Biodiversity Protocol

Environmental, Social, and Governance Department

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1. INTRODUCTION

For the industrial real estate business, biodiversity is an important aspect to be considered in a property development, since companies depend not only on the raw materials provided by the natural environment, but also, indirectly, on the regulation of ecosystems, health, and the aesthetic benefits of the natural environment.

According to the World Economic Forum, industrial real estate is one of the three industries that pose the greatest threat to global biodiversity (WEF, 2020). The built environment contributes significantly to the depletion of food and raw material supplies, deforestation, soil compaction, and obstruction of rivers or channels to the site's plants and wildlife, which in turn lead to extreme weather events and the collapse of ecosystems. For the same reason, it is among the industries upon which it is most incumbent to take significant measures against climate change and to protect biodiversity.

2. OBJECTIVE

The purpose of this document is to establish guidelines and directives for the management, conservation, and promotion of biodiversity at Vesta. This protocol incorporates principles on preventing, minimizing, restoring, and offsetting biodiversity impacts, promoting responsible practices that contribute to ecosystem regeneration.

The actions described are based on the commitments set forth in Vesta's document PO-ASG-05 Biodiversity Policy and are aligned with international standards and best practices for our industry.

3. SCOPE

This document is applicable to all employees of Corporación Inmobiliaria Vesta (hereinafter, "Vesta"), as well as our business partners, brokers, customers, and suppliers, who are obligated to read and comply with the actions described herein, as applicable to their relationship with Vesta.

4. REFERENCE DOCUMENTS

- PO-ASG-01 Social Responsibility, Environment, and Governance Policy.
- PO-ASG-04 Environmental Policy.
- PO-ASG-05 Biodiversity Policy.
- PO-ASG-08 Responsible Investment Policy.
- MA-ASG-03 Sustainable Construction and Remodeling Manual.
- PT-ASG-01 Community Relations Protocol.

- International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability:
  - Performance Standard 6: Biodiversity conservation and sustainable management of living natural resources.

5. RESPONSIBILITIES

Department or Office	Responsibility
Investment Committee	Analyze and decide whether to approve the investment, defining the parameters for return on investment and the required strategies.
Commercial Department	Evaluate proposed acquisitions of land and/or properties according to criteria established in the Responsible Investment Process, including biodiversity aspects.
Development Department	Generate concrete proposals for investment in keeping with Vesta policies and procedures, which incorporate ESG and biodiversity concerns.
Asset Management	1. Manage development, implementation and compliance with environmental impact statement decisions. 2. Maintain green areas and apply initiatives for protecting biodiversity in our assets
Environmental, Social, and Governance Committee	This is a standing committee charged with deciding on strategy, ensuring compliance and evaluating the company's performance in environmental, social and corporate governance responsibility. It will be made up of experts in these fields. The committee is to be kept informed of progress in biodiversity matters twice yearly.
ESG Department	Manage the social and environmental needs of regions and businesses, promoting communication between the areas, coordinating and organizing ESG Committee activities, and developing tools that help the regions to fulfill Vesta's ESG strategy.

Department or Office	Responsibility
Vesta employees	Be familiar with these biodiversity guidelines and directives and regularly updating their knowledge of them.
Value Chain	Be familiar with and follow these guidelines and directives in the services and operations where they apply.

6. ACTION LINES

Vesta is committed to applying and tracking, to the extent possible, the following minimum protection measures, with a focus on sustainability, stewardship and conservation of biodiversity at all times.

The proposed actions seek to incorporate conservation criteria into decision-making at the various stages of the project life cycle, promoting responsible practices that contribute to ecosystem resilience and the maintenance of essential ecosystem services. In addition, we partner with communities, institutions, and biodiversity experts to strengthen conservation strategies and ensure compliance with environmental and social commitments, current regulations, and industry best practices.

