	Supplier ESG Evaluation and Development Procedure Version 3 Revision 1	CORPORATE PROCEDURE
		Code: PROCEDIMIENTO- VESTA- 01
		Approval Date: 2023/JANUARY/01

1. Introduction

Corporación Inmobiliaria Vesta, S.A.B. de C.V., (hereinafter, and jointly with its subsidiaries, “Vesta”), is a company engaged in the development, management, and acquisition of industrial parks and buildings in Mexico.

Vesta has made a pledge to all its stakeholders to incorporate Environmental, Social, and Governance (ESG) aspects throughout the lifecycle of its operations, with the goal of building value and reducing social and environmental impacts.

This document describes the Supplier ESG Evaluation and Development Process, through which we urge our value chain to incorporate and apply environmental, social, and corporate governance practices in their daily activities.

2. Objective

To establish a comprehensive evaluation and monitoring mechanism so that Vesta can verify that its suppliers are aware of, understand, implement, communicate, and continuously improve their environmental, social, and governance (ESG) actions in accordance with current regulations, internal company policies, and international trends in sustainability.

This process seeks to ensure regulatory compliance, reduce risks and impacts associated with the supply chain, optimize operating costs, and strengthen the ESG performance of suppliers, in line with Vesta's Stakeholder Engagement Program.

In addition, risk mitigation is prioritized for suppliers critical to operations through an individualized support approach aimed at addressing identified areas of opportunity in a timely manner, promoting capacity building, and forging strategic relationships that drive a more resilient, transparent, and sustainable value chain.

3. Departments involved in the evaluation and development process:


A) Supplier Evaluation and Development Process:

a. Validation:

- ESG
- Purchasing
- IT
- Compliance

b. Approval of the Supplier Evaluation and Development Process:

- Chief Executive Officer

	Supplier ESG Evaluation and Development Procedure Version 3 Revision 1	CORPORATE PROCEDURE
		Code: PROCEDIMIENTO- VESTA- 01
		Approval Date: 2023/JANUARY/01

- Environmental, Social, and Corporate Governance Committee

Our supply chain ESG evaluation, monitoring, and surveillance process is carried out by the corresponding department. For our critical contractors and suppliers, the results of these assessments and development processes are approved by the management team and the ESG Committee.

4. New Supplier Due Diligence or Diagnostic Process:

Through a Counterparty Due Diligence or Supplier Diagnostic Process, we aim to mitigate the risks associated with our business relationships. This process ensures informed decision-making when establishing contractual relationships with other parties, avoiding or mitigating reputational, fraud, or corruption risks.


The departments involved in this process are in charge of evaluating issues within their sphere of responsibility. These are:

- A) Compliance: Compliance, Due Diligence, Corruption, Conflicts of Interest, Money Laundering Prevention, Data Protection, Terrorism.
- B) Legal: Legal terms and compliance.
- C) Procurement: General issues.
- D) Cybersecurity: Cybersecurity.
- E) ESG: Environment, Human Rights, Corporate Social Responsibility.

This due diligence process consists of the following steps:

- a) The assessment questionnaires are sent directly to prospective Vesta suppliers via email.
- b) The prospective supplier's representative must respond to each of the questions and sign and upload the requested documents to the evaluation platform.
- c) Once the supplier has completed the assessment, Vesta's managers receive the completed questionnaire and review the answers provided and the attached evidence in detail. At this point, they can:
 - d) Validate or adjust the risk.
 - e) Request clarifications.
 - f) Follow up on the supplier's responses.
- g) Once the assessment has been carried out by the relevant departments, Vesta will assign a weighting to each supplier's risk level. If the risk is high, Vesta will not enter into a contractual relationship with that company.

5. Procedure and Topics to be Evaluated

	Supplier ESG Evaluation and Development Procedure Version 3 Revision 1	CORPORATE PROCEDURE
		Code: PROCEDIMIENTO- VESTA- 01
		Approval Date: 2023/JANUARY/01

Once the above process has been completed, suppliers are selected for ESG evaluation and development based on their risk level and the whether the term for regular reassessment has elapsed.

This supplier development approach allows us to identify areas of opportunity as a starting point for providing individualized support. This strategy not only helps mitigate risks associated with the supply chain, but also establishes a closer and more collaborative relationship between Vesta and its suppliers, building a more robust and sustainable value chain.

