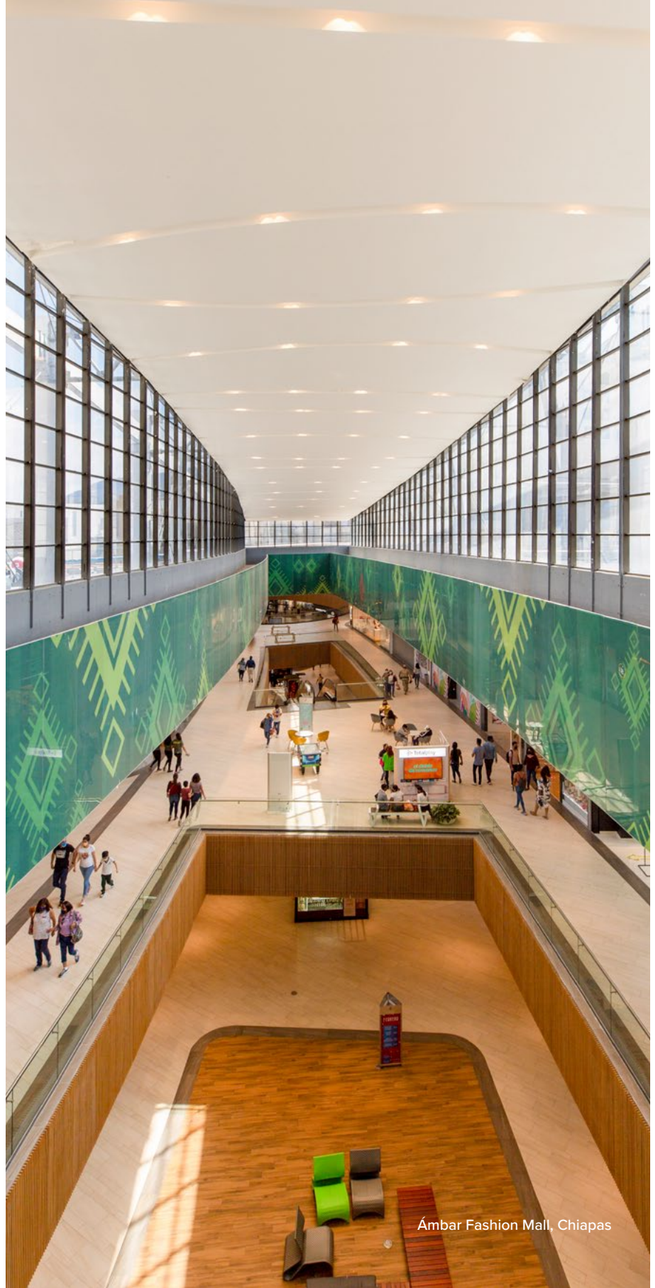
FUNO® DEPUTY GENERAL DIRECTOR

We are FUNO innovation that builds value

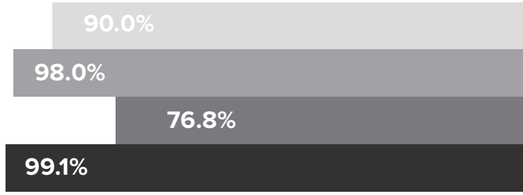


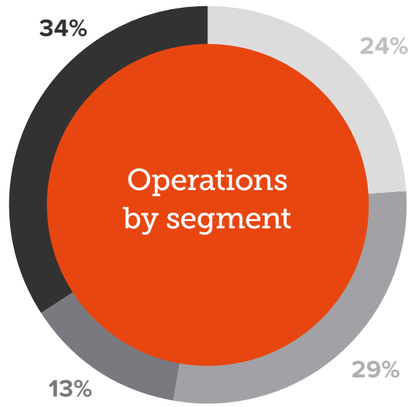





Ámbar Fashion Mall, Chiapas

Occupancy by segment





Presence



585
properties
FUNO®



Governance and sustainability

"I could not mention a specific accomplishment within FUNO®, since every year we reach our goals and strive for better objectives... My greatest pride is being part of FUNO®."

