

vesta

Analysis of Human Rights risks and action strategies



Analysis of Human Rights Risks and Action Strategies



I. Human Rights Commitment



II. Identified risks to Human Rights



III. Risk Prioritization

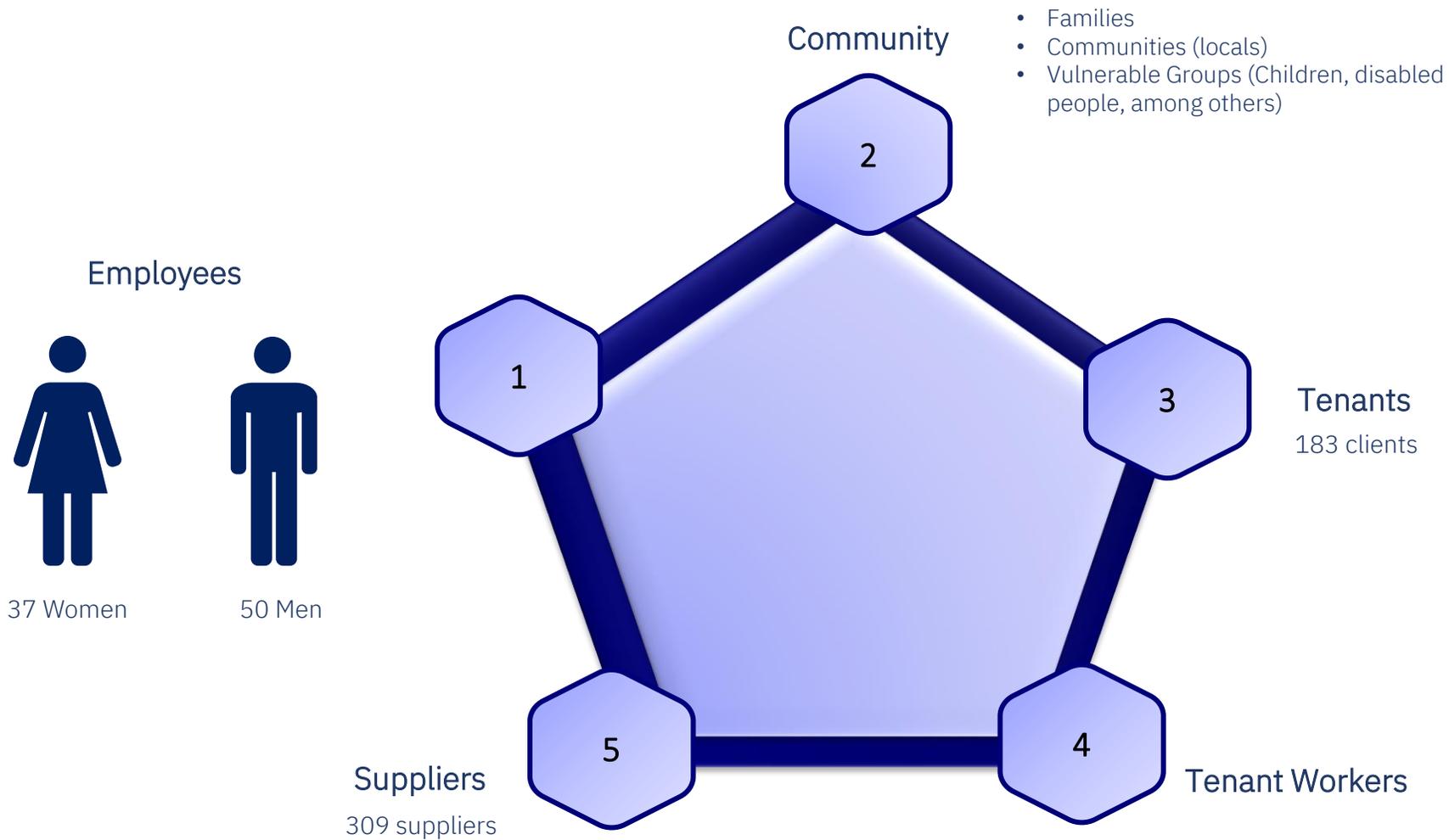


IV. Our Operations



Introduction

The following stakeholders participated in this risk analysis:

