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# Materiality Report 2023





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# About us

FIBRA Macquarie Mexico is a real estate investment trust (REIT) listed on the Mexican stock exchange (FIBRAMQ) with headquarters based in Mexico City, Mexico. Our trust is focused on the acquisition, ownership, leasing, management, and development of real estate properties in Mexico. Our current portfolio is spread over 20 cities across 16 states in Mexico and consists of 239 Industrial properties totaling 31.2 million square feet of gross leasable area (GLA) and 17 Retail properties (9 of which are held through a 50-50 joint venture with Frisa) with a GLA of 4.6 million square feet. Our occupied properties host 287 clients in our industrial portfolio and 714 clients in our retail properties.

FIBRA Macquarie's value chain is primarily centered on the leasing of its portfolio's industrial and retail properties. Upstream, the core activities that sustain our value chain every day are divided into maintenance and management for the stabilized portfolio, as well as construction of new buildings or expansions and major renovations on stabilized properties.

This document presents FIBRA Macquarie's approach to stakeholder engagement, materiality, and alignment to the UN Sustainable Development Goals (SDGs).

## Materiality assessment

### Our approach to materiality assessment

Our materiality assessment is built on the concept of "double materiality," which evaluates the topics from two perspectives: risk and value creation potential. Our matrix is refined through stakeholder validation, including our leasing and property management teams, and is supported by biannual customer satisfaction assessments. By engaging with stakeholders such as customers, investors, contractors, and local communities, we ensure that our strategies address the most pressing challenges. This collaborative approach enhances our risk management and fosters long-term value creation, demonstrating our commitment to sustainable development.

The results from our 2023 customer satisfaction survey confirm the relevance of our combined priorities, particularly in areas of climate resilience, water security, environmental management, and health and safety. Our materiality assessment not only identifies key ESG priorities but also serves as a foundation to align our initiatives with the United Nations Sustainable Development Goals (SDGs).

Please consult our 2023 ESG Report to learn more about our portfolio, sustainability framework and strategies.

 [\(link the sustainability report\)](#)

### Our framework

For our materiality assessment process, we used quantitative and qualitative evaluations of the environmental, social, and governance context of our operation at different levels of resolution.

First, we analyze the social and environmental context of Mexico and compare against our industry's priorities, peer reports, and competitive references. We summarized this analysis into a compact list of topics to approach our direct stakeholders. This framework is summarized below:



(WEF) World Economic Forum  
(IEO) Institute for Economy and Peace

# Materiality matrix

For the conformation of our materiality matrix (see graph below), we ranked each topic in terms of its impact as a source of potential risk or as an opportunity to create value. This approach is closer to a more modern understanding of materiality known as “double materiality”.



The exposure to risk axis is built from the average values based on four criteria:

1. Impact generated by FIBRA Macquarie's value chain, related to each specific topic.
2. Magnitude that each topic may have on FIBRA Macquarie.
3. Exposure of FIBRA Macquarie to the impacts of each topic.
4. Capacity of FIBRA Macquarie to mitigate the impact of each topic.

The level of relevance is determined by the opportunity that each topic represents to create value and the level of complexity to capitalize it. This way we can identify which topics can be addressed from a business perspective and which should be handled otherwise.

Finally, topics were ranked in terms of exposure to risk, value creation and a combination between both criteria. Then, to generate a more actionable and coherent action plan, the long list of top priorities was synthesized into broader lines of work or “combined priorities”.

## 2023 update to our materiality matrix

Our materiality matrix was initially validated in 2022 through our internal stakeholders' views to maximize the strategic value of this process. We selected our leasing and property management teams given the frequent communication they have with our clients. These are the two areas of FIBRA Macquarie's management platform that monitor how social and environmental issues directly impact our properties every day.