Gabriela García Carballo

Attorney
8 years, 7 months at FUNO®



ESG risk management and assessment

S&P included FUNO® in its **Sustainability Yearbook,** which recognizes the top 15% of companies in the world in terms of good ESG practices

At FUNO®, we build sustainable value by providing real-estate services that positively impact communities and the natural environment, while respecting human rights and delivering economic returns to our investors. In all of this, ESG concerns inform our investment decisions as well as the development and efficient optimization of our properties.

Our commitment to sustainability made it possible last year for us to surpass the goals we had set for reduction of energy, water and emissions intensity by 2030, so we decided to update our ESG strategy.



Passport Office, Samara Shops, Mexico City

Sustainalytics included **FUNO® as one of the top 6% of Latin American companies** for the second year in a row

2020-2030 STRATEGY

We already met 3 out of 6 of the key environmental performance indicators we had set for 2030

Energy
20% renewable energy in our properties

Equity
Increase % of gender equity on the Technical Committee

Conservation
5 ecosystems regenerated

SBTi
Reduce metric tons of CO_2e by 67%

Certification
Certify 47.36 million sqft by LEED, BOMA or EDGE = 37.7%

Safety
Zero accidents

Diversity
20% of employees are from priority groups



Waste
Zero trash by 2030

Debt
100% new debt to be either sustainable or sustainability-linked

Social
MXN160mn invested in social impact projects to benefit at least 300 communities where we operate

Training
Provide ongoing training in ESG matters to Technical Committee members

Independence
Increase % of independent members in the Technical Committee

Continuity of Corporate Governance
Update succession plan for FUNO® governance bodies succession plan

PRINCIPLES FOR RESPONSIBLE INVESTMENT



100% of new lease agreements will include green clauses for cooperation between tenant and FUNO® to invest in environmental efficiency, inclusion and social impact

In 2020, we signed the United Nations Principles for Responsible Investment, by which we pledged to incorporate ESG criteria into our decision-making, strengthening our environmental, social and governance due diligence practices for acquiring new properties and for managing and operating existing properties.

Hilton Vallarta Riviera, Jalisco

Whistleblowing mechanism

The whistleblowing mechanism is the hotline by which employees, tenants, suppliers, visitors and any other interested person can communicate suggestions or reports of actions that go against FUNO®'s ethical standards, or request guidance on any conduct they believe to be unethical.

The whistleblowing mechanism is managed by an outside firm independent of FUNO® and is available 24 hours a day, 365 days a year, through the following channels:

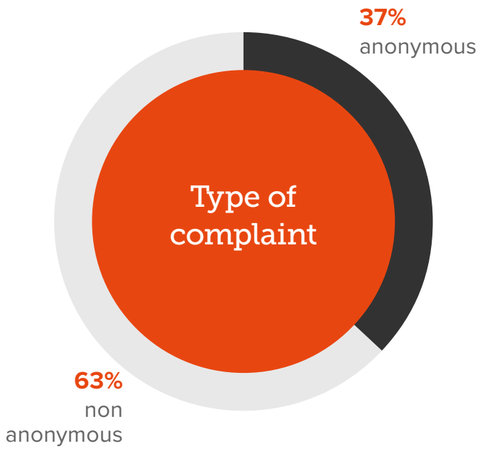
Phone: 01 800 9100 311

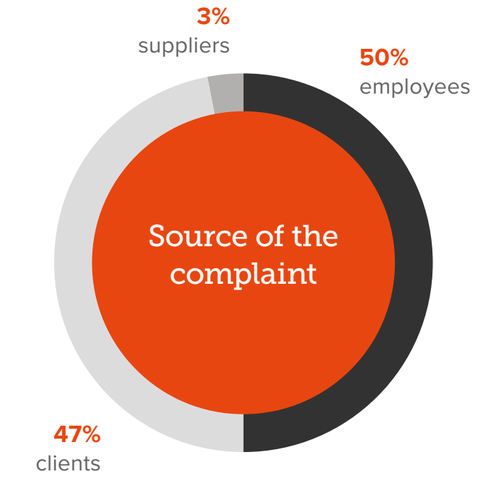
E-mail: funo@tipsanonimos.com

Web: www.tipsanonimos.com/funo

Reports received through the whistleblowing mechanism are channeled to our Ethics Committee for review and attention, either by the Committee itself or by the area responsible for the issue in question, in order to decide on corrective measures, sanction or response.