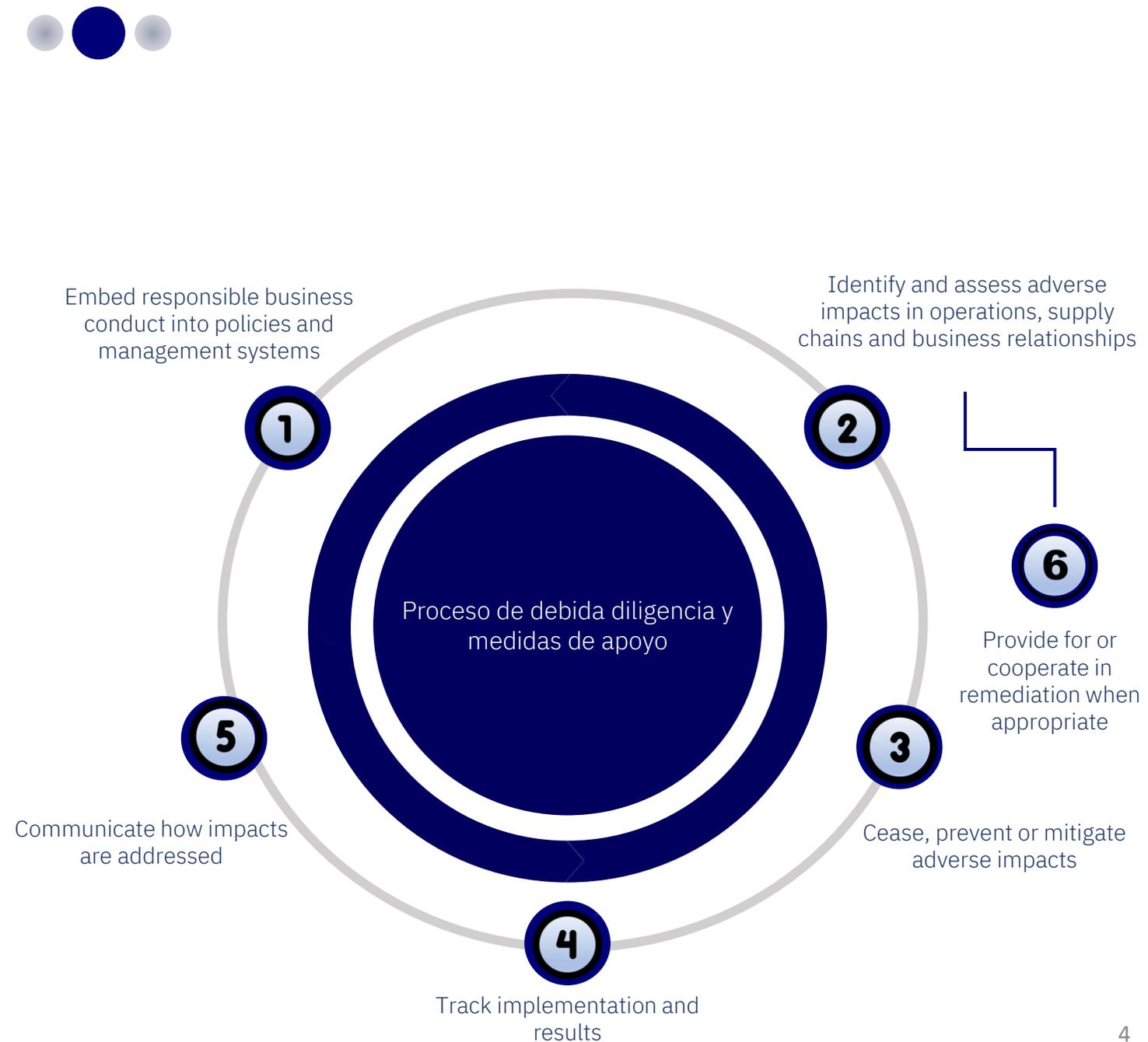


I. Human Rights Commitment

In all its activities, **Corporación Inmobiliaria Vesta, S.A.B. de C.V.** respects, protects and promotes basic internationally recognized human rights in internal and external relations with all stakeholders: employees, tenants, clients, suppliers and surrounding communities.