We asked our property management and leasing teams to rank the material topics depending on how frequently they came out during interactions with clients. Participants ranked the water stress and extreme heat the highest, followed by crime (vandalism or petty theft). Water-related and extreme heat fall under the category of business resilience and exposure to physical risks of climate change. While crime does not fall into a combined category, it ranked high the exposure to risks.

In 2023, we indirectly reviewed these results through our biannual customer satisfaction assessment. We asked our industrial clients which sustainability (environmental) practices they were most interested in and the results were the following:

1. Energy conservation 70% of respondents.
2. Recycling programs 62%.
3. Water conservation 58%.
4. Green cleaning 28%.
5. Indoor air quality program 27%.
6. Green building certification 26%.
7. E-waste (electronic) recycling 18%.
8. Paint with low volatile organic compounds and green carpeting 12%.
9. Electric car charging stations and green pest management 8%.
10. Composting 7%.

Based on the 2022 and 2023 consultation results, we can confirm that our materiality assessment remains valid. The tables below summarize the most relevant issues for our operations, and how they respond to our clients' priorities and therefore, have the greatest impact on our business and ability to generate long-term value.

## Combined priorities business strategy

Material topic	Why is this issue material?	How does it impact our business?	What is our strategy to address this issue?
<b>Business resilience and exposure to physical risks of climate change</b>	<p>Almost 95% of our portfolio is located in regions of high or extremely high-water stress risk and at the same time, more that 55% of our assets are exposed to medium-high to extremely high flooding risk.</p> <p>Avoidance of stranded assets or loss of competitiveness of our portfolio due to effects of climate change.</p>	Effects of climate change may stress the operational feasibility of our clients and increase maintenance costs in our properties.	Carry out climate risk assessments and incorporating eco-efficiency and sustainable design principles when building or retrofitting assets to increase portfolio's resiliency.
<b>Water security (scarcity and cost)</b>	In addition to more than 95% of our portfolio being located in regions vulnerable to water stress, water conservation is a priority initiative for 58% of our industrial tenants.	Business continuity of most of our clients depends on a reliable water supply. Water stress may restrict supply for industrial uses in certain markets.	Increase water efficiency in our properties and incorporate rainwater capture and storage in new buildings.
<b>Management of clients' environmental impacts</b>	<p>Environmental impacts from our clients represent over 90% of the environmental footprint of our value chain.</p> <p>Also, energy conservation, waste management and water conservation are the top 3 initiatives favored by our industrial clients.</p>	Impacts from our clients' operations may interfere with our environmental targets. In some cases, they require environmental remediation after moveouts.	Adopt collaborative initiatives with our clients. Increase environmental performance through sustainable energy (energy reliability and cost), eco-efficiency, and access to renewable energy.
<b>Work health and safety</b>	<p>With over 1.5 million ft<sup>2</sup> of GLA under construction and dozens of daily maintenance and improvement works, safety is crucial for the wellbeing of our stakeholders, as well as for business continuity.</p> <p>67% of our clients have identified health and safety actions as key priorities, such as green cleaning, ensuring indoor air quality, and using low-VOC paint in our buildings.</p>	Breaches to our WHSE framework may require halting operations to apply corrective measures, may cause injuries or damages to equipment, assets, or our client's operations.	Implementation of WHSE practices based on highest industry standards and a framework structured around continuous improvement.

# SDG alignment

Based on our materiality assessment, we have revised the alignment between our ESG commitments and the UN Sustainable Development Goals, so it reflects the priorities for each goal.