6.1 General Aspects

1. Identify species of plants and wildlife present at the site based on prior identification through official information sources (national and international) and the development of municipal, state, and regional baselines.
2. Ensure that building restoration and maintenance are compatible with the presence of wildlife.
3. Reduce light and sound pollution by planting leafy vegetation
4. Diversify plant ecosystems by:
    a. using native plants;
    b. re-creating local habitats;
    c. conserving existing woodlands within a plot of land to minimize depletion of local species;
    d. adapting maintenance areas to natural cycles of plants and wildlife;
    e. limiting the use of herbicides and pesticides;
    f. controlling invasive alien species and manage problematic species;
    g. pollinizing gardens;
    h. supporting the study and conservation of species and habitats of interest; and
    i. ecological restoration.

5. Establish priorities: Identify critical habitats[1] (for evaluation, see Annex 9.2), species classified in national and international conservation categories, as well as species of ecological importance and ecosystems of interest for conservation;
6. Assess and mitigate the causes of non-natural wildlife mortality by implementing:

    a. campaigns to promote coexistence with urban biodiversity;
    b. courses;
    c. training; and
    d. cultural events.

7. Create green spaces and blue spaces (water bodies, rivers, lakes, fountains, gardens).

6.2 Design and Construction

1. Design, plan, and build with a focus on incorporating biodiversity.
2. Develop environmental impact statements and comply with the requirements for monitoring the conditions set out in the corresponding ruling.
3. Plan a network of ecological corridors.
4. Introduce strategies for the incorporating biodiversity into our operating assets:

    a. Incorporate pollinator gardens.
    b. Create insect nests and/or hotels.
    c. Re-green buildings and infrastructure through green roofs and/or walls.
    d. Redesign, to the extent possible, paved areas of projects in operation, opting to implement green areas that include gardens and wooded areas, artificial wetlands, and other types of green infrastructure.

5. Introduce strategies for incorporating biodiversity into our new assets:
    a. Plan urban development with biodiversity conservation as a key focus in construction project planning.
    b. Consider incorporating green areas into the project from the design stage, including, for example, pollinator gardens and native tree areas.
    c. Implement preventive and mitigation measures during construction, such as:

[1] **Critical habitats** are areas with high biodiversity value, such as i) habitats of significant importance for the survival of threatened or critically endangered species; ii) habitats of significant importance for the survival of endemic species or species restricted to certain areas; iii) habitats that support the survival of globally significant concentrations of migratory species or species that congregate; iv) unique or highly threatened ecosystems; or v) areas associated with key evolutionary processes.

i. Prioritizing the use of land already devoid of vegetation or which has been previously impacted by activities unrelated to the organization, in order to have the least possible impact on native vegetation;
ii. Developing biodiversity baseline studies to understand the local ecological context;
iii. Setting boundaries on work areas and avoiding disturbing areas not considered in the project footprint;
iv. Creating animal deterrent programs to prepare the ground for the rescue of slow-moving animal species;
v. Execution of rescue programs for flora and for slow-moving wildlife, prioritizing species classified in national and international risk categories, endemic species, and those of local and/or regional ecological importance;
vi. Creating temporary nurseries to supply rescued species for adaptation prior to transplanting to relocation areas;
vii. Relocating plant species within the project areas designated for use as rescued green areas;
viii. Environmental supervision during construction by specialists in environmental impact and biodiversity; and
ix. Other preventive measures that may be necessary in specific cases.

6. Link the characteristics of the proposed projects (impacts they may have on plants and wildlife) with state, national, and international regulatory requirements on the environment, wildlife, and biodiversity, such as the following:
   a. Official Mexican Standard NMX-AA-164-SCFI-2013, Sustainable Building - Minimum Environmental Criteria And Requirements
   b. Official Mexican Standard NOM-059-SEMARNAT-2010, Environmental Protection - Native Species of Mexico's Wild Flora and Fauna - Risk Categories and Specifications for Inclusion, Exclusion or Change - List of Species at Risk
   c. General Law on the Environment and Natural Resources
   d. General Law on Ecological Balance and Environmental Protection
   e. Environmental Assessment Law (Spain)
   f. Wildlife Act
   g. Natural Heritage and Biodiversity Law (Spain)
   h. Federal Environmental Responsibility Law
   i. Royal Decree on Invasive Alien species (Spain)
   j. Waste and Contaminated Soil Act (Spain)