The activities and initiatives that are evaluated in this process are:

- Regulatory compliance (federal, state and local).
- ESG requirements for suppliers and alignment with Vesta's ESG Strategy.
- Ethics and anti-corruption.
- Environmental, Social and Corporate Governance (ESG) Policy.
- Environment (energy, water and waste).
- Biodiversity
- Climate change and resilience.
 - Climate Transition Plan
 - GHG emission monitoring
- Health, safety and hygiene.
- Human rights.
- Social aspects.
- Responsible sourcing.

The principles enumerated in this section apply to all business relationships between Vesta and its suppliers, and compliance with the principles formulated is considered basic to the contractual relationship.


It is the responsibility of every supplier to read, understand and deliver a signed copy of this document as a token of its acceptance of responsibility.

This supplier evaluation and development process is linked to our ESG Strategy, which is related to Vesta's Business Strategy. It consists of the following steps:

5.1 Supplier Selection:

For the evaluation process, supplier selection is determined by how critical the company is considered to be to Vesta. The guidelines and definitions of criticality are described below, in accordance with Vesta's internal regulations.

DEFINITION: For Vesta, a critical supplier is one that involves a high volume of

	Supplier ESG Evaluation and Development Procedure Version 3 Revision 1	CORPORATE PROCEDURE
		Code: PROCEDIMIENTO- VESTA- 01
		Approval Date: 2023/JANUARY/01

expenditure and significance in Vesta's production process.

In addition to the above and based on the definition of "critical supplier," suppliers are classified into four levels, as follows:

- Level 1: low sales volume.
- Level 2: moderate sales volume.
- Level 3: high sales volume.
- Level 4: very high sales volume.

This category is used as a criterion for selecting suppliers to be incorporated into each audit process, with levels 3 and 4 suppliers being a priority for evaluation.

5.2 Participant Training:

In order to efficiently integrate suppliers, Vesta has a dynamic system for initial training/awareness-building. In this initial stage, an individual meeting is requested at a time that best suits each company, between February and April, via virtual means.

During each session, the goals and tools to be used during the process are explained, and the structure of the supplier checklist and new forms are detailed. After the meeting, the tools for participation are shared, according to the supplier's entry status (to be reevaluated, or new).

For suppliers flagged for re-evaluation, the new forms and policies created after their initial evaluation are shared. Likewise, previously shared evidence that remains current and has not been updated by the organization is taken into consideration.


When a supplier is marked as "new," Vesta shares its policies with them for their information and signature.

Finally, the key dates for document submission and information delivery are explained.

5.3 Follow-up and submission of information by suppliers:

Once training has been provided, key dates are set for follow-up and advisory meetings. The main goal of these sessions is to ensure that the tools are completed efficiently and in an orderly manner, and to answer any questions that could result in delays.

This part of the process takes place between February and July.

	Supplier ESG Evaluation and Development Procedure Version 3 Revision 1	CORPORATE PROCEDURE
		Code: PROCEDIMIENTO- VESTA- 01
		Approval Date: 2023/JANUARY/01

5.4 Risk assessment and classification by supplier rating:

The rating given to the supplier is defined according to the amount and quality of information it has shared. The following evaluation criteria are used as a basis for this.

Amount of information

In conjunction with the quality of the information shared, Vesta takes into account the participant's level of compliance with requirements: that is, the greater the number of significant documents shared, the lower level of risk assigned.


This level of compliance is measured according to the following scale, and weighted less than the quality of the information. However, it allows Vesta to determine the frequency which the supplier should be reevaluated.

Quality of information

Once the requested documents have been shared, they are evaluated on a scale of 0 to 5, based on the quality of the evidence provided to support the response to each question.

The assessment uses a scale from 0 to 5, which indicates the extent to which the evidence supplied meets the ESG requirements:

Scale	Description
0	The evidence shared does not meet the requirements of the checklist.
1	Deficient description of processes and no attention to the checklist's requirements. The quality of the information and its organization is of very low quality.
2	Poor description of processes and lack of attention to the requirements of the checklist. The quality of the information and its organization is low.
3	Sufficient description of processes or documents without going into more detail or description. The quality of the information and its organization is basic.
4	Sufficient description of processes or documents without going into more detail or description. The quality of information and its organization is good.

	Supplier ESG Evaluation and Development Procedure Version 3 Revision 1	CORPORATE PROCEDURE
		Code: PROCEDIMIENTO- VESTA- 01
		Approval Date: 2023/JANUARY/01

5	Clear and thorough description of processes and good amount of detail. The quality of the information and its organization is excellent.
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Once a score has been assigned to each question on the form, a weighting scale by category is used to arrive at the final score for each supplier. In other words, each of the eleven categories on the ESG checklist is differently weighted.