In 2023, FUNO® terminated the contracts of 15 employees due to non-compliance with the Code of Ethics.





Complaint categories

- Labor negligence
- Workplace bullying/mobbing
- Sexual harassment
- Irregularities
- Embezzlement
- Conflict of interest
- Discrimination
- Breaches of the law or official regulations
- Misuse of company assets
- Workplace violence



100%

of cases reported through the whistleblowing mechanism in 2022 were addressed

54

cases were reported to the whistleblowing mechanism

91%

of cases were closed and 9% were still in process at the end of the year

Human Rights

In 2022, we started a **vulnerability assessment** on Human Rights risks

People are what's most important at FUNO®. We reaffirm our commitment to respecting the Human Rights of all of our stakeholders, both internal and external: academe, communities, guests, visitors, civil society organizations, employees, governments, intergovernmental organizations, the media, experts, shareholders, the financial community and suppliers.

Since 2016 we have been signing members of the United Nations Global Compact, and each year we underscore our commitment to the initiative by signing the Statement of Continued Support for the 10 Principles.

We conducted a study with the help of an independent expert to determine the current status of Human Rights impacts and risks in the daily operations of our shopping centers, industrial parks and offices. With this we can improve preventive actions and our level of maturity in this area.

The study follows a methodology that incorporates leading international guidelines and standards by which FUNO® can efficiently and accurately measure our level of maturity and due diligence in Human Rights.

- United Nations Guiding Principles
- GRI Standards
- OECD Guidelines for Multinational Enterprises
- 10 Principles of the UN Global Compact

Sample of 10 properties	
Areas covered by our analysis:	• Administration • Legal • Investor relations • Commercial operations
Stakeholders covered by the analysis of properties in the sample:	• Building managers or supervisors • Administrative and operating staff • Suppliers or contractors • Tenants • Visitors • Neighboring communities



Maine Industrial Portfolio, Guadalajara

Financial Capital:
maximizing value

"If FUNO® didn't exist, others would surely do it, but if it wasn't FUNO®, I'm not confident they would do as well."

Rit García

Infrastructure and Database Manager
9 years at FUNO®





Torre Mexicana, Mexico City

Sustainable growth

In 2022, we successfully **refinanced bank loans** relating to our Titan and Vermont portfolios, for a total of USD720 million, which, in keeping with our commitment, are linked to EDGE certification of 12.9 million square feet over the next 5 years.

Our industry's resilience, the strength of our operations, the quality of our properties and the proven business model we are known for, have made it possible for us to achieve solid financial and operating results, even in the complex context of 2022.

Financial indicators	2022	2021	Δ 2022 vs 2021
Total revenues	$23,900.7	$21,868.7	9.3%
Rental revenues	$21,474.7	$19,869.6	8.1%
Net operating income (NOI)	$18,819.8	$17,421.7	8.0%
NOI Margin	78.7%	79.7%	-1.0%
Flow from operations (FFO)	$9,348.6	$8,999.4	3.9%
FFO margin	39.1%	41.2%	-2.1%
Distribution per CBFI	2.7012	1.7123	57.8%
Operating indicators	**2022**	**2021**	**Δ 2022 vs 2021**
CBFIs outstanding (millions)	3,779	3,800	-0.6%
Number of properties	585	635	-7.9%
Number of operations	612	661	-7.4%
Gross leasable area (millions of sqft)	118.4	117.3	0.9%
Gross leasable area under development (sqft)	347,114.2	3,389,670.5	-89.8%
Gross leasable area under development in joint ventures (sqft)	716,455.9	2,056,981.3	-65.2%
Total occupancy	93.7%	92.2%	1.5%

Note. Figures in million pesos.

MÍTIKAH

Living City

This iconic complex was built according to a contemporary concept that unites housing, retail, services and green areas into a single space.

It is positioned as a place where people can come together, benefiting neighboring communities from the improvement to their surrounding cityscape.