7. Align the characteristics of proposed projects with international best practices in the industry, such as:
   a. International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability.
   b. World Bank General Guidelines on Environment, Health and Safety.
   c. Recommendations of the Real Estate Industry Working Group on Nature-related Financial Disclosures (TNFD).
   d. Aichi Targets (COP 10 - 2010, for 2020).
   e. The United Nations Sustainable Development Goals.
   f. The recommendations of The Future of Nature and Business by the World Economic Forum.
8. Analyze the environmental pre-feasibility of proposed projects, considering existing resources (water, usable renewable energy sources, available land, etc.); urban development plans and programs; the hydrographic network; the geology and geomorphology of the terrain; existing physical risks; and biodiversity and ecosystems.
9. Identify critical habitats (for evaluation, see Annex 9.2), whether natural[2] or modified[3], in the areas where the projects are to be developed.
10. Develop and implement Biodiversity Action Plans for projects that directly or indirectly impact critical and/or natural habitats.
11. Use materials that are compatible with local plants and wildlife, such as local materials.
12. Prioritize the use of certified raw materials for construction processes, in line with the requirements of LEED certification in the category *Materials and Resources*. For more details on LEED certification, see MA-ASG-03 Sustainable Construction and Remodeling Manual.
13. Compact development as much as possible (GRESB, 2021).
14. Consider impacts on biodiversity prior to development (GRESB, 2021).
15. Take advantage of natural ecosystems as infrastructure (GRESB, 2021).

6.3 Operation and Maintenance

1. Inform and train all stakeholders on biodiversity-related issues by creating:

[2] **Natural habitats** are areas composed of a viable assortment of plant or animal species, mostly native, or where human activity has not resulted in any substantial modification of the primary ecological functions or composition of species in the area. Natural habitats may also be classified as critical natural habitats.

[3] **Modified habitats** are any area that may contain a large proportion of non-native plant or animal species, or where human activity has substantially altered the primary ecological functions and composition of species in the area. Modified habitats include areas managed for agriculture, forest plantations, regenerated coastal areas, and regenerated wetlands. Modified habitats may also be classified as critical modified habitats.

a. Information campaigns for biodiversity conservation (at least once a year);
2. Provide fiscal and administrative incentives for biodiversity conservation through information campaigns;
3. Circulate information on the species inhabiting the project;
4. Provide maintenance and continuously review unexpected impacts;
5. Comply with maximum permissible limits for discharges and pollution, in accordance with national regulations and international recommendations on wastewater, light pollution, noise and vibrations, atmospheric emissions, and others;
6. Establish partnerships and agreements with civil society organizations, universities, and government agencies to promote the reintroduction of wildlife of regional ecological importance;
7. Fulfill the Main Biodiversity Commitments.

7. ACTIONS FOR THE CONSERVATION OF BIODIVERSITY AND NATURAL RESOURCES IN ACCORDANCE WITH IFC PERFORMANCE STANDARD 6

Performance Standard 6: Conservation of biodiversity and sustainable management of living natural resources, published by the International Finance Corporation (IFC), establishes guidelines to protect and conserve biodiversity, maintain ecosystem services,[4] and promote the sustainable use of living natural resources as a fundamental component of responsible development. Vesta has adopted this standard, recognizing that biodiversity not only sustains life, but is also essential to the resilience and sustainability of our operations.

The following describes the key actions for incorporating the standards' criteria into Vesta's biodiversity management:

1. Identify environmental risks and impacts (see Annex 9.1), taking into account the direct and indirect impacts of the project on biodiversity and ecosystem services (for an assessment of ecosystem services, see Annex 9.3), and identify any significant residual and cumulative impacts in the area of influence, representative area of the project, or watershed where the project is located.
2. Consider the values that affected communities and other social actors attribute to biodiversity and ecosystem services.
3. Make it a priority to avoid impacts on biodiversity and ecosystem services. When impacts cannot be avoided, introduce mitigation and restoration measures for biodiversity and ecosystem services.