Its commitment is grounded in the Guiding Principles on Business and Human Rights, the Universal Declaration of Human Rights and the Declaration of the International Labor Organization, among other documents.

Vesta's corporate governance system includes a Policy on Human Rights and a Due Diligence Policy, which define the basic principles of action, the mechanisms for identifying, mitigating and remediating the potentially adverse impacts its processes could have on human rights, and the necessary training.





Process

Performance

01

Embed responsible
business conduct into
policies and
management systems

We have:

- [Membership in the U.N. Global Compact and the 17 Sustainable Development Goals](#), reinforcing Vesta's commitment to respect for human rights, labor standards, environmental care, transparency and fighting corruption in all our operations.
- [A Code of Ethics](#), which establishes the moral principles and rules that regulate the behavior of all of us who work at or interact with the company.
- [An Environmental, Social and Governance Policy](#), which defines the principles under which our social responsibility and sustainability practices will operate.
- [A Social Investment Policy](#), which defines and establishes the guidelines, principles and procedures by which funding is allocated, approved and delivered for social investment purposes.
- [A Policy on Diversity, Equity and Inclusion](#), which incorporates guidelines on promoting a culture of respect for diversity, equality and inclusion in our company.
- [A Climate Change and Resilience Policy](#), which helps us identify, describe, analyze, prevent and mitigate the various types of climate risks to which Vesta's operations and assets are exposed.
- [An Anti-corruption Policy](#), which provides instructions on preventing, detecting and sanctioning any act of corruption between any of the company's stakeholders.
- [A Supplier Code](#), which is our guide for regulating the conduct of those who work at or interact with the company, and for promoting the adoption of responsible business practices.



Process

Performance

Identify and assess adverse impacts in operations, supply chains and business relationships

There are two main mechanisms for identifying and assessing these impacts:

1. Public whistleblower's hotline (by e-mail at etica@vesta.com.mx; by phone at 80004 ÉTICA (38422), or online at <https://lineaeticavesta.com/>) by which anyone can report irregularities or violations of the Code of Ethics or our policies. The hotline is managed by the independent organization Ethics Global, and it is open to all stakeholders.

2. Risk assessments relating to corruption, child labor, slavery and other human rights abuses, through ESG audits of suppliers and evaluation of the Sustainable Construction Manual Checklist applied to our contractors.

3. All of our lease agreements include a clause by which tenants pledge to protect the human rights of their employees and the people with whom they interact, and to reject any form of discrimination, harassment, abuse or intimidation based on age, native language, nationality or race, marital status, gender, or others.

Our process for identifying and prioritizing risks involves:

- Analysis of our own processes and those of our value chain
- Identification of key stakeholders for each process and how they relate to our direct or indirect activities.
- Prioritization of the initial risk identification
- Prioritization based on likelihood of occurrence and impact, evaluated by employees responsible for each area.



Process

Performance

03	Cease, prevent or mitigate adverse impacts.	We have developed an action plan to deal with risks categorized as high or very high. This includes prevention, mitigation and remediation initiatives to reduce the likelihood of occurrence and diminish the impact if the risk does in fact materialize.
04	Track implementation and results	After establishing the action plan in mid-2023, Vesta will work together with a specialized consultant to track implementation of the various initiatives. Tracking is the responsibility of the ESG Director.
05	Communicate how impacts are addressed	We report on the progress of our human rights initiatives through the Integrated Annual Report .
06	Provide for or cooperate in remediation when appropriate.	We have avoided any serious instances of human rights violations thanks to our preventive management, our internal initiatives and our policies, which extend to our value chain. Furthermore, due to the nature of our operations, we identified only two risks categorized as “very high” in our prioritization exercise.