AVERAGE ENERGY SAVINGS

23.1%

= 5,110.75 MWh per year = consumption of 1,480 Mexican homes on average for one year[3]

AVERAGE WATER SAVINGS

33.3%

= 129,805.63 m^3 of water per year
= 51 Olympic swimming pools

AVERAGE METRIC TONS OF CO_2 SAVINGS

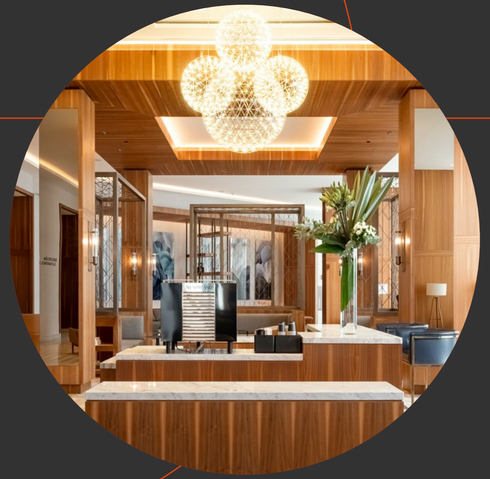
3,163.03

= 355,917 gallons of gasoline = carbon capture of 1,514.73 hectares of woodlands

EDGE certification for the shopping center, business and medical offices



LEED Gold certification for the office building





267 m high

[3] Based on average residential energy consumption of homes in Mexico in 2021, 3,452.4 kWh per year (SENER).





Human Capital:
dynamism and commitment

"FUNO® has become my second home. Not only has given me the opportunity to grow professionally throughout these years, but also to improve my family's quality of life through the work I have done at FUNO®."

Guadalupe Serrano

Business Information Manager
8 years at FUNO®



Our talent

Our people are a crucial element in achieving our goals. By executing our strategy, they have positioned us as the first and largest FIBRA in Mexico and Latin America. We are committed to ensuring that they have all the conditions needed to develop their talent and achieve their fullest potential, and also protecting their health and safety both inside and outside of the organization.

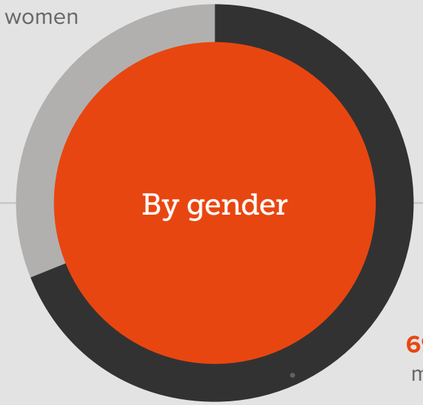


999
employees
on staff



WORKFORCE

31%
women



69%
men


Tlane Park IV, State of Mexico

31%
FUNO®
employees

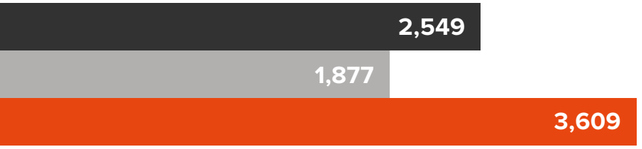


69%
specialized services
employees*

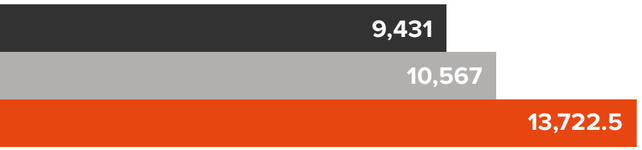
*Specialized services = maintenance, marketing and accounting in properties.

TALENT DEVELOPMENT

Trained employees[4]