This scale was calculated as the ratio of the maximum score per category of the checklist and the maximum possible value of the instrument (420 points).

For the final evaluation, each of these values is added together, and suppliers are categorized according to the significant negative ESG risk they represent for Vesta:

Range	Risk
0% - 33.29%	Significant negative risk
33.3% - 66.69%	Moderate negative risk
66.7% - 100%	Insignificant negative risk

As a whole, this working methodology provides a clear understanding of the potential risk posed by the supplier in Vesta's supply chain.

6. Information to be evaluated:


The activities and initiatives that are evaluated in this process are:

6.1 Regulatory Compliance

For Vesta, it is vital that the entire supply chain assures us that 100% of their operations are compliant with the law and pertinent regulations. Specifically, emphasis must be placed on compliance with federal, state and local hygiene, health, human rights, safety and environmental legislation, as applicable.

6.2 ESG requirements for suppliers and alignment with Vesta's ESG Strategy

The main requirements are based on internal values and standards, as well as on the universal declarations and conventions to which Vesta is a party. The requirements we require suppliers to meet are contained in the following

	Supplier ESG Evaluation and Development Procedure Version 3 Revision 1	CORPORATE PROCEDURE
		Code: PROCEDIMIENTO- VESTA- 01
		Approval Date: 2023/JANUARY/01

documents, which are sent in digital form to each of them:

- Vesta's Social Responsibility, Environment and Governance Policy, aligned with the 10 Principles of the Global Compact and the 17 Sustainable Development Goals of the United Nations Organization (SDG-UN).
- Anti-Corruption Policy
- Environmental Policy
- Code of Ethics
- Supplier Code of Ethics
- Diversity, Equality and Inclusion Policy
- Human Rights Policy
- Resilience and Climate Change Policy
- Responsible Purchasing Policy
- Biodiversity Policy
- Office Emergency Plan
- Civil Protection Plans for Office and Industrial Parks
- Disaster Response and Fundraising Procedure

6.2.1 Additional requirements for contractors and major maintenance providers:

- Sustainable Construction Manual
- Safety Measures Log
- Health, Safety, and Hygiene Policy


At Vesta, we expect suppliers to act responsibly and determination to meet these requirements. We also expect for them to involve their own stakeholders and value chain in these actions.

We give preference to suppliers who show superior ESG performance by applying a minimum weighting to ESG criteria during the supplier selection process. This approach ensures that our business relationships align with our values of sustainability and social responsibility.

We have ongoing training programs for our procurement area and employees, focusing on their roles and responsibilities within the ESG supplier program. This training ensures that all personnel involved in supplier selection and management are well informed of and committed to ESG standards, thus strengthening our sustainable and responsible supply chain.

6.3 Ethics and Anti-Corruption

Our evaluation of suppliers covers the ethical and anti-corruption guidelines they

	Supplier ESG Evaluation and Development Procedure Version 3 Revision 1	CORPORATE PROCEDURE
		Code: PROCEDIMIENTO- VESTA- 01
		Approval Date: 2023/JANUARY/01

have in place in all phases of their processes and interaction with their stakeholders.

Vesta requires supplier to have at least two of the following:

- A written description of the organization's values, principles, standards and norms of behavior.
- Mechanisms for ethics advice and concerns:
 - Advice on ethical and legal behavior, and organizational integrity.
 - Channels to report concerns regarding unethical or illegal behavior and organizational integrity.
- A formal assessment of operations for risks related to corruption.
- Communication and training on anti-corruption policies and procedures for employees.

6.4 Environmental, Social, and Corporate Governance (ESG) Policy

On this point, we urge suppliers to have an ESG, sustainability and/or social responsibility policy, which governs the incorporation of ESG aspects into their operations based on their principles, values, mission and vision.

Note: If the supplier does not have an ESG Policy, it may adopt Vesta's ESG Policy and incorporate it, to the extent possible, into its processes and operations.

6.5 Environment (energy, water, and waste)


In evaluating this area of supplier operations, we consider their capacity to work sustainably, to reduce their consumption of energy, water and inputs during their processes, and to manage their waste, in order to reduce the environmental footprint of their current and future operations, thus improving Vesta's operations. This topic is in turn divided into the categories of energy, water, waste and transportation.

Furthermore, we urge suppliers to adopt Vesta's Responsible Sourcing Policy, to the extent possible.