[4] There are four types of ecosystem services: provisioning services, regulating services, supporting services, and cultural services.

4. Adopt adaptive management practices in which mitigation and management measures are taken in response to changes in conditions and the results of monitoring throughout the project life cycle.
5. Apply the mitigation hierarchy, considering biodiversity offsetting measures. These measures should ensure that there is no net loss of biodiversity and, in the particular case of critical habitats, should generate net biodiversity gains:

    a. Biodiversity offsetting measures should focus on generating net biodiversity gains in habitats designated as critical.
    b. Biodiversity offsetting measures should adhere to the "equivalent or better" principle and applied using the best available information and current best practices.
    c. When it is necessary to formulate an offset measure as a mitigation strategy, it should be developed in conjunction with external experts with a knowledge of offset design and implementation.

6. Only modify natural habitats if the following can be demonstrated:

    a. There are no other viable alternatives within the region for the development of the project within modified habitats;
    b. A consultation with social actors has been carried out to learn their opinions, including those of the affected communities, regarding the degree of modification and deterioration; and any modification or deterioration can be mitigated in accordance with the hierarchy of mitigation measures.

7. Mitigate the impact on natural habitats, considering:

    a. Preventing impacts on biodiversity by identifying and protecting reserve areas;
    b. Taking steps to minimize habitat fragmentation, such as biological corridors;
    c. Restoring habitats during operations and/or after operation; and
    d. Introducing biodiversity offsetting measures.

8. Recognize that natural habitats and modified habitats may also be classified as critical habitats.
9. Refrain from developing in critical habitats unless all of the following can be demonstrated:

    a. There are no other viable alternatives within the region for project development in natural or modified habitats that are not critical;

b. The project will not generate quantifiable adverse impacts on the biodiversity values for which the critical habitat was designated or on the ecological processes that support those biodiversity values;
c. The project will not result in a net reduction in the global or national/regional population of any threatened or critically threatened species in a reasonable period of time; and
d. A robust, well-designed, long-term biodiversity monitoring and assessment program can be incorporated into the biodiversity impact prevention and mitigation management program.

10. Incorporate a Biodiversity Action Plan (BAP) (for information on its development, see Annex 9.4), with the goal of achieving a net increase in biodiversity relative to the critical habitat designation.
11. Conduct an assessment whenever biodiversity offsetting measures are proposed, to ascertain whether the significant residual impacts of the project on biodiversity will be sufficiently mitigated.
12. If a project falls within a legally protected and/or internationally recognized area, handle it as if it were classified as a natural habitat and/or critical habitat. Accordingly:

    a. Demonstrate that the proposed development in such areas is legally authorized;
    b. Act in a manner consistent with government-recognized management plans for such areas;
    c. Consult on the proposed project with the administrators or sponsors, affected communities, indigenous peoples, and other social actors in the protected area, when appropriate; and
    d. Develop additional programs, as appropriate, to promote and enhance the conservation goals and effective management of the area.

13. Refrain from developing projects in the following sensitive areas: natural and mixed sites declared World Heritage Sites by UNESCO; and Sites that meet the Alliance for Zero Extinction (AZE) designation criteria.
14. Refrain from intentionally introducing any exotic species with a high risk of invasive behavior, regardless of whether their introduction is permitted by the current regulatory framework.
15. Take steps to prevent the accidental or unintentional introduction of exotic species, including the transport of substrates or vectors (such as soil, ballast water, or plant materials) that may harbor them.
16. Exercise due diligence in the event that exotic species are established in the country or region of the proposed project, so as not to spread them to areas where

they are not yet established. To the extent possible, measures shall be taken to eradicate such species from the natural habitats you manage.