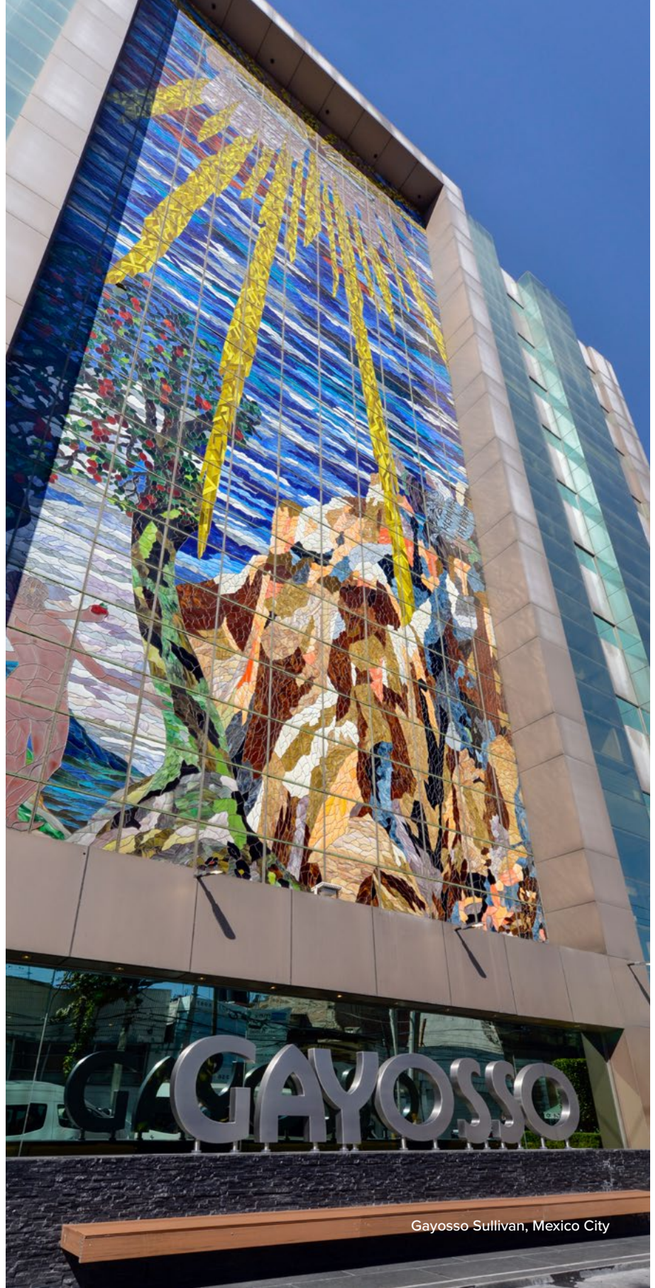
Person-hours of training[5]



13,722.5
hours of training[5]
+29.9% vs. 2021

3.8
hours of training per person[6]

[4] Number of participants in training sessions.
[5] Data includes 9,268 hours of employee training and 4,454.5 hours of training for specialized service suppliers.
[6] Includes training for employees and specialized service suppliers.

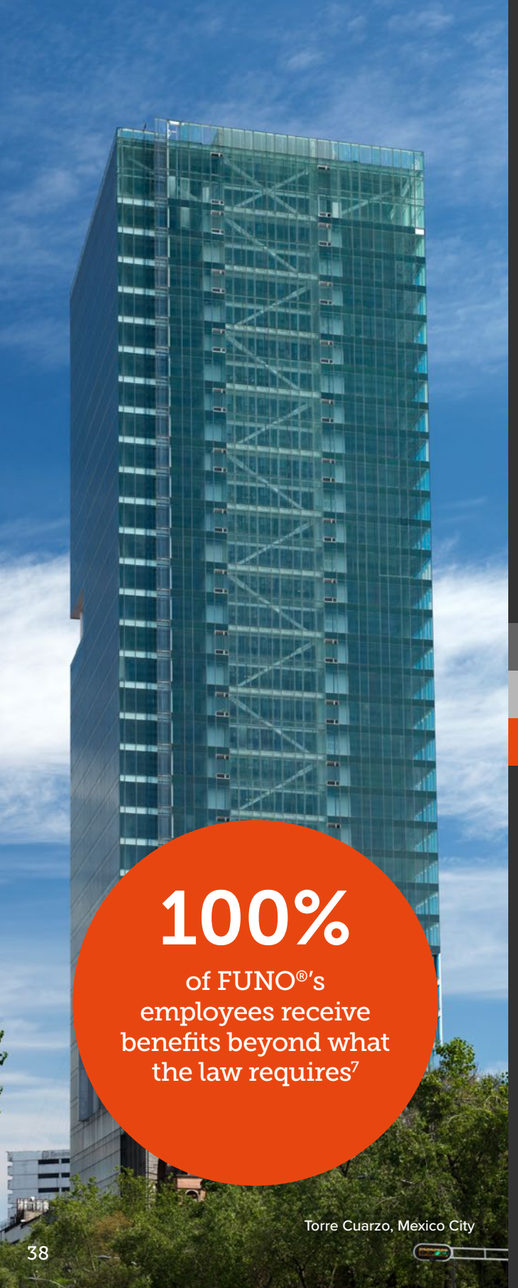


Gayosso Sullivan, Mexico City

50%
women



50%
men



100%

of FUNO®'s employees receive benefits beyond what the law requires[7]

Torre Cuarzo, Mexico City

COMPENSATION

We want to ensure the overall well-being of our employees, so we offer competitive pay and benefits. All of our salaries are above the minimum wage established by Mexican law. Paychecks are given on time, and permit our employees to improve their quality of life.