II. Identified risks to Human Rights

Risk Category



Very High



High



Medium



Low

Labor

Risk	Category
R12: Accidents and health impacts on workers in property development - construction	
R13 and R14: Accidents and health impacts in operations: tenants, suppliers and contractors	
R15: Accidents and health impacts relating to the status of property structures – depends on the owner	
R16: Discriminatory practices in property development - construction and maintenance	
R17 and R18: Discriminatory practices in operations of tenants, suppliers and contractors	
R19: Precarious employment in property development	
R20 and R21: Precarious employment in operations of tenants, suppliers and contractors	
R22: Restrictions on free association by employees	

Risk	Category
R23: Restrictions on free association by employees (property development) (suppliers)	
R24: Restrictions on free association (tenant operations)	
R25: Restrictions on free association (same as previous, but in operations of tenant suppliers and contractors)	
R26: Harassment of workers during property development process	
R27: Harassment of workers in tenant operations	
R28 and R29: Forced or child labor in operations by tenants, their suppliers or contractors	
R33: Personal safety of direct Vesta employees	

**Risks are grouped according to the spheres of Responsible Business Conduct mentioned in the [OECD Due Diligence Guidance for RBC](#)

*The risk of human trafficking was considered in the initial analysis, but after analyzing the company's process flow chart, this risk was eliminated because it was found to be insignificant given the characteristics of the industry and its operations.

II. Identified risks to Human Rights

Risk Category



Very High



High



Medium



Low

Risk	Environment	Category
R2: Zoning changes		
R5: Emissions associated with activities by tenants and suppliers		
R6: Effluents (discharges, waste, etc.) that affect water conditions (tenants)		
R7: Effluents (discharges, waste, etc.) from direct Vesta activities		
R8: Depletion of natural resources		
R36: Lack of tools and facilities or failure to apply measures aimed at preventing natural disasters		

Human Rights

R1: Impact on livelihood/ways of life of surrounding communities	
R3: Barriers to territorial integration/connectivity	
R8: Floating population not integrated into the community	

Risk	Corruption	Category
R9: Clientelism		
R10: Corruption in relations with government authorities		
R11: Corruption in relations with suppliers (construction and maintenance)		

Disclosure

R37: Lack of transparency toward neighboring communities and/or clients on environmental matters	
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Others

R4: Design barriers (architecture that impedes access to persons with mobility restrictions)	
R31: Abusive practices by security personnel	
R32: Failure to conduct due diligence in client assessment	
R34: Improper management and tracking of company whistleblower mechanisms (communication)	
R35: Improper tracking and/or monitoring of industrial park facilities	

III. Risk Prioritization

	Improbable	Rarely	Not very probable	Probable	Frequent
Catastrophic		R7;R9		R12;R15	
Major	R22;R27;R32	R5	R17	R6;R18;R35;R36	
Moderate	R4;R8;R23	R1;R31;R33;R37	R3;R19	R2;R16	
Minor	R13;R14;R20;R28;R29	R21;R26	R30;R34		
Insignificant	R11;R24;R25	R10			

Probability of Occurrence

The following are the risk categories resulting from the combination of the “Probability” and “Impact” variables:

-  Very High
-  High
-  Medium
-  Low

For all the risks, prioritized as very high and with high significance, prevention plans (to reduce the probability of occurrence) and mitigation plans (to reduce the impact in case of occurrence) were designed, as well as remediation actions in case the risk is materialize.



The following is a summary of the risks that were categorized as “high” and “very high” priorities, as well as the measures established in the action plan that will be taken in the short term. These will be reinforced by the controls already provided for by Vesta.

