

Sustainable Finance Framework for Fibra NEXT

SUSTAINABLE FINANCE FRAMEWORK

October 2023

COMPANY OVERVIEW

Fibra NEXT is a recently created vehicle that will carry out the acquisition, development, construction and administration of industrial assets, through the NEXT Properties trust. Fibra NEXT is the leading industrial real estate company in Mexico, since it is the largest participant in the market with a proven track record of profitable operations, a solid financial profile, and a conservative and stable capital structure. As of the date of this Framework, Fibra NEXT is 2.8x larger than its closest competitor measured by GLA MXN\$10,548mm revenues and MXN\$9,020mm NOI¹.

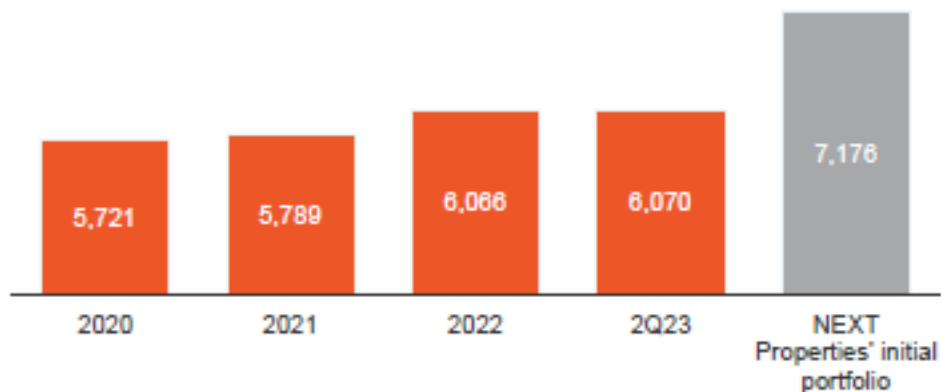
The company owns a robust and diversified world-class industrial platform including 21 stabilized and high-quality new assets that will be contributed to the portfolio. The Initial Industrial portfolio will comprise 202 properties and 7.2mm sqm in GLA.

The three main sectors of Fibra NEXT are:

- **Logistics (77.9%):** Located in proximity to consumption hubs and situated at the core of Mexico's logistics center.
- **Light Manufacturing (19.4%):** In established industrial parks with excellent services, primarily located in the northern part of Mexico.
- **Business parks (2.7%):** Allow for manufacturing companies to accommodate administrative and information technology teams.

GLA evolution of FUNO's industrial portfolio

'000 sqm



¹ This Figures are given to provide an overview of the expected figures for FY2024 and expected size, but are subject to change at any time.