17. When communities are likely to suffer impacts on their ecosystem services provided, involve them in determining which are the priority ecosystem services[5] they receive. For this social stakeholder engagement process, the guidelines set out in IFC Performance Standard 1 should be followed.
18. Avoid adverse impacts on priority ecosystem services that are relevant to affected communities and managed directly by the Vesta or over which it has significant influence.
19. In cases where impacts are unavoidable, minimize them and apply mitigation measures with the goal of maintaining the value and functionality of priority services.
20. Minimize impacts on priority ecosystem services on which the project depends and take measures to increase resource use efficiency in operations.
21. When projects generate significant impacts on biodiversity (for example, when located in natural or critical habitats), experts will be hired to collaborate in the relevant management activities.

8. COMMUNITY ENGAGEMENT IN BIODIVERSITY MANAGEMENT

Responsible biodiversity management involves not only conservation and restoration actions, but also an active engagement with local communities. Vesta recognizes the importance of strong and transparent community relations based on respect for human rights, cultural diversity, and the socioeconomic well-being of the populations within our areas of influence.

The goal of Vesta's community engagement efforts is to ensure open and ongoing dialogue with local communities to incorporate their knowledge, concerns, and expectations into the planning and implementation of biodiversity conservation strategies, and inviting them to participate in the sustainable management of ecosystems.

Vesta reaffirms its commitment to sustainable development, biodiversity conservation, and the creation of shared value with local communities. Through strong community relations, we seek to generate positive impacts on ecosystems and improve the quality of life of people in our areas of operation.

[5] There are two types of priority ecosystem services: I) services that are most likely to be impacted by project operations and therefore have adverse impacts on affected communities; and II) services on which the project directly depends for its operations.

Vesta's commitments and stages for community relations are defined in the document **PT-ASG-01** Community Relations Protocol.

9. ANNEXES

9.1 Biodiversity Protection

For biodiversity protection activities, Vesta will adopt a series of systematic actions to identify potential biodiversity risks and impacts on in order to decide on prevention, mitigation, restoration, and, where applicable, offset measures. These activities are based on:

I. **Identification of the project's environmental risks and impacts**: This identification process may take the form of an Environmental and Social Impact Assessment (ESIA), an Environmental Impact Statement (EIS), or a Preventive Report (IP), whether at state or federal level, as required by the General Law on Ecological Balance and Environmental Protection and state environmental protection laws, as well as their regulations.

   It should be noted that local environmental impact studies do not include an environmental impact risk assessment. Therefore, Vesta, within the commitments established in its formal policies, will supplement environmental impact studies with a risk analysis for each identified impact.

II. **Baseline Studies**: The ESIA will incorporate baseline studies to establish reference values for relevant biodiversity attributes and ecosystem services. These studies will include a combination of documentary analysis, stakeholder engagement and consultation, field studies, and other relevant assessments. Baseline requirements will vary depending on the nature and scale of the project. For sites where there is a possibility of significant impacts on natural or critical habitats and ecosystem services, the baseline will include fieldwork carried out at different times of the year (spring, summer, fall, and winter) by competent professionals, with the participation of external experts as necessary. Field studies and assessments should be recent, and surveys should be conducted within the direct footprint of the project, including related and associated facilities, its area of influence, and potentially a wider area, as applicable to the particular nature of each Vesta project.

   Baseline studies will be conducted taking into account bibliographic work and documentary analysis, the scope of which will depend on the susceptibility of the biodiversity attributes associated with the project's area of influence and the ecosystem services that may be affected. The documentary analysis may include the following sources of information:

a) Peer-reviewed academic journals;
b) Regional assessments;
c) National or regional planning documents (e.g., national biodiversity strategies and action plans and local biodiversity action plans);
d) Assessments and studies conducted at the project site and in its area of influence;
e) Data retrieved from the Internet, such as information from the International Union for Conservation of Nature (IUCN) Red List of Threatened Species;
f) National red lists and books;
g) Landscape prioritization plans that include key biodiversity areas (KBA);
h) Systematic assessments for conservation planning and corresponding plans; and
i) Doctoral and master's theses, among others.

Baseline studies requiring fieldwork will focus on obtaining biodiversity data such as the richness, abundance, and dominance of the species present. The work will be carried out on the taxonomic groups present in the project area, considering plants (in their three strata: herbaceous, shrubby, and arboreal) and different animal groups such as mammals (considering bats, if present), birds, reptiles, and amphibians. If the project is located in coastal ecosystems, the work must consider aquatic biodiversity (such as turtles, fish, or aquatic invertebrates, as applicable).