Salary ratio of women vs. men

EXECUTIVE	63.3%
MANAGERIAL	83.3%
OPERATIONAL	98.9%

The **annual bonus** is linked individually to ESG goals, depending on the role and rank of each employee within the organization.

Our compensation plan provides for the following:

- Annual bonus
- Major medical expense insurance
- Life insurance
- Dental insurance
- Mandatory annual bonus
- Personal retirement plan
- Saving Fund
- Grocery vouchers
- Vacation time
- Social security
- Maternity and paternity leave

[7] After a trial period.

Social Capital:
partnerships for development

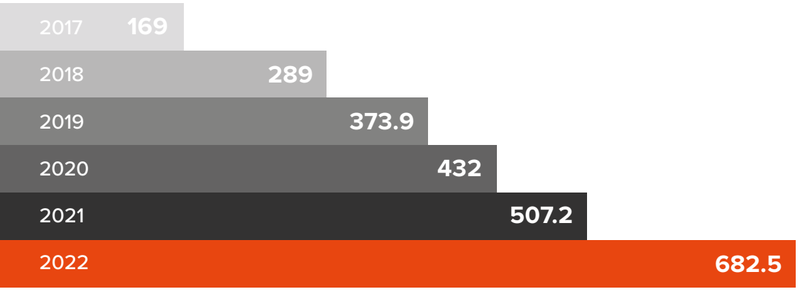
"FUNO® has been a fundamental part of my personal and professional development. I have the confidence, pride and satisfaction that I belong to a solid company, with a high-level opportunities and social responsibility; this certainty means a positive attitude that allows me to take on new challenges and make better decisions."

Diana de la Vega Lazo

General Manager Fashion Mall Chihuahua
6 years, 6 months at FUNO®



Our communities



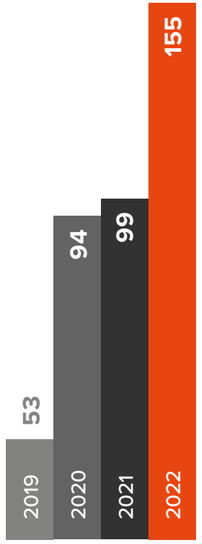
Accured financial donations (MILLION PESOS)

MXN

131.7

million pesos in social investment[8]

We believe health, education and resilient infrastructure are **crucial for improving quality of life in Mexico.**



155

organizations supported

Organizations supported



1,926

in-kind donations

In-kind donations

We are convinced that, to help **build more inclusive, sustainable societies,** we need to support the development of communities where we operate.

[8] Includes: MXN110.7 million in financial donations and MXN21.0 million in-kind donations.

Social investment





FUNO® remains deeply **committed to the United Nations Sustainable Development Goals (SDG)**

We strive to bring value to communities through projects that improve local health, education, environmental care, jobs and infrastructure. In 2022 Fundación FUNO® supported various projects, among them:

A donation to the Asociacion Pro Personas con Parálisis Cerebral (APAC), to purchase an exoskeleton for therapeutic stimulation of child patients.	Alliance with REINSERTA to finance the “Sobrevivientes” project, providing pscychologcal and legal support to minors who have been victims of violence, in our country and their caregivers.
MXN1.5 MILLION	MXN3.7 MILLION
Donation to the Mexican Red Cross (Delegación Lázaro Cárdenas, Tlalnepantla, State of Mexico) to fund remodling of the operating room, emergency room and hospital area and ensure dignified, quality medical care.	Support for various organizations like Te Queremos Ayudar”, which supports children who are burn patients; “Aquí Nadie se rinde,” “Casa de la Amistad” and “Fundación Vuela,” providing comprehensive assistance for children with cancer.
MXN4.6 MILLION	MXN13.6 MILLION

Additionally, we continue to support civil society organizations by providing spaces for them and including a **new concept of gallery space in our shopping centers** where they can let people know about their causes.