Sustainable Finance Framework for Fibra NEXT

Sustainability Strategy

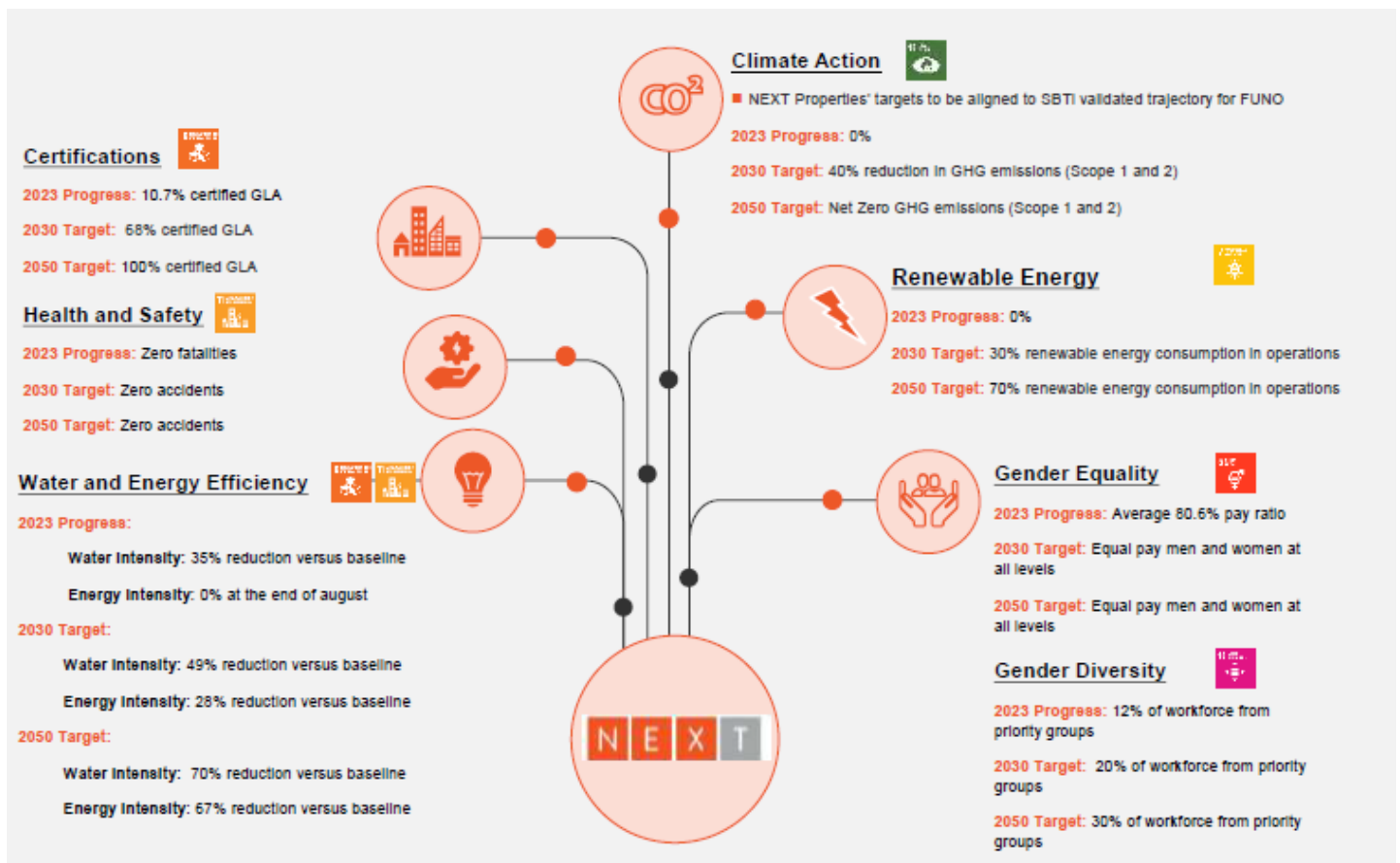
Fibra NEXT® is born with the commitment to become a Net Zero company by 2050 and our primary commitment is to certify 100% of the portfolio under LEED Zero/ EDGE Zero certifications.

This requires important investments, mainly to retrofit, modernize and improve the efficiencies of existing properties, set out an aggressive renewable energy strategy and a mitigation scheme.

This Sustainability approach in turn will help us:

- Boost portfolio resilience.
- Reduce current operational costs.
- Increase property value.
- Increase our ESG Investor base.
- Set forth better practices for Real Estate in Mexico
- Provide safer spaces, particularly in safety hot spots in Mexico.
- Promote economic development for SMEs in Mexico.

All this will be measured against the progress of the following metrics:



Sustainable Finance Framework for Fibra NEXT

Framework Rationale

We have established this Sustainable Financing Framework (this “Framework”) to support the future issuance of Green, Social and or Sustainable financing instruments (the “Instruments”).

Under this Framework, we may from time to time, offer, enter and issue bonds (notes), debentures, private placements (preferred stock or mezzanine debt), commercial paper (with maturity longer than one year), loans² (such as revolving credit facilities³, term loans and/or contingent facilities) for new and/or existing specific investments, assets and projects that adhere to the Eligibility Criteria in this Framework. We believe that the issuance of any of the Instruments under this Framework and the corresponding investments made in Eligible Projects should contribute to the execution of Fibra NEXT’s sustainability strategy and the achievement of our medium and long-term targets.

This Framework may be updated from time to time and will be applied to any Green, Social or Sustainable Instrument issued by Fibra NEXT, its subsidiaries and any of its affiliates. In the event of an update to this Framework, any future investments will be in alignment with the categories recognized by the Principles. Fibra NEXT intends to follow the best market practice as standards develop. This new enhanced Framework provides a high-level approach to labeled Instruments, and investors should always refer to the relevant documentation for the specific instrument.

Alignment with the Sustainability Guidelines

Fibra NEXT has developed this Framework as per the following voluntary process guidelines (the “Principles”), which are considered the best practices to promote transparency, disclosure, and integrity of this Framework:

- International Capital Markets Association (ICMA) Green Bond Principles, 2021 (“GBP”) (with June 2022 appendix)⁴
- International Capital Markets Association (ICMA) Social Bond Principles, 2023 (“SBP”)⁵
- International Capital Markets Association (ICMA) Sustainable Bond Guidelines, 2021 (“SBG”)⁶
- Loan Market Association (“LMA”), Asia Pacific Loan Market Association (“APLMA”), and Loan Syndication & Trading Association (“LSTA”), and Green Loan Principles 2023 (“GLP”, and, together with GBP, SBP, SBG the “Principles”)⁷

² If loans include multiple tranches, only those tranches that comply with the eligible criteria of this Framework will be labelled as Green, Social and or Sustainable

³ Reporting is done until loan maturity (rather than until fully drawn).