Priority	SDG	Our objective	Actions
<b>Top priority</b> Short-term threats as well as existential issues for our business model. 		<b>Generate and procure renewable energy.</b>	<ul style="list-style-type: none"> <li>Progress with installation of rooftop solar projects on selected industrial and retail properties to generate green energy for common or tenanted areas.</li> </ul>
		<b>Increase water security for our tenants.</b>	<ul style="list-style-type: none"> <li>Incorporate rain-water storage and waste-water recycling in new buildings.</li> <li>Improve water efficiency and conservation in buildings as part of green building certification program existing and development properties and adopt commitments on collaborative initiatives around transparency, community engagement.</li> </ul>
		<b>Commitment to strengthening institutions and promoting rule of law.</b>	<ul style="list-style-type: none"> <li>Our Ethics and Anti-Corruption Program includes internal policies covering bribery and corruption, transactions with related parties, staff personal dealing, conflicts of interest, and protection of whistleblowers.</li> <li>Maintain a culture of transparency and a corporate governance framework that closely aligns business management with customers' and investors' interests.</li> <li>Implement our Code of Conduct and Principles for suppliers to help FIBRA Macquarie uphold its core values, while fostering long-term, transparent and collaborative relationships with suppliers.</li> </ul>
<b>High priority</b> Represent risks and opportunities across our value chain and need to be articulated with our business strategy. 		<b>Adopt innovation as a driver to prepare our business to the challenges of the future.</b>	<ul style="list-style-type: none"> <li>Keep track of how new industries will influence the characteristics of the industrial building of tomorrow.</li> <li>Incorporate long-term risk assessment into strategic planning.</li> </ul>
		<b>Lead industrial sustainable development and green building strategies.</b>	<ul style="list-style-type: none"> <li>Apply our sustainability standard and pursue green building certifications for building design and construction in all new developments and for operations across all eligible existing properties.</li> <li>Adopt portfolio-wide goals on sustainable building.</li> </ul>
		<b>Transition towards net zero targets and mitigate asset-specific risks.</b>	<ul style="list-style-type: none"> <li>Adopt a public commitment in line with the Paris Agreement and deploy our Net Zero plan.</li> <li>Assess environmental and social risks of newly acquired and existing assets to inform resilience strategies to mitigate the impact of climate change.</li> </ul>

Priority	SDG	Our objective	Actions
<b>Relevant issues</b> Issues particular to specific value chain components, managed internally at governance or organizational level. ●●○○○		<b>Establish collaboration with multiple stakeholders to address overarching issues that transcend our business.</b>	<ul style="list-style-type: none"> <li>Participate in industry associations and multi-stakeholder forums where we discuss and advance critical issues to the industry and to Mexico and adopt commitments on collaborative initiatives around transparency, community engagement, etc.</li> </ul>
		<b>Stakeholder investment and quality working conditions.</b>	<ul style="list-style-type: none"> <li>Continuously review and improve our benefits program to respond to the challenges and needs of our employees.</li> <li>Promote social mobility by mentoring and hiring at risk young people.</li> </ul>
		<b>Provide employee benefits to help ensure good health and well-being.</b>	<ul style="list-style-type: none"> <li>We provide a comprehensive package of health and well-being benefits to ensure our employees attain a proper work-life balance and care for their physical and mental health.</li> </ul>
		<b>Ensure diversity and inclusion at all levels of organization.</b>	<ul style="list-style-type: none"> <li>Incorporating diversity, equity and inclusion across our organization, including in hiring processes, compensation and performance reviews.</li> </ul>
		<b>Promote sustainable use of land ecosystems and halt biodiversity loss.</b>	<ul style="list-style-type: none"> <li>Through our green building certification strategy, all of FIBRA Macquarie's new development projects perform biodiversity assessments to ensure the conservation of ecosystems and to reduce the degradation of natural habitats.</li> </ul>
<b>Awareness building</b> These non-strategic issues to our value chain either because we have no direct link to them or hold little capacity to effect change. ●○○○○		<b>Monitor these issues and engage with our employees to raise awareness and promote internal leadership.</b>	<ul style="list-style-type: none"> <li>We use our volunteering and philanthropic efforts as well as our internal communication and engagement initiatives to raise awareness cater to our employees personal values and interest and strengthen our links with our local communities.</li> </ul>
			
			
			
			



# Stakeholder engagement

For FIBRA Macquarie, engaging our stakeholders is critical for our sustainability strategy, both in terms of risk management and for long-term value creation. Each stakeholder group is directly linked with our long-term targets and commitments.