	Risk	Measure
R2	Zoning Changes	<p>Prevention</p> <ul style="list-style-type: none">• Preparation of a Land Acquisition Protocol• Design of a Community Engagement Protocol• Dialogue meetings with communities <p>Mitigation</p> <ul style="list-style-type: none">• Rescue and relocation of low-mobility land fauna in order to reduce the impact associated with “loss of fauna environments” resulting from soil movement and land clearing (when necessary)• Guide to Procedures for managing emergencies and hazards relating to soil impact• Dialogue meetings and open collaboration with local communities and other interested parties in order to agree on measures to mitigate adverse impacts <p>Remediation</p> <ul style="list-style-type: none">• Creation of a grievance mechanism open to neighboring communities: viable for development of an industrial park whose construction and/or operation could generate potentially significant consequences for local communities and the environment in which they operate.• Design of an Environmental Compensation Plan that details all the measures, terms and resources for the restoration and/or conservation of the affected area• Program of Collective Reparations based on community dialogue



Risk

Measure

R6
R7

Effluents that affect water resource conditions for tenants, and effluents inherent to Vesta's direct activities

Prevention

- Preparation of a Guide or Practical Usage Manual on Tenant Rights and Responsibilities that includes instructions on waste management (extension of the ESG policy)
- Introduction of a control system for drivers employed by Vesta and/or its contractors to ensure ongoing training in safe handling of vehicles and equipment
- "Ten commandments" of responsible management, posted in industrial parks (control of atmospheric pollution and proper handling of chemical products)

Mitigation

- Preparation of an Emergency Response Plan for dealing with incidents, which is socialized among all persons responsible for managing operating activities
- Spaces for dialogue with communities and tenants, in which Vesta regularly reports on the actions taken to comply with its social commitments
- Onsite collection of grievances and claims from affected individuals or communities so that they can be incorporated into the company's management system, guaranteeing that they are dealt with transparently and are accompanied by performance commitments.

Remediation

- Economic reparations proportional to the severity of the impact, including physical or material damage, loss of income and opportunities.
- Strengthening of preventive mechanisms in this area and a modification of the practices that contributed to the materialization of this risk.



Risk

Measure

R9

Clientelism

Prevention

- Survey of employee perceptions in order to design a system that conforms to their reality, and identify the risks, gaps and necessary controls in terms of compliance
- Incorporation of a clause into client agreements that details their specific commitment to fighting corruption and any type of act that involves clientelism
- Communication Plan aimed at raising employee awareness about the importance of internalizing ethical behavior

Mitigation

- Review of the company's whistleblower system to identify whether the same events have already been identified, and what action the company took to address them
- If the person involved is an indirect employee or contractor of Vesta, request that the contracting company carry out a fair and transparent process to determine responsibilities and take the corresponding disciplinary measures
- Exhaustive, objective investigation to gather evidence, determine the veracity and mitigate the impact of the alleged act of clientelism. This may involve interviews, review of the records and relevant documentation.

Remediation

- Creation of a disciplinary committee to evaluate measures to take in the event of non-compliance with the law or internal regulations (Code of Ethics and/or Anti-Corruption Policy)
- Review and improvements in Vesta's internal processes to minimize the risk of clientelism in the future. This may require expanding the anti-corruption policy.



Risk

Measures

R12
y
R15

Accidents and health
conditions

Prevention

- Manual of good workplace ergonomic practices to prevent musculoskeletal injury and other work-related disorders
- Regular testing to detect health problems (respiratory, pulmonary, auditory, among others)
- Communication campaign within the overall promotion of safety culture in the company, where all employees feel responsible and committed to risk prevention

Mitigation

- Emergency plan for dealing with specific accidents or risk situations, including the location of emergency exits, fire extinguishers and designated meeting points
- Exhaustive, objective investigation to gather evidence, determine the veracity and mitigate the impact of accidents or conditions
- Compliance with company protocols for dealing with work-related accidents (extend this to value chain protocols)