III. Stakeholder engagement and consultation: This point is key to understanding biodiversity impacts on and deciding on the appropriate responses to mitigate them. The ESIA or complementary assessments of biodiversity or ecosystem services should take into account the different values that affected communities assign to biodiversity and ecosystem services. This includes the values assigned by the IUCN Red List of Threatened Species and national lists. Stakeholders with whom consultations should be organized include:

a. Affected communities;
b. Government officers;
c. Academic and research institutions;
d. External professionals recognized as experts in the attributes of biodiversity that are of interest; and
e. National and international NGOs dedicated to biodiversity conservation, as appropriate.

Consultation with stakeholders on biodiversity shall be based on:

a. The magnitude of conversion and degradation;

b. Analysis of alternatives;
c. Biodiversity values and ecosystem services associated with the natural habitat;
d. Mitigation options, including reserve areas and compensation for biodiversity loss;
e. Identification of additional opportunities for biodiversity conservation.

9.2 Critical Habitat Assessment

Critical habitats are areas that contain high biodiversity values and meet at least one of the five criteria established in IFC Performance Standard 6. The criteria for determining critical habitats are as follows and should form the basis of any critical habitat assessment:

- **Criterion 1:** Species that are endangered (EN) or critically endangered (CR).
- **Criterion 2:** Endemic or geographically restricted species.
- **Criterion 3:** Migratory or congregating species.
- **Criterion 4:** Highly threatened or unique ecosystems.
- **Criterion 5:** Key evolutionary processes.

To assess each criterion, Vesta will use the thresholds established in the Guidance Note for IFC Performance Standard 6.

In addition, if any Vesta project is located within nationally or internationally recognized areas of high biodiversity value, a critical habitat assessment will be carried out. Nationally or internationally recognized areas are understood to be the following:

a. Areas that meet the criteria for IUCN protected area categories I.a, I.b, and II;
b. Key biodiversity areas (KBA), which include what are called important bird areas (IBA).

Once critical habitats have been identified, Vesta will identify, delimit, and quantify the surface area of these areas on a plan or cartographic map and distinguish them from natural and modified habitats. It is important to emphasize that critical habitats are subsets of natural and modified habitats, so they are not mutually exclusive of critical habitat status.

9.3 Ecosystem Services Assessment

Activities focused on the protection of ecosystem services will cover points I, II, and III of Annex 9.1, Biodiversity Protection. In this regard, environmental risk and impact assessments will be complemented by a systematic procedure focused on evaluating the ecosystem services present in the project area and the area of influence of Vesta projects. For this purpose, ecosystem services shall be understood to mean:

- Provisioning services: these include, among others, I) agricultural products, fishing and hunting products, wild foods, and ethnobotanical plants; II) drinking water, water for irrigation and industrial purposes, and III) forest areas, which provide the basis for numerous biopharmaceutical products, construction materials, and biomass for renewable energy.
- Regulating services: these include, among others, I) climate regulation and carbon storage and sequestration; II) decomposition and detoxification of waste; III) water and air purification; IV) pest and disease control and pollination; and V) natural disaster mitigation.
- Cultural services: these include, among others, I) spiritual and sacred sites; II) recreational purposes, such as sports, hunting, fishing, and ecotourism; and III) scientific exploration and education.
- Supporting services: these are the natural processes that maintain other services, such as: I) nutrient capture and recycling, II) primary production, and III) pathways for genetic exchange.

This assessment of ecosystem services will identify the priority services provided by ecosystems based on:

1. Provisioning, regulating, cultural, and supporting services managed directly by Vesta, or over which it has considerable influence, and where impact on these services could harm communities. These are considered Type I Ecosystem Services, in accordance with IFC Performance Standard 6.
2. Provisioning, regulating, cultural, and supporting services managed directly by Vesta or over which it exercises significant influence, and on which the project depends directly for its operations. These are considered Type II Ecosystem Services, in accordance with IFC Performance Standard 6.