<b>Clients</b>	Over 90% of the environmental impacts of our value chain derive from our clients’ operations. Therefore, understanding their needs and collaborating with them is crucial for our sustainable value creation.
<b>Lenders and investors</b>	As of 2023, more than half of our debt is sustainability-linked. Our sustainability standards and commitments directing all our development projects are approved by our investors. It is crucial to share a joint vision on sustainability with our lenders and investors.
<b>Contractors</b>	With over 1.5 million square feet of GLA under development, which we aim to certify LEED Gold or above, our construction activities are generating more than a thousand direct jobs. This means that our contractors play a significant role in one of our most ambitious sustainability targets and are a direct link to local communities.
<b>Employees</b>	Our employees are at the front-line between FIBRA Macquarie and our clients and contractors. They are the actual operators when it comes to data collection, client needs assessment or WHSE supervision. Our employees are our priority, particularly in the context of FIBRA Macquarie’s zero-harm safety policy and our aspirations in diversity and inclusion.
<b>Local communities</b>	With a growing construction footprint, the interactions with and potential impacts to neighboring communities are growing fast. This is why we are improving our engagement capabilities, particularly through the implementation of a community grievance mechanism that allow us to learn from any positive or negative impact of our projects and adopt the necessary actions to resolve potential conflicts.

The following table summarizes how FIBRA Macquarie engages with its key stakeholders to address the core areas described above:

Stakeholder group	Engagement method
<b>Employees</b>	Employee survey. Complaint and whistleblowing mechanisms. Robust benefits package. Tools and resources to allow employees to perform in a virtual setting.
<b>Tenants</b>	Direct interaction through property managers. Biannual Client satisfaction survey. Annual environmental performance reports.
<b>Suppliers and contractors</b>	During contracting process there is a compliance risk evaluation. Weekly safety talks with contractors. We have implemented ESG Principles for Suppliers.
<b>Investors</b>	Quarterly reports. Annual report.
<b>Local communities</b>	We are developing a grievance mechanism which will be available to all communities within the influence area of our construction projects. Partnerships with local nonprofits, local governments, and customers.

## Memberships

Our dedication to stakeholder engagement is exemplified through active participation in industry memberships. By joining organizations such as Green Lease Leader, IAMC, BOMA®, AMPIP, GRESB, USGBC, AMEFIBRA, AMCHAM Mexico, we enhance our understanding of sustainability best practices while also contributing to industry dialogue and fostering long-term relationships built on trust and shared values.



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# About this report

This is FIBRA Macquarie's first materiality report to be published independently from the ESG report. The report covers environmental, social, and governance programs and policies, and environmental performance, for the year ending December 31, 2023. Unless clearly stated otherwise, performance data includes industrial and retail properties in 20 cities across 16 states in Mexico. All like-for-like calculations consider FIBRA Macquarie properties owned during all 24 months of 2022 and 2023. All financial data in this report is in U.S. dollars unless otherwise stated.

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This report references disclosures recommended in the Real Estate Services Sustainability Accounting Standard (Industry Standard, Version 2018-10) that was developed by the Sustainability Accounting Standards Board (SASB). The report also references disclosures from the Global Reporting Initiative (GRI) Standards guidelines, as well as the Construction and Real Estate Sector Supplement (CRE).



**We appreciate your interest on the information presented here.**  
If you have any comments or questions, please email us at [sustainability@macquarie.com](mailto:sustainability@macquarie.com)

**For more information about FIBRA Macquarie, please contact us:**  
**FIBRA Macquarie**  
**+52 55 9178 7700**  
[fibramq@macquarie.com](mailto:fibramq@macquarie.com)  
[fibramacquarie.com](http://fibramacquarie.com)

[fibramacquarie.com](http://fibramacquarie.com)