Remediation

- Creation of clear, accessible communication channels with employees and their representatives regarding incidents that occur, remediation measures, and preventive actions taken.
- Employee compensation and support program
- Administrative reparations to the employee's family in the event of a fatality, along with psychological counseling and symbolic measures



Risk

Measure

R16
R17
R18

Discriminatory Practices

Prevention

- Employee training, including detailed information on their legal rights and responsibilities under Mexican anti-discrimination laws
- Tracking of Vesta's diversity record based on the hiring and promotion of women, visible minorities and persons with disabilities in their work force and leadership
- Work environment surveys to learn about how Vesta's employees and providers feel about the social aspects of their workplace

Mitigation

- Prompt intervention in cases of discrimination, including emotional and practical support for the victim and appropriate measures against the person perpetrating the discrimination, in line with existing company regulations
- Due process in conducting an exhaustive, objective investigation into the accusation of discrimination, including interviews of the parties involved, collection of evidence, and other elements
- Appropriate disciplinary measures in accordance with company policy and federal labor law.

Remediation

- Offer of economic compensation to the affected person or persons as reparation for the damage
- Rehiring or promotion of the affected person if the act of discrimination involved unjustified dismissal or a missed promotion opportunity



Risk

Measure

R35

Improper tracking and/or monitoring of industrial park facilities

Prevention

- Regular risk assessments to identify emerging or additional risks in industrial park facilities. Assess the risks associated with infrastructure, equipment and work processes
- Regular, open channel of communication with tenants so that they can report any problem or need for maintenance that they may notice on the premises
- Preparation of a Policy on Responsibility and Accountability that defines the roles and responsibilities of employees in charge of tracking and monitoring properties

Mitigation

- Exhaustive investigation to determine the scope of any contamination and the impact on neighboring communities
- Acceptance of responsibility for the contamination/adverse impact and the company's social commitment through regular reports to the communities on the status of the matter (monitoring)

Remediation

- Program of information and counseling for Vesta employees and their families, through individual attention to the employees and their needs until they return to work.
- Economic compensation to neighboring communities for damage suffered as the result of a lack of maintenance to the facilities
- Reassessment of the risk (if necessary) and establishment of mechanisms for monitoring and tracking compliance with the agreements reached with the community



Risk

Measure

R36

Lack of tools or facilities or failure to apply measures aimed at preventing natural disasters