Finally, we have requirements suppliers must meet as part of Vesta's purchasing process, specifically in the areas of:

6.5.1. Energy

This includes lighting, electrical power and equipment. All suppliers and subcontractors are required to take specific action to reduce energy

	Supplier ESG Evaluation and Development Procedure Version 3 Revision 1	CORPORATE PROCEDURE
		Code: PROCEDIMIENTO- VESTA- 01
		Approval Date: 2023/JANUARY/01

consumption in their operations and/or use renewable energy.

6.5.2. Water

All suppliers and subcontractors will be asked to take some of the following specific actions to reduce water consumption in their operations.

- Promote the implementation of a water conservation program that involves some of the following practices:
 - Raise employee awareness about efficient use of water and .
 - Reuse it for watering plants or washing floors.
 - Measure water consumption (in logs and on a monthly basis).
 - Equipment maintenance

6.5.3. Waste

Non-hazardous, recyclable, and hazardous

Suppliers are responsible for employee awareness programs and messages aimed at all employees and their value chains, to ensure responsible management their non-hazardous, recoverable and hazardous waste.

These include, but are not limited to, the following activities.


- Waste management plan.
- Training and awareness for all employees on the difference between organic, inorganic, recyclable, reusable, recoverable and hazardous waste.
- Follow-up on the plan, ensuring that employees separate waste correctly.
- Disposal of waste with authorized suppliers and archiving of the corresponding manifests.

Waste reduction


Suppliers are responsible for employee awareness programs and messages aimed at all employees and their value chains, aimed at reducing waste generation. These include, but are not limited to, the following activities.

- Encouraging the non-printing, reuse and non-use of paper (paperless), encouraging the use of digital media instead.
- Encouraging the use of washable and reusable bottles for drinking water.
- Reducing the use of disposables and plastics in general.
- Purchasing supplies with less packaging.

6.6. Biodiversity

	Supplier ESG Evaluation and Development Procedure Version 3 Revision 1	CORPORATE PROCEDURE
		Code: PROCEDIMIENTO- VESTA- 01
		Approval Date: 2023/JANUARY/01

In In this area, we seek information our value chain’s familiarity with and commitment to biodiversity, by means of a questionnaire that is part of in the ESG Checklist for Supplier Audits.

	Supplier ESG Evaluation and Development Procedure Version 3 Revision 1	CORPORATE PROCEDURE
		Code: PROCEDIMIENTO- VESTA- 01
		Approval Date: 2023/JANUARY/01

6.7. Climate Change and Resilience

This area encompasses those activities that allow Vesta to reduce its overall carbon footprint and thus contribute to the decarbonization of its activities.

To this end, some of initiatives each supplier can introduce to its facilities are:


- GHG monitoring
- Setting energy reduction targets (carbon footprint, at least in scope 1 and scope 2 emissions).
- Analyzing the feasibility of using renewable energies for its processes, if applicable.
- Establishing goals to reduce the carbon footprint of its products, if applicable.
- Ascertaining whether suppliers have climate transition plans in place.

6.8. Hygiene, Health and Safety

It is important to Vesta that its suppliers meet occupational health and safety standards in order to reduce occupational risks in their operations. These should include, as far as possible, aspects such as:

- Occupational health and safety management system.
- Hazard identification, risk assessment and incident investigation.
- Occupational health services.
- Worker engagement, consultation and communication on occupational health and safety.
- Training of workers on occupational health and safety.
- Instruction of personnel on risk mitigation and control and safe work methods.
- Reporting and management of occupational health incidents (Vesta Safety Measures Logbook).
- Worker health promotion/communication.
- Prevention and mitigation of occupational health and safety impacts directly linked to business relationships.
- Workers covered by an occupational health and safety management system.
- Work-related injuries.
- Work-related ill health.
- Decent working hours.
- Good condition of work areas.

6.8.1. Ministry of Labor and Social Welfare standards:

	Supplier ESG Evaluation and Development Procedure Version 3 Revision 1	CORPORATE PROCEDURE
		Code: PROCEDIMIENTO- VESTA- 01
		Approval Date: 2023/JANUARY/01

In addition to the above, suppliers must meet with all official Mexican health and safety standards that apply to them based on the scope of their industry, paying special attention to compliance with the following:

- NOM-031-STPS-2011 Construction-Occupational safety and health conditions.
- NOM-021-STPS-1994 Requirements and characteristics of work risk reports.
- NOM-017-STPS-2008 Personal protective equipment-selection, use and handling in the workplace.