⁴ For more information, please visit: [Green Bond Principles](#)

⁵ For more information, please visit: [Social Bond Principles](#)

⁶ For more information, please visit: [Sustainability Bond Guidelines](#)

⁷ For more information, please visit: [Green Loan Principles](#)

Sustainable Finance Framework for Fibra NEXT

Any Instrument issued by Fibra NEXT's under this Framework will be aligned with the four core components and recommendations of The Principles:

- 1) Use of Proceeds
- 2) Process for Project Evaluation and Selection
- 3) Management of Proceeds
- 4) Reporting

This Framework also aligns with the recommendation of (5) using a framework and 6) external reviews of the components listed in items 1-4 above.



Use of proceeds:

Fibra NEXT intends to allocate an amount equal to the net proceeds from any Instrument issued under this framework to finance or refinance, in whole or in part, existing or future investments in eligible sustainable projects (together, the Eligible Projects) which include investments made by Fibra NEXT or any of its subsidiaries within the period beginning [36] months before and the [36] months after the issuance of the Instrument and which meet one or more of the Eligibility Criteria below.

Examples of investments that may be considered Eligible Projects include the following:



- **Capital Expenditures** and selected **Operating Expenditures** (such as maintenance costs that either increase the lifetime or the value of the assets) of physical assets meeting the Eligibility Criteria; or
- **R&D Expenditures** aimed at developing new products and/or solutions as per the Eligibility Criteria;

Sustainable Finance Framework for Fibra NEXT

Project Category as per SDGs ⁸	Project Category	Eligible Green Projects	Potential Impact Indicators
	Clean Transportation	<p>Development, construction, acquisition, installation, repair, reconditioning, operation, and / or upgrades to:</p> <ul style="list-style-type: none"> • electric vehicle charging stations. • Infrastructure and equipment for active mobility (walking, cycling, e-bikes and e-scooters) and cycling parking 	<ul style="list-style-type: none"> • # of installed charging vehicle station • Invested MXN in infrastructure retrofitting to promote mobility through electric vehicles, bicycles, metro, trains, buses, or any other collective transportation system.
	Green Buildings	<p>Purchase, construction, development, operation, upgrades and investment of new or existing industrial facilities that:</p> <ul style="list-style-type: none"> • have achieved, based on third-party assessment greenhouse gas emission performance in the top 15% of their city, or • have received, or expect to receive based on their design, construction and operational plans, certification according to third party verified green building standards, such as LEED Gold or Platinum standard or other equivalent certification schemes such as EDGE, DGNB, BREEAM or BOMA BEST (Gold Or above), HQE (Very Good, Excellent or Exceptional Levels) 	<ul style="list-style-type: none"> • % of certified portfolio • Certified LEED GOLD, Platinum or ZERO sqm • EDGE Zero certified sqm • Invested MXN in infrastructure retrofitting to achieve certifications.
	Climate Change Adaption	<p>Investments related to activities related to assessing Fibra NEXT's vulnerabilities and opportunities due to climate change and the means of improving the resilience its operations, such as:</p> <ul style="list-style-type: none"> ▪ Measures supporting the protection and restoration of biodiversity and terrestrial and marine ecosystems, including protecting species at risk, and other related priorities. ▪ Efforts to make infrastructure more resilient to impacts of climate change, as well as information support systems, such as climate observation and early warning systems 	<ul style="list-style-type: none"> • Tons of Coe avoided, mitigated, sequestered. • # of regenerated ecosystems • # of ecosystems protected • # of protected species

⁸ The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, including Mexico <https://sustainabledevelopment.un.org/?menu=1300>