Prevention

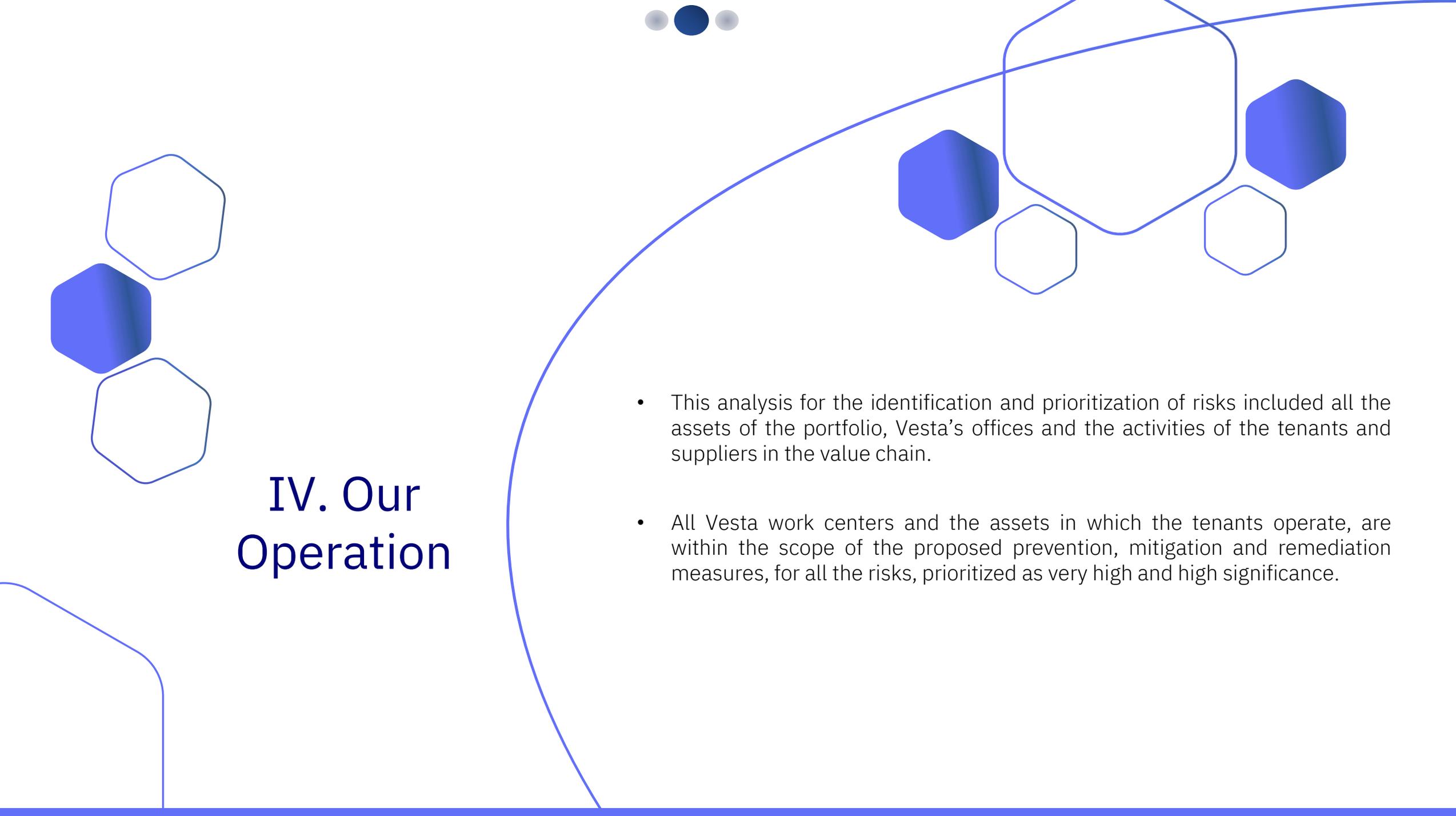
- Up-to-date emergency and/or crisis management plan including actions to be taken before, during and after a natural disaster (which can be disseminated among neighboring communities as well)
- Training for Vesta employees regarding the environment, natural disasters, and climate change
- Design of an early alert system to receive prompt information on an approaching natural disaster

Mitigation

- Spaces for employee-community coordination in the event of a disaster, where resources and knowledge can be shared, and workers and communities can work together toward an effective response and recovery.
- Availability of trained administrative personnel to organize emergency brigades and train other administrative and operating staff who will make up the teams that will respond when a risk materializes.

Remediation

- Reconstruction program to repair and rebuild damaged facilities and infrastructure, following the pertinent regulations and standards
- Strengthening of Vesta's due diligence and risk reassessment (when necessary) and establishment of mechanisms for monitoring and tracking compliance with the agreements reached with the community