Natural Capital:
Surpassing our goals

"I am so proud of being part of FUNO®; we are a driver to considerably contribute to Mexico's growth in aspects that had been previously abandoned."

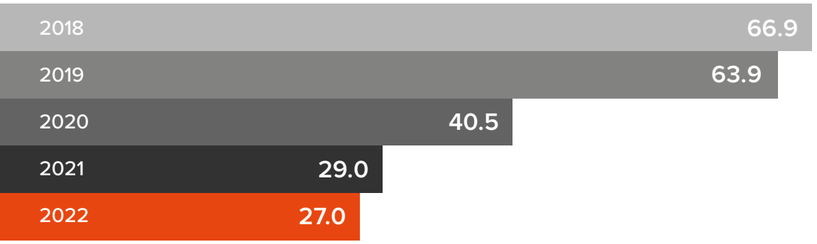
Luis Antonio Rodríguez

Senior Treasury Analyst
7 years, 9 months at FUNO®



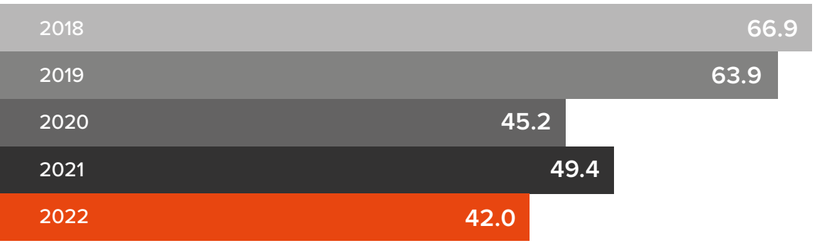
Energy management and efficiency

Global energy intensity
(kWh/occupied sqft)



-59.6%
vs 2018

Evolution in energy intensity in relation to syndicated revolving credit linked to sustainability
(kWh/occupied sqft)



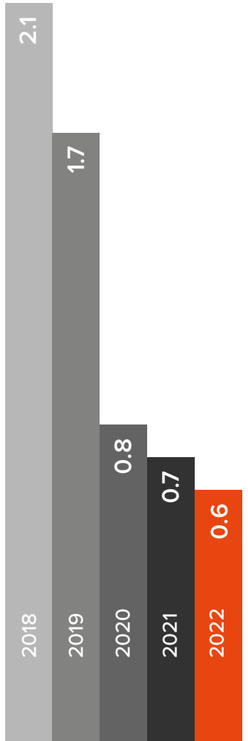
-37.3%
vs 2018
(base year)

Torre Reforma Latino, Mexico City

Water stewardship



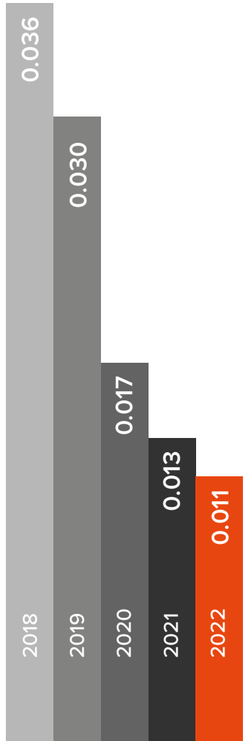
-70%
vs 2018



Water intensity
(m^3/occupied sqft)