The assessment of ecosystem services will be based on the methodology proposed by the World Resources Institute (WRI)[6] and will consider:

1. Examining the nature and extent of ecosystem services at the project site and its area of influence;
2. Identifying the condition, trends, and external threats (unrelated to the project) to the services;
3. Identifying their beneficiaries;
4. Assessing the extent to which the project depends on or may impact the identified services;

[6] Landsberg., et al. (2011). Ecosystem Services Review for Impact Assessment: Introduction and Guide to Scoping. (W. R. Institute., Ed.) Washington DC, USA: WRI Working Paper. Retrieved online at http://www.wri.org/publication/ecosystemservices-review-for-impact-assessment

5. Assessing the importance of the services in terms of livelihoods, health, safety, and cultural heritage, incorporating validation with stakeholders relevant to the project to ensure that their values, perceptions, and dependencies are adequately reflected. Stakeholder follow-up shall be carried out in accordance with the provisions of PT-ASG-01, Community Engagement Protocol;
6. Identifying the main social, operational, financial, regulatory, and reputational risks associated with the project;
7. Identifying lines of action and mitigation measures to reduce the identified risks.

Following the assessment of ecosystem services, Vesta will decide on preventive and mitigation measures. In the case of Type I ecosystem services considered to be a priority, Vesta will apply the mitigation hierarchy to avoid impacts and, if unavoidable, will minimize them and implement mitigation measures to maintain "the value and functionality of priority services," as established in IFC Performance Standard 6. Given the wide variety of mitigation measures that could be taken to achieve this goal, no such measures are detailed in this procedure. These will be determined with the appropriate environmental and social specialists.

In the case of Type II ecosystem services considered to be priority services, Vesta will minimize impacts on ecosystem services and take measures to increase resource efficiency in its operations, as established in IFC Performance Standard 6. These measures will be developed in the natural environment to maintain the services that ecosystems provide for business operations. For example, protecting coastal ecosystems that provide breeding habitat for fish and other aquatic species could benefit fishing and other aquaculture activities, and protecting coral reefs and other marine resources would help increase the recreational value of coastal resources important to the tourism industry and well-being in real estate development projects.

These measures are means to optimize Vesta's use of cultural, provisioning, and regulating ecosystem services. The requirements relate to those set out in IFC Performance Standard 3, which cover resource efficiency in water and energy consumption as part of project design and production processes (i.e., "internal" efficiency measures).

9.4 Measures to protect biodiversity and ecosystem services

Following the development of Biodiversity Protection (Annex 9.1) and Ecosystem Services Protection (Annex 9.3) activities, Vesta will introduce a series of measures aimed at preventing and mitigating the environmental impacts that may be generated by the development of its projects. In this regard, below are some examples. It should be noted that the measures established for each project will be proposed, designed, and

implemented by professionals in the field and will be adapted to the nature and specific characteristics of each project.

Among the measures being considered are:

- Zoning and construction design: This measure will focus on the design and spatial distribution of the areas that will make up the project, with particular emphasis on establishing zones that serve as conservation and preservation areas for natural areas. In this regard, priority will be given to the conservation of areas identified as critical habitats and natural habitats that are home to plant and wildlife species of high biodiversity value and which are of vital importance to regional ecological dynamics. These areas will be marked by signage indicating their conservation importance and prohibiting any activity that does not adhere to the goals of conservation and preservation of natural areas.
- Biological Corridors: Biological corridors are connected areas that allow for the movement and genetic exchange of species between fragmented habitats, ensuring the survival and diversity of populations and maintaining key ecological processes. Their establishment is crucial for biodiversity conservation, climate change resilience, and population regulation, and requires effective planning and management. This measure is complemented by zoning and construction design.
- Plant and wildlife deterrence, rescue, and relocation programs: Developing plant and wildlife deterrence, rescue, and relocation programs is crucial to protect nationally and internationally threatened species, as it helps mitigate the impact human activities such as construction and deforestation may have their habitats. These programs will help:
    - Deter species from risk areas without causing them harm;
    - Rescue endangered individuals and relocate them to safe habitats;
    - Conserve biodiversity and maintain connectivity between populations;
    - Stabilize ecosystems and preserve environmental services;
    - Monitor and study endangered species to inform conservation strategies;
    - Educate communities and promote awareness of the importance of conservation.
- Reforestation and revegetation programs: The implementation of reforestation and revegetation programs is essential to restore and conserve biodiversity, mitigate climate change, and protect ecosystems in projects that impact ecosystems, as they restore natural habitats, improve air and water quality, reduce soil erosion, promote carbon dioxide absorption, and support the recovery of endangered species, in addition to generating socioeconomic benefits for local communities and promoting resilience to natural disasters and climate change. These programs will be implemented prioritizing the use of native species in the area where the projects are located.