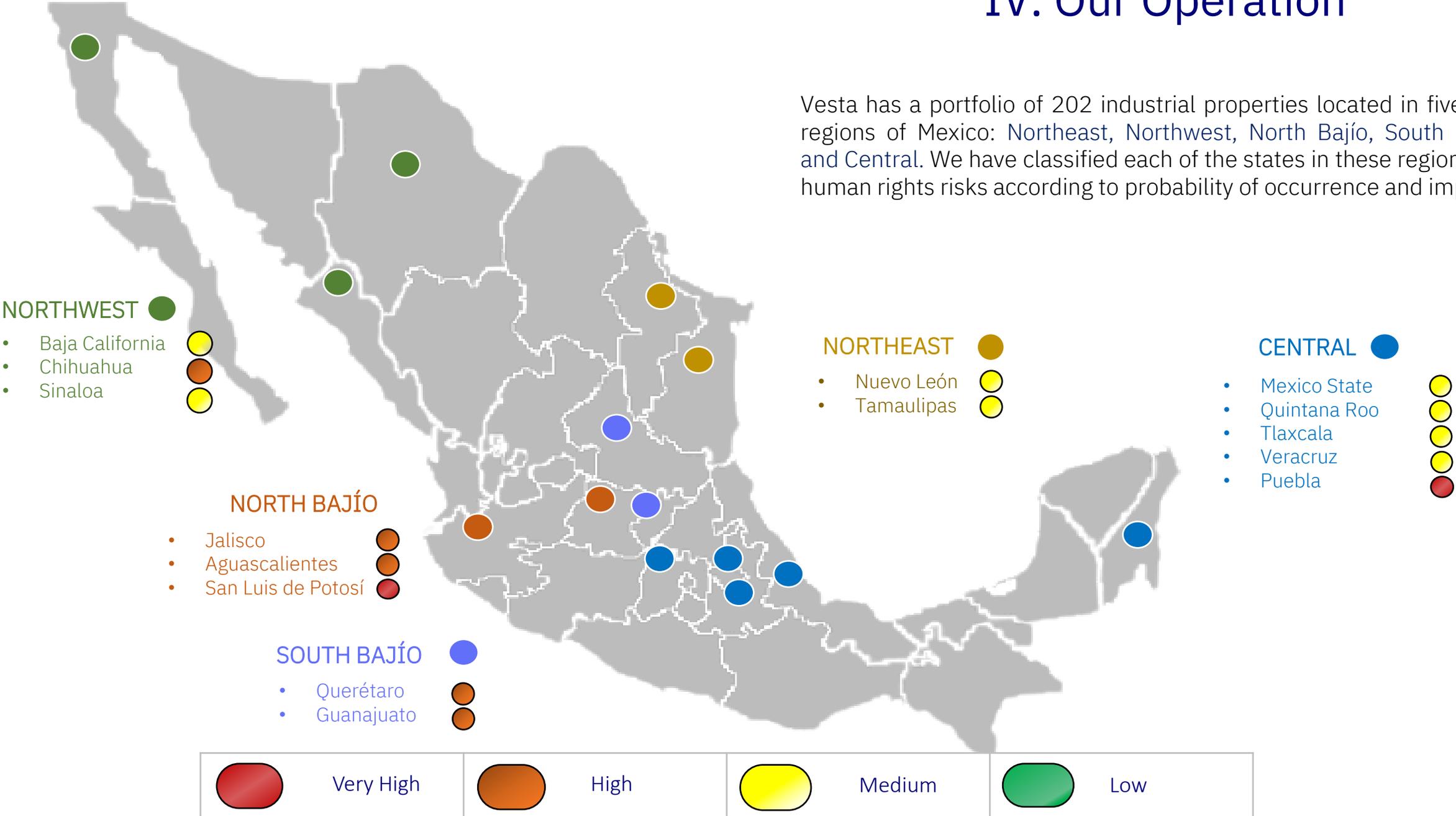
A decorative graphic featuring a large, light blue curved line that starts from the top right and curves towards the bottom left. On the left side, there are three blue hexagons: one solid blue and two outlined. On the right side, there are four blue hexagons: two solid blue and two outlined, arranged around a larger, rounded rectangular shape. At the top center, there are three small circles: one dark blue and two light blue.

IV. Our Operation

- This analysis for the identification and prioritization of risks included all the assets of the portfolio, Vesta's offices and the activities of the tenants and suppliers in the value chain.
- All Vesta work centers and the assets in which the tenants operate, are within the scope of the proposed prevention, mitigation and remediation measures, for all the risks, prioritized as very high and high significance.

IV. Our Operation

Vesta has a portfolio of 202 industrial properties located in five key regions of Mexico: Northeast, Northwest, North Bajío, South Bajío and Central. We have classified each of the states in these regions for human rights risks according to probability of occurrence and impact.



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