Carbon footprint management

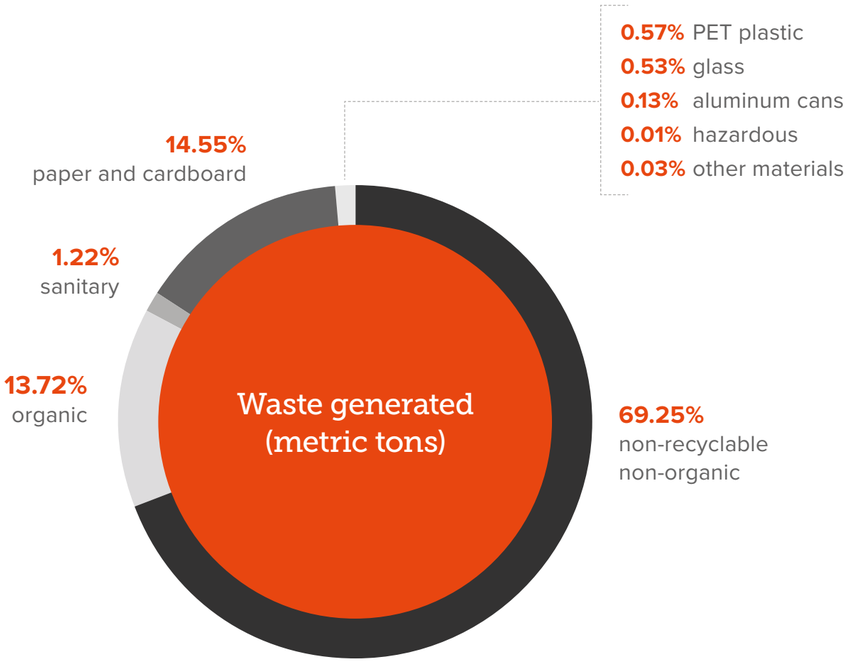
-69.4%
vs 2018



Emissions intensity
(metric tons of CO_2/occupied sqft)

Note: emissions intensity includes only scopes 1 and 2.

Waste management



14.55% paper and cardboard

1.22% sanitary

13.72% organic

69.25% non-recyclable non-organic

0.57% PET plastic
0.53% glass
0.13% aluminum cans
0.01% hazardous
0.03% other materials



San Martin Obispo Industrial Complex, State of Mexico

Biodiversity

In 2022, we funded construction of a water reservoir in partnership with Ectagono and the Mexico City authorities, at Barranca de Tarango in the alcaldía of Álvaro Obregón. This high-impact socioenvironmental project is designed around rainwater capture.

The project involved **building a water reservoir** and carrying out maintenance activities to conserve species for reforestation. It generated temporary jobs through an alliance with REINSERTA.

304
volunteers

34%
FUNO® employees



BENEFITS

Improvement of habitat for flora and around 20 species of local fauna like the volcano rabbit, eastern cottontail, sparrow, Mexican finch, northern cacomixtle, broad-billed hummingbird, barn swallow, Mexican bullsnake and lizard

Accessible water for fighting fires in the zone

Approximately 2,000 examples of various native species were planted during the 2022 reforestation day, including sage, willow, blind prickly pear, ash, golden dewdrop, white cedar, broom bush, *lechugilla* agave, green maguey, and Mexican dragonfruit cactus



Constant source of water for plants throughout the year to conserve between 258,333.6 and 301,389.2 sqft of area by watering once a month

Infiltration to a 580 m^3 aquifer

Increase in relative humidity, soil retention and capture of natural runoff on the site

Water supply to areas under restoration

Construction of the FUNO® water reservoir in Barranca de Tarango.

Industrial capital:

sustainable, inclusive cities



Ambar Fashion Mall, Chiapas

CERTIFIED PORTFOLIO

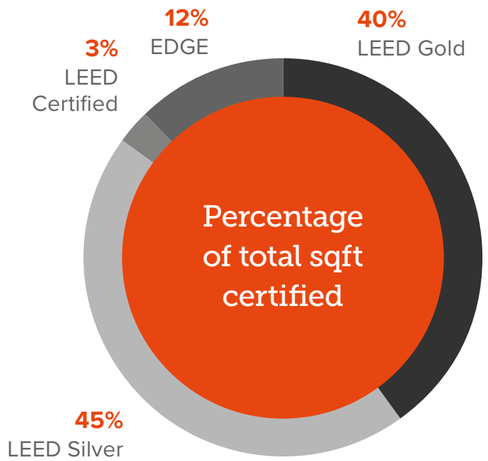
Our properties are the foundation of our business, which is why we are especially concerned about aspects of sustainability throughout their lifecycle. This includes every phase from development, design and acquisition though their possible sale, by way of management, maintenance and operation.

In this later phase, which is the most significant when it comes to measuring a property's environmental footprint, we focus on reducing energy and water consumption, and on minimizing or mitigating our atmospheric emissions and solid waste generation.

AT THE CLOSE OF 2022

12,522,901.88

sqft in LEED, BOMA, EDGE and Well certified properties





Certified portfolio

Information for investors

Jorge Pigeon and Sofía Peña
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Information on sustainability

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