- Biodiversity action plans (BAP): In the event that Vesta projects are located in critical habitats or habitats that are within legally protected areas or areas internationally recognized for their high biodiversity values (such as KBA and IBA), biodiversity action plans will be developed that entail the following:
  - Identification and assessment of impacts:
    - Analysis of biodiversity in the project's area of influence.
    - Identification of critical species and ecosystems.
    - Assessment of potential impacts on biodiversity.
  - Goals and targets:
    - Conservation and protection of biodiversity.
    - Mitigation of negative impacts.
    - Promotion of sustainable practices.
  - Mitigation and conservation measures:
    - Management plans for critical species and ecosystems.
    - Measures to reduce habitat fragmentation.
    - Strategies to control the invasion of exotic species.
  - Monitoring and follow-up:
    - Performance indicators to evaluate the effectiveness of the BAP.
    - Monitoring and follow-up plans.
    - Mechanisms to adjust the BAP as necessary.
  - Participation and consultation:
    - Engagement of stakeholders (communities, NGOs, authorities).
    - Public and transparent consultation.
    - Mechanisms to address concerns and complaints.
  - Training and awareness:
    - Training programs for employees and contractors.
    - Education and awareness about the importance of biodiversity.
  - Implementation and financing:
    - Implementation plan and timeline.
    - Budget and financing for the BAP.
    - Mechanisms to ensure long-term sustainability.

The BAP should be a living document, reviewed and updated regularly to ensure its effectiveness in biodiversity conservation.

In addition, the BAP should include offset plans which an "equivalent or better" approach, in accordance with IFC Performance Standard 6, and which complement the BAP. The goal of the offset plan is to achieve a net positive result for biodiversity, i.e., that the benefits of the offset exceed the negative impacts of the project. In this regard, and since offset plans are by-products of the BAP and are intended to compensate for unavoidable residual impacts on biodiversity, these plans should:

- Identify residual impacts on biodiversity:
  - Define and quantify impacts that cannot be mitigated or avoided.
  - Assess the magnitude and severity of impacts.
- Establish offset goals:
  - Restore or rehabilitate equivalent habitats.
  - Protect or conserve affected species and ecosystems.
  - Improve connectivity between habitats.
- Select offset measures:
  - Restoration of habitats.
  - Creation of biological corridors.
  - Protection of critical areas.
  - Relocation of species.
  - Payment for environmental services.
- Evaluate effectiveness:
  - Performance indicators to evaluate effectiveness.
  - Monitoring and follow-up.
  - Adjustments to the plan as necessary.
- Address implementation and financing:
  - Implementation plan and schedule.
  - Budget and financing.
  - Mechanisms to ensure long-term sustainability.
- It must also:
  - Be proportional to the magnitude and severity of the impacts.
  - Be introduced before or during project construction.
  - Be monitored and evaluated on a regular basis.
  - Generate *additionality*, so that the conservation benefits derived from an offset measure are only considered valid only if they would not have occurred naturally or through other actions independent of the project. In other words, the offset must generate net gains or at least a net zero loss in biodiversity, ensuring that positive conservation outcomes are directly attributable to the intervention and not to pre-existing trends or measures already planned by other actors.

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