Sustainable Finance Framework for Fibra NEXT

	<p>Sustainable water and wastewater management</p>	<p>Expenditures related to projects on sustainable water management, such as</p> <ul style="list-style-type: none"> • Development, construction, acquisition, installation, operation, and upgrades of wastewater treatment plants (WWTP). • Development, construction, acquisition, installation, operation, and upgrades for rainwater harvesting systems. 	<ul style="list-style-type: none"> • Water withdrawals or treatment capacity (m3 / year) • Invested amount in MXN. • # of operated and/or maintained WWTP • # installed WWTP. • m3 of harvested rainwater • amount in MXN invested on the installation, operation and maintenance of rainwater harvesting system.
	<p>Energy Efficiency</p>	<p>Expenditures related to the development, construction, acquisition, installation, operation, and upgrades of projects that, using best efforts to achieve at least a 30% energy efficiency improvement compared to the baseline scenario, including:</p> <ul style="list-style-type: none"> • Projects involving the installation, maintenance or replacement of old heating, ventilation, air conditioning, refrigeration, lighting and electrical equipment, only when the new technology does not involve any fossil fuels • Projects which allow the monitoring and modeling of energy performance such as the design and installation of digital controls, sensors or building information systems. • Projects that optimize the amount and time of energy consumption by minimizing peak loads, such as but not limited to: design and installation of energy storage, metering systems, smart grids⁹, load control systems. 	<ul style="list-style-type: none"> • % reduction in energy intensity vs 2018. • % reduction in GHG emissions intensity vs 2018. • MXN invested on energy efficiency.
	<p>Renewable Energy</p>	<p>Expenditures related to the design, development, acquisition, construction, expansion, operation, upgrade and/or maintenance of renewable energy projects, including:</p> <ul style="list-style-type: none"> ▪ Solar Sources (Photovoltaic and Concentrating Solar Power (“CSP”)¹⁰) ▪ Wind Sources (onshore and offshore) ▪ Hydroelectric (<25MW capacity)¹¹ <p>The purchase of renewable energy from wind, solar¹², and/ or hydroelectric¹³ power facilities, pursuant to long-term (≥ 5 years) power purchase agreements (PPAs), including those entered prior to the issuance of a Sustainable Financing Instrument and later extensions of a PPA, in compliance with Fibra NEXT® ESG criteria</p>	<ul style="list-style-type: none"> • % kWh from clean energies • Investment in MXN for generation and transmission of energy from renewable sources. • Estimation of avoided CO₂e emissions

⁹ Harmonic filters in order to remove signal noise, and automation and control systems.


¹⁰ To be eligible, CSP plants must generate at least 85% of electricity from solar sources

¹¹ A hydropower facility in operation before 2020 is eligible if it has either: (a) A power density > 5W/m² ; OR (b) GHG emissions intensity < 100g CO₂e/kWh . A hydropower facility commencing operation in 2020 or after is eligible if it has either: (c) A power density > 10W/m² ; OR (d) GHG emissions intensity < 50g CO₂e/kWh. All hydropower projects will be subject to an environmental and social impact assessment to ensure that no significant risks, negative impact or significant controversies related to the projects are identified.

¹² To be eligible, must meet Solar Criteria.

¹³ To be eligible, must meet the Hydroelectric Criteria

Sustainable Finance Framework for Fibra NEXT

	<p>Pollution Prevention and Control</p>	<p>Investments, acquisitions, or financings aimed at the reduction of air pollutants and greenhouse gas emissions, such as R&D and other capital expenditures for carbon capture, use and storage (subject to exclusionary criteria)</p> <p>Expenditures related to the production, construction, maintenance, operation, improvements and infrastructure of zero waste facilities and industrial and post-consumption waste management processes, including:</p> <ul style="list-style-type: none"> • The collection, sorting, and recycling by third parties of materials from NEXT’s properties • Collection and recycling facilities, such as containers and biodigesters, sorting centers and equipment for post-consumption plastic materials such as PET and/or glass collection. • Financing sorting or recycling facilities owned by communities or local governments. • Expenditures related to the procurement of materials to be recycled. <p>Construction and design of in-house waste collection, and segregation, in particular, retrofits related to waste collection and segregation processes, and purchase of biodigesters, including:</p> <ul style="list-style-type: none"> • Financing or refinancing of construction, operation, design and management, or upgrade of recycling infrastructure, including waste minimization, filtering, management, recycling and reuse; improvements that divert organic materials from landfills to composting, reducing GHG created by anaerobic digestion in such facilities. <p>Projects to reduce waste¹⁴, including:</p> <ul style="list-style-type: none"> • Increase the use of reused or recycled materials ((PET plastic waste) generated in our self-operated facilities, such as polyethylene terephthalate seats, recycled bags for our properties, etc. 	<ul style="list-style-type: none"> • Tons of CO₂e emissions avoided, captured or reduced. • Tons of waste collected, sorted, recycled or avoided. • Tons by type of waste collected, sorted, recycled or avoided. • Sqm of remediated soil
---	--	---	---

¹⁴ Such as the retrofitting of our Waste warehouses, and the implementation of strategies aligned with true zero waste methodology (mainly waste segregation strategies)


Social Projects Target Population:

Target Population	Definition
<p>Low Income Individual / Regions</p>	<ul style="list-style-type: none"> • The Framework’s design is based on definition of “poverty per income” and open data collected through the Census of Population and Housing, and analyzed by The National Council for Evaluation of Social Development Policy (Consejo Nacional de Evaluación de la Política de Desarrollo Social, or “CONEVAL”), to target the most needed territories and populations¹⁵. <ul style="list-style-type: none"> ○ Some examples of regions and municipalities, that take into consideration poverty levels, and are officially listed as Priority Attention Zones¹⁶ • The Official multidimensional poverty measure combines income-based monetary poverty with non-monetary dimensions of wellbeing, called social deprivations. Defined in the Constitution, these are education, health, food, social security, quality and space of the dwelling, and basic services in the dwelling. According to Mexico’s methodology, an individual is considered poor if living below the wellbeing line and with at least one social deprivation. An individual is considered extremely poor if living below the minimum wellbeing line and with three or more social deprivations.
<p>Micro, Small and Medium-sized Enterprises (MSMEs)</p>	<ul style="list-style-type: none"> • The Mexican Secretary for Economics defines SME’s defined by number of employees and by revenue size as follows: <ul style="list-style-type: none"> ○ Micro enterprises refers to those with less than 10 employees and make less than 4 million pesos; ○ Small enterprises refers to those with 11-30 employees and make between 4 and 100 million pesos; ○ Medium enterprises refers to those with 31 – 100 employees and make between 100-250 million pesos.
<p>People with Disabilities</p>	<ul style="list-style-type: none"> • An individual with any physical, mental or sensory impairment that substantially limits one or more of the main activities of an individual.
<p>Vulnerable People as a Result of the impact caused by natural events</p>	<ul style="list-style-type: none"> • To be eligible, individual must meet the following requirements: <ul style="list-style-type: none"> ○ Individual affected by hazardous events that cause large numbers of victims, fatalities and/or overwhelming property damage, including but not limited to floods, volcanic eruptions, earthquakes, landslides, droughts, heat waves, tsunamis, tidal waves, cyclones, hurricanes, storms, tornadoes, tropical storms, typhoons, wildfires, insect infestations and epidemics; AND ○ Low-Income individual (per criteria above); OR ○ an Individual with Disabilities (per criteria above).
<p>Low Income Women</p>	<ul style="list-style-type: none"> • Focus on women as vulnerable population to reduce the “gender gap” and the inequalities that persist between women and men. To be eligible, individual must meet the following requirements: <ul style="list-style-type: none"> ○ Identify as a Woman; AND ○ Be a low-income individual (per criteria above) OR ○ Be single mothers
<p>Rural Population</p>	<ul style="list-style-type: none"> • Inhabitants in secondary cities and smaller towns (population under 150,000); or • Inhabitants in urban districts that have a majority of population are Low-Income; or • Inhabitants in areas of low population density such as rural towns and settlements (even with populations below 150 inhabitants)
<p>Undereducated</p>	<ul style="list-style-type: none"> • Population presenting illiteracy, uncompleted primary and secondary education
<p>Underserved</p>	<ul style="list-style-type: none"> • Population lacking quality access to essential goods and services, including sanitation, water/waste treatment, electricity, food, health, and education

¹⁵ For more information, please visit [CONEVAL](#)

¹⁶ For more information, please visit Priority Attention Zones

Eligible Social Projects

Project Category as per SDGs	Project Category as per Sustainable Financing Guidelines	Eligible Social Projects	Target Population	Potential Impact Indicators
	<p>Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, including through the potential effect of SME financing and microfinance</p>	<p>Affordable rents and financing for Micro, Small and Medium enterprises¹⁷ (MSMEs), as well as businesses led by people from one or more of the following priority groups (Women and/or sexual and gender minorities, excluded and/or marginalized populations and /or communities, people with disabilities, undereducated).</p> <p>Affordable rents¹⁸ and financing for businesses in areas below the poverty line.</p> <p>Promote local employment, through initiatives and local businesses, with social, environmental and/or economic impact.</p> <p>Activities to revitalize and/or stabilize economic activity in:</p> <ul style="list-style-type: none"> • Low-income areas¹⁹ • Areas affected by natural disasters. • Non-metropolitan or underserved communities, owing to a lack of quality access to essential goods and services; or located in medium or low income, in accordance with the INEGI²⁰ (Migrants, poverty levels, unemployment, population density). <p>Discounts in rents supporting:</p> <ul style="list-style-type: none"> • MSME’s led by women. • MSME’s led by people under 35 years old. • NGO’s or non for profits. • Indigenous communities 	<ul style="list-style-type: none"> • SMEs • Businesses owned by Low-Income Individuals / in Low income areas • Business owned by Low Income Women • Businesses owned by People with Disabilities • Vulnerable People as a Result of the impact caused by natural events • Rural Population 	<ul style="list-style-type: none"> • # of supported SMEs or Business led by people from priority groups. • Amount in MXN from affordable rents given to SMEs and businesses led by people from priority groups. • # of employments created through businesses supported by our initiatives. • Amount in MXN to revitalize and stabilize economic activities in designated areas. • # of benefited people • Training hours on each concept Amount in MXN towards supporting SMEs

¹⁷ As stated by the Mexican [Secretary for Economics](#); Micro enterprises refers to those with less than 10 employees and make less than 4 million pesos; Small enterprise refers to those with 11-30 employees and make between 4 and 100 million pesos; medium enterprise refers to those with 31 – 100 employees and make between 100-250 million pesos.

¹⁸ Rents with at least a 25% discount from regular market prices

¹⁹ Will consider only municipalities living in poverty and extreme poverty, as defined by CONEVAL:

<https://www.coneval.org.mx/InformesPublicaciones/FolletosInstitucionales/Documents/Multidimensional-Measurement-of-poverty-in-Mexico.pdf> . The Official multidimensional poverty measure combines income-based monetary poverty with non-monetary dimensions of wellbeing, called social deprivations. Defined in the Constitution, these are education, health, food, social security, quality and space of the dwelling, and basic services in the dwelling. According to Mexico's methodology, an individual is considered poor if living below the wellbeing line and with at least one social deprivation. An individual is considered extremely poor if living below the minimum wellbeing line and with three or more social deprivations.

²⁰ National Institute of Geography and Statistics (Instituto Nacional de Estadística y Geografía): <http://en.www.inegi.org.mx/>

Sustainable Finance Framework for Fibra NEXT

		<ul style="list-style-type: none">• Training for SME owners to increase their abilities.• Financing and support to our tenants which are SMEs.		
--	--	---	--	--

Exclusionary Criteria

Fibra NEXT will not knowingly allocate proceeds from any Instrument issued under this framework to any of the following activities:

- Nuclear energy operations
- Operations in the Coal Mining or Tobacco sector.
- Projects not in alignment to Fibra NEXT’s Code of Ethics or Sustainability Policy
- Thermal power plants
- Infrastructure for internal combustion engine vehicles
- Forced labor or child labor.
- Alcohol;
- Tobacco;
- Weapons and arms trade;
- Gambling;
- Activities in protected areas or activities that violate indigenous peoples’ rights;
- Activities related to the exploration, production or transportation of fossil fuels;
- Fossil fuel-related operations or other carbon-intensive activities; and/or
- Any other activity that Fibra Next determines is ineligible for allocation of proceeds at the time of allocation.

Project Selection and Evaluation Process

Fibra Next has established a process to ensure only projects aligned with the previously mentioned criteria are selected as Eligible Assets and Projects within this Framework. Fibra Next regularly analyzes the environmental and social impacts of our businesses and assess how we can mitigate impacts on communities in which we operate. We conduct extensive due diligence when evaluating potential new opportunities and monitoring of our investment positions.

Projects to which the labeled financing proceeds are intended to be allocated, evaluated and selected based on compliance with the eligibility criteria set forth in “Use of Proceeds” by the ESG and Ethics Committee of Fibra Next, which is comprised of 5 members of NEXTs Management and Independent members of the board of directors.

Projects meeting the Eligibility Criteria may receive allocation from an equal amount of the net proceeds of any Instrument financed under this Framework. Annually, the ESG and Ethics Committee of Fibra Next will review the

Sustainable Finance Framework for Fibra NEXT

approved green and social projects. If a project fails to meet the Eligibility Criteria or the Exclusion Criteria, its funding will be reallocated to eligible assets and projects within 12 months.

Management of proceeds

For the Management of proceeds, the ESG and Ethics Committee will be responsible for:

- 1) Allocating an equal amount of the net proceeds from any Instrument financed under this Framework to a portfolio of assets (the “Eligible Projects Portfolio”)
- 2) Achieve a complete level of allocation for the Eligible Project Portfolio which, after adjustments for “Intervening Circumstances” (including, but not limited to, sales, repayments and possible loss of certifications), matches the balance of net proceeds from its outstanding sustainable financing.
- 3) In the case of Intervening Circumstances, for so long as there is applicable sustainable financing outstanding, NEXT will strive to add Eligible Projects to the Eligible Project Portfolio to the extent required to ensure that the net proceeds from outstanding sustainable financing will be allocated to Eligible Projects.
- 4) Track the outstanding balances of the loans granted to the Eligible Projects on a timely basis, such that the Instrument’s proceeds can be allocated toward the financing of these projects.
- 5) Direct the investment of the Instrument’s proceeds that are not allocated to Eligible Projects in the instruments. Pending the allocation of the net proceeds of sustainable financing to Eligible Projects, all or a portion of the net proceeds may be used for the payment of outstanding indebtedness or other capital management activities or may be held on Fibra NEXT’s balance sheet, invested in cash, cash equivalents and/or other liquid instruments, in accordance with Fibra NEXTs Investment Policy. Investing any of the unallocated net proceeds from any Instrument financed under this Framework in controversial or in high emitting GHG emission sectors or activities is strictly prohibited.
- 6) Prepare a report detailing the Instrument’s net use of proceeds that will be presented periodically to the Audit committee (100% independent).
- 7) Ensure this information is disclosed to the public investors annually.
- 8) AIM for an amount equivalent to the Instrument net proceeds to be fully allocated within the lifetime of the applicable Instrument.

Payment of principal and interest on any sustainable financing issuance will be made from NEXT general funds and will not be directly linked to the performance of any Eligible Projects.

Complete allocation of the proceeds from any Instrument issued under this Framework is expected as soon as possible but within 36 -months from the date of the issuance.

Risk Identification

NEXT will conduct annual risk analysis including social, human rights, environmental, political, governance and related criteria.

Our identified emerging risks are:

- Community inconveniences around our properties
- Waste management
- Lack of training on water issues
- Water scarcity or excessive use of water.
- Accidents or injuries in our properties.

Risk for Renewable Energy and Energy Efficiency Categories:

- Risks in energy related projects usually involves uncertainty collecting additional data so that informed inputs and assumptions can be introduced into the project, there are also uncertainties in modeling inputs, occupancy rates, or the future cost of energy in Mexico.
- Political risks are also relevant when it comes to energy projects; in addition to damages by natural phenomena.
- Changes in current regulations which may turn into subsidies for non-renewable energy investments.

Risks for Sustainable Water Management Category:

- Risks include the release of certain volatile chemicals into the air in the process of water collection and treatment, as well as generation of large quantities of solid waste that may not always be discharged in an environmentally friendly way. In addition, some rainwater harvesting systems may seep chemicals and other substances that can harm plants and animals depending on the use.

Risks for Sustainable Infrastructure Category:

- Main risks identified include last-minute challenges to acquire or develop LEED certified buildings, such as negative outcomes on licensing, permits, environmental audits, etc.
- Changes in costs for energy-efficient construction, certification fees for new buildings and auditing for existing ones.
- Risk of accidents, adverse impacts on human health and the environment, adverse impacts from pollution and contamination, and other pre-existing liabilities, soils, water resources, materials use, energy use, waste, and hazardous materials.

Risks for Human Rights Category:

Sustainable Finance Framework for Fibra NEXT

- Proper quality of life:
 - Communities arguing being affected by traffic, noise, insecurity and air quality.
 - The suppliers' personnel who expressed issues with respect to timely receipt of salary, lack of materials to work with (torn, used and dirty uniforms (safety), lack of material to work with (cleaning), lack of a decent work environment where sometimes they are not treated with respect.
 - Absence of cultural activities that would benefit the quality of life of collaborators, suppliers as the first relevant interest group and, secondarily, tenants and the community.
 - Increase in living costs around properties due to economic development in the areas where they are located.
- Effective abolition of child labor:
 - Presence of minors working as salespeople or window cleaners.
 - Cases where minors use resources for activities such as cleaning windows.
- Environment:
 - Noise, poor air quality, poor waste management, poor water quality, water availability, odors and the landscape value (absence or lack of green areas).
- Personal integrity and health:
 - Insecurity is a concern for interest groups in the surrounding area where the properties are located.
 - Other factors may be the malfunction of air conditioners and people who smoke, inside or near the properties.
 - Lack of harmonic protocols in case of emergencies and accidents (FUNO, suppliers, contractors and tenants usually have different protocols and there is no coordination between them).
- Free movement:
 - Issues related to closures of streets or crossings.
 - Mobility issues due to protests, strikes and high traffic.
- Decent housing:

Increase in living costs around properties due to economic development in the areas where properties are located.

Sustainable Finance Framework for Fibra NEXT

Reporting

Within one year of any issuance, NEXT will publish an allocation report (the “Report”) on its website. The Report will be updated every year until complete allocation, and thereafter, as necessary in case of new developments.