6.8.2. Emergency and Disaster Response Plans

The supplier must have emergency and disaster response plans for its employees in order to reduce risks.

Emergency plans should be customized according to each supplier's line of business.

6.9. Human Rights


Vesta promotes respect for human rights in all its business relationships and asks its suppliers and business partners to abide by the same principles, paying particular attention to conflict and high-risk situations.

With this in mind, Vesta will include the following actions in its initiatives:

- Promote integrity by doing business according to the principles of trust, respect, honesty, equality, justice and legality; but, above all, with zero tolerance for corruption in any of its forms, both direct and indirect. The document that expresses our ethical commitment, and is our guide to regulate the behavior of those who work or interact with the company, is Vesta's Code of Ethics. For suppliers in particular, we have developed a Supplier Code of Ethics.
- Promote commitment to human rights throughout our value chain, where we seek to communicate our policy to suppliers, contractors, customers, investors and any other stakeholder group.
- Ask suppliers to commit to attending the Human Rights Course for Suppliers that Vesta developed together with an external consultant.

Suppliers must also fully comply with the following requirements and commitments in order to work with us:

- No forced labor in their operations (not allowing workers to leave of their

	Supplier ESG Evaluation and Development Procedure Version 3 Revision 1	CORPORATE PROCEDURE
		Code: PROCEDIMIENTO- VESTA- 01
		Approval Date: 2023/JANUARY/01

own free will, forcing them to work overtime).

- No child labor.
- Guaranteeing health and safety conditions for its workers as mandated by law.
- Promoting diversity and inclusion in their hiring.
- No inhumane treatment in their labor relations (using threats of physical harm or extreme intimidation, corporal punishment, mental or physical coercion).
- Providing a living wage.
- No abuse and harassment.
- No hiring, payment, promotion and dismissal of workers based on characteristics, sexual orientation, gender, personal, religious and/or political beliefs, among others.
- Keeping workplaces free of unsafe and unhealthy conditions for employees.

6.10. Social Aspects


At Vesta, we consider ourselves part of the communities in which we operate, so we work on cooperative projects based on dialogue, recognizing the needs and the different cultural, environmental, economic and social contexts in which we operate; respecting at all times the principles of human rights, gender equality, and above all, transparency.

We forge positive and meaningful ties with our stakeholders in order to build long-term relationships, earning and maintaining the trust of all those with whom we interact. For Vesta, social aspects are important and should be considered whenever possible in all the projects we develop.

6.11 Responsible Sourcing

Aware of the importance of properly managing our suppliers, we seek out business partnerships based on clearly established principles that allow us to build solid relationships based on trust. We also seek to ensure that our suppliers meet the following criteria:

- Ensure that our purchases promote compliance with human rights in their value chains.
- Conduct all their activities with an eye to caring for and respecting the environment in the areas where they have an impact.
- Promote creation and innovation in their value chains to offer products and services with a lower environmental impact throughout their life cycle.
- Make an effort to minimize the generation of waste that is directed to landfills.

	Supplier ESG Evaluation and Development Procedure Version 3 Revision 1	CORPORATE PROCEDURE
		Code: PROCEDIMIENTO- VESTA- 01
		Approval Date: 2023/JANUARY/01

- Promote the efficient and responsible use of energy, water, and raw materials, emphasizing their care and conservation (the use of products with certifications such as Energy Star or FIDE is recommended).

7. Communication and reporting of non-compliance

To report any violation or breach of this procedure to Vesta, the supplier and any of its personnel and/or interested parties may report their concerns anonymously 24/7 to the Vesta Ethics Hotline at the following link:
<https://secure.ethicspoint.com/domain/media/es/gui/1000220/index.html>

8. Subsidiary Companies

CORPORACIÓN INMOBILIARIA
VESTA S.A.B. DE C.V.
QVC S. DE R.L. DE C.V.
QVC II S. DE R.L. DE C.V.
VESTA QUERETARO S. DE R.L. DE
C.V.
VESTA BAJIO S. DE R.L. DE C.V.
VESTA BAJA CALIFORNIA S. DE R.L.
DE C.V.

AEROSPACE PROJECTS S. DE R.L.
DE C.V.
WTN REAL ESTATE DEVELOPMENTS
OF MEXICO S. DE R.L. DE C.V.
VESTA DSP S. DE R.L. DE C.V.
VESTA MANAGEMENT
VESTA ADMINISTRATION AND
MAINTENANCE SERVICES