

SUSTAINABILITY REPORT 2020

20 YEARS TRANSCENDING



2020: the year of transcendence

When COVID-19 shook the world

We stood firm

When disease took millions of lives

We prioritized the health of our employees above everything else

When our planet was paralyzed

We kept moving and never stopped working

When Mexican families suffered

We woke up every day with the conviction that we would build a better future for them

When 2020 put humanity to the test

We demonstrated our ability to transcend with our values

When heroes were most needed

CADU proved to be a Company with hundreds

THANK YOU, CADU FAMILY!

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Key Figures 2020



**\$3,038
million pesos**

Income



**\$537
million pesos**

Administrative Expenses



**\$2,519
million pesos**

Cost of Sales



\$30 million pesos

Depreciation



Net profit

\$138 million pesos



EBITDA

\$489 million pesos

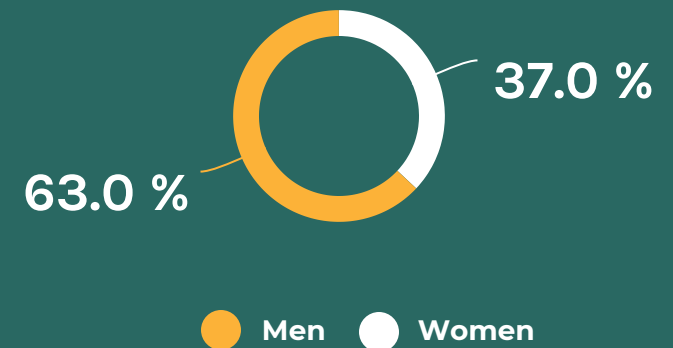


Net debt

\$3,001 million pesos



Men vs. Women at Top Management Positions



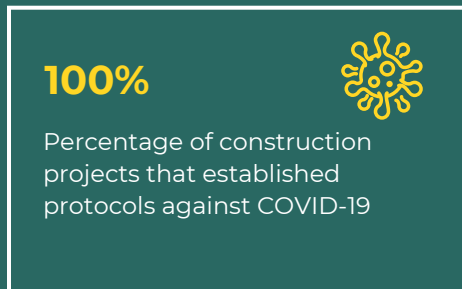
Turnover rate

8.8%



100%

Percentage of employees
that kept their jobs during
the pandemic



Employees with COVID-19

1.91%

TRIR**

0.53 consolidated – between employees and contractors

LTAR***

0.23 for employees



Historically, we have built

21,615 households that are certified with ECOCASA

This amounts to **20%** of our projects

Eco-friendly technologies installed in 2020

23,664 energy-efficient light bulbs
2,958 water-saving toilets
2,958 water-saving showers

Number of women on CADU's board of directors



Percentage of independent directors



\$49 million pesos

Tax payments

* Presence in 6 states includes housing development and construction, marketing of used housing and land reserves.

** Recordable Incident Rate (total recordable accidents * 200,000 / total hours worked)

*** Lost Time Lost Time Accident Rate (lost time accidents * 200,000 / total hours worked)

Our achievements in 2020

01.

CADU IS THE FIRST NON-GOVERNMENTAL COMPANY TO ISSUE A GREEN BOND IN MEXICO



CADU has become the first non-governmental Company to issue a green bond in the securities market due to its commitment to best sustainability practices. The proceeds from this issuance will be used exclusively to finance or refinance housing development projects that ensure a reduction of at least 20% of greenhouse gases (GHG).

02.

CADU'S BOND IS THE FIRST GREEN BOND IN LATIN AMERICA TO BE CERTIFIED BY THE CLIMATE BOND INITIATIVE



The Climate Bond Initiative (CBI) certified CADU's green bond. With this, CADU became the first company in the housing sector to obtain this recognition under the Low-Carbon Buildings criteria. This is a one-of-a kind achievement in Latin America.

03.

WITHIN ITS SECTOR, CADU IS THE HIGHEST-RANKED COMPANY IN THE 2020 CORPORATE INTEGRITY INDEX



The Corporate Integrity Index (IC500) presents the most important companies in the country and ranks them based on their commitment to fighting corruption. This ranking is a project launched by Expansión, Mexicanos Contra la Corrupción y la Impunidad, and Transparencia Mexicana. In 2020 CADU was the highest-ranked company within the housing development sector.

04.

CADU HAD THE SECOND-HIGHEST SCORE IMPROVEMENT AND BECAME THE THIRD-BEST TO SCALE POSITIONS IN ITS COMMITMENT AGAINST CORRUPTION



CADU received 80.4 points (out of 100) on the anti-corruption evaluation performed by Transparencia Mexicana and Mexicanos Contra la Corrupción y la Impunidad. The Company's main market competitors' average score was 52.3.

05.

CADU COMPLIES WITH ALL THE IMSS CERTIFICATIONS TO COPE WITH THE PANDEMIC



In line with its social commitment, CADU's rapid response to COVID-19 was centered on prioritizing the health of its employees. The Company encouraged remote work for non-essential staff, developed a communication platform to keep employees informed and complied with all the requirements needed to resume activities.

06.



CADU BECAME THE ONLY COMPANY IN THE SECTOR TO BE CERTIFIED FOR ITS GOOD CORPORATE GOVERNANCE AND IS ONE OF THE TWO COMPANIES IN THE MEXICAN EQUITY MARKETS TO BE AWARDED THIS WITH SUCH RECOGNITION

NAFIN, BANCOMEXT, AMIB, BIVA and BMV integrate a Certifying Committee that awards the PRIME Certification on Corporate Governance to companies that excel in this area. This is proof of CADU's commitment to good corporate governance – the most valued principle amongst institutional investors and credit rating agencies.

07.

CADU BECAME A PARTICIPANT OF THE UN GLOBAL COMPACT



In 2020 CADU became a participant of the UN Global Compact. With this, the Company joined thousands of companies worldwide in their commitment to preserve human rights, to fight against corruption, to align with the highest labor standards and to protect the environment.

08.



CADU RECEIVED THE “GREEN PROJECT OF THE YEAR” RECOGNITION BY ENVIRONMENTAL FINANCE

CADU's Green Bonds Program, which seeks to finance and refinance housing projects that promote measures for energy and water efficiency, was recognized by the distinguished platform Environmental Finance for its social and environmental impacts – both current and estimated.

Letter from the Chairman of the Board of Directors and CEO



Pedro Vaca Elguero

Chairman of the Board of
Directors and CEO

The year 2020 tested us as human beings and challenged us as companies and global communities. However, it also taught us an important lesson: being a company that develops and builds homes means that the values underlying our foundation mark the difference between a company that transcends from one that survives.

CADU has demonstrated it is a company that transcends because of its values.

CADU is a company that transcends because we incorporated the most demanding standards of health and safety to take care of our employees during the year that a global-level health crisis exploded. In the year that millions of people lost their jobs, we were firmly committed to securing the job and benefits of each of our employees, and no one lost their job because of the pandemic.

Despite the uncertainty caused by the temporary cessation of operations due to COVID-19, we came back stronger and better prepared than ever: we have new sanitizing and supervision protocols to prevent contagion by SARS-CoV-2, we have new training programs to face the pandemic, we have supplies to keep ourselves protected and we have new team members, doctors exclusively working to take care of the welfare of our employees and our contractors during the health crisis.

CADU transcends because we demonstrated strong leadership the year when protecting the environment was most important. We strengthened our commitment to integrate eco-friendly characteristics into every housing project and developed a program that allowed us to issue the first Green Bond certificate within the housing sector in Latin America.

Unfortunately, some companies gave up in their sustainability efforts to save their operations from the pandemic crisis, but we believe that those are the times when our values must shine. Therefore, we used all the resources from our first Green Bond to build energy and water-saving households that reduce greenhouse gas emissions between 20% and 40%, compared to conventional housing. This kind of household will save money for the people living in them.

CADU transcends because we are still top ranked at a national level for building households under the ECOCASA Program standards. In addition, we are working on adding new projects to our portfolio with EDGE-like certifications. Finally, we transcend because, in the direst times, we have proven to be a company defined by its values, protecting life, developing communities, protecting the environment, being innovative, and loving what we do. For this reason, we reaffirm our commitment to the 10 Principles of the UN Global Compact and to the Sustainable Development Goals of the United Nations.

In light of the above, I want to thank each of you sincerely: our employees. I recognize your efforts and deeply appreciate that you have continued the construction work and sticking to the new health and safety protocols. Without your commitment, the company would not have moved forward.

CADU would not be the family it is now without your resilience, solidarity, and commitment. I thank you once again. I also want to thank our contractors, suppliers, investors, directors, and customers for their trust. I wish to also recognize the authorities for their guidance; it allowed us to stand firm in our labor for Mexico: to keep on building affordable and quality households with highest sustainability standards.

The year 2020 showed that CADU's values live on, that acting positively is contagious, and working as a team and doing things right is the best way to achieve your goals. So, I'd like to extend an invitation to you, the CADU family, to continue with that empathy that characterized us in 2020, to continue taking care of your health, and continue finding ways to help the families around us - because that is the essence of CADU: to develop well-being.

To continue transcending.

Pedro Vaca Elguero

Chairman of the Board of Directors and
CEO of Corpovael, S.A.B. de C.V. (CADU)

Our Commitment to Mexico

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