The Report will contain at least the following:

- The total amount of proceeds allocated.
- The number of eligible projects.
- Expected impact metrics, where feasible
- The outstanding amount of net proceeds to be allocated to Eligible Projects at the end of the reporting period.
- For properties in the Eligible Green Project Portfolio: the levels of certification of properties in the portfolio

External Review

Second Party Opinion

Fibra NEXT has obtained and intends to make publicly available a Second Party Opinion (“SPO”) from Fitch Ratings to provide an opinion on the environmental and social benefits of this Framework as well as the alignment to the Principles. The SPO will also be available on Fibra NEXT’s investor relations website, as well as the SPO provider’s website . Fibra NEXT will seek to contact Fitch Ratings to update the SPO in case of any material amendment of the Framework or as needed from time to time.

Assurance

We expect our Report to be accompanied by:

- Assertions that a portion or the entirety of an equal amount to the net proceeds of any Instrument issued under this Framework was allocated to Eligible Projects, as may be the case; and
- Limited assurance report from an independent third party who is expected to examine and review decisions regarding the use of an equal amount of the net proceeds from any Instrument issued under this Framework and provide assurance as to which portion or all of the net proceeds from any Instrument have been allocated consistent with the Eligibility Criteria set forth in this Framework.

Sustainable Finance Framework for Fibra NEXT

Disclaimer: This Sustainable Financing Framework is not an offer of, or invitation to apply for, or a recommendation to buy securities to any person in any jurisdiction. Any offers or invitations to apply for securities will be made only in accordance with all applicable laws. The information and opinions contained in this Framework are provided as at the date of this Framework and are subject to change without notice. None of NEXT or any of its affiliates assumes any responsibility or obligation to update or revise such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise. This Framework represents current NEXT policy and intent, is subject to change in NEXT's sole discretion at any time and is not intended to, nor can it be relied on, to create, amend or extinguish any legal or contractual relations, rights, or obligations.

This Framework is intended to provide non-exhaustive, general information for illustrative purposes only. This Framework may contain or incorporate by reference public information not separately reviewed, approved or endorsed by the NEXT and accordingly, no representation, warranty or undertaking, express or implied, is made, and no responsibility or liability is accepted by NEXT or any of its affiliates as to the fairness, accuracy, reasonableness, or completeness of such information. This Framework may contain statements about future events and expectations that are forward-looking statements. None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of assumptions, fully stated in this Framework. These forward-looking statements may also include assumptions regarding future economic and other conditions and are generally identified by the words "expects", "anticipates", "believes", "estimates", "notices" and similar expressions. These statements are not guarantees of future performance, prices, margins, exchange rates or other events and are subject to material risks, uncertainties, changes and other factors which may be beyond NEXT's control or may be difficult to predict.

No representation is made as to the suitability of any instrument to fulfil environmental and sustainability criteria required by prospective investors. Each potential purchaser of Instruments should determine for itself the relevance of the information contained or referred to in this Framework or the relevant Instrument documentation for such Instruments regarding the use of proceeds and its purchase of Instruments should be based upon such investigation as it deems necessary. NEXT has set out its intended policy and actions in this Framework in respect of use of proceeds, project evaluation and selection, management of proceeds and reporting, in connection with the NEXT Sustainability Financing Instruments. However, it will not be an event of default or breach of any contractual obligations under the terms and conditions of any such Instruments if NEXT fails to adhere to this Framework in any respect, whether by failing to fund or complete Eligible Projects or by failing to ensure that proceeds do not contribute directly or indirectly to the financing of the activities specified in this Framework, or by failing (due to a lack of reliable information and/or data or otherwise) to provide investors with reports on uses of proceeds and environmental impacts as currently contemplated by this Framework, or otherwise.

In addition, it should be noted that all of the expected benefits of the Eligible Projects as described in this Framework may not be achieved. Factors including (but not limited to) market, political and economic conditions, changes in government policy (whether with a continuity of the government or on a change in the composition of the government), changes in laws, rules or regulations, the lack of available Eligible Projects being initiated, failure to complete or implement projects and other challenges, could limit the ability to achieve some or all of the expected benefits of these initiatives, including the funding and completion of Eligible Projects. Each environmentally focused potential investor should be aware that Eligible Projects may not deliver the environmental or sustainability benefits anticipated and may result in adverse impacts.

This Framework does not constitute a recommendation regarding any securities of NEXT or any of its affiliates or any other entity. This Framework is not, does not contain and may not be intended as an offer to sell or a solicitation of any offer to buy or exchange any securities issued by NEXT or any of its members. In particular, neither this document nor any other related material may be distributed or published in any jurisdiction in which it is unlawful to do so, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession such documents may come must inform themselves about, and observe, any applicable restrictions on distribution. Any decision to purchase any Instruments should be made solely on the basis of the information to be contained in any offering document provided in connection with the offering of such Instruments. Prospective investors are required to make their own independent investment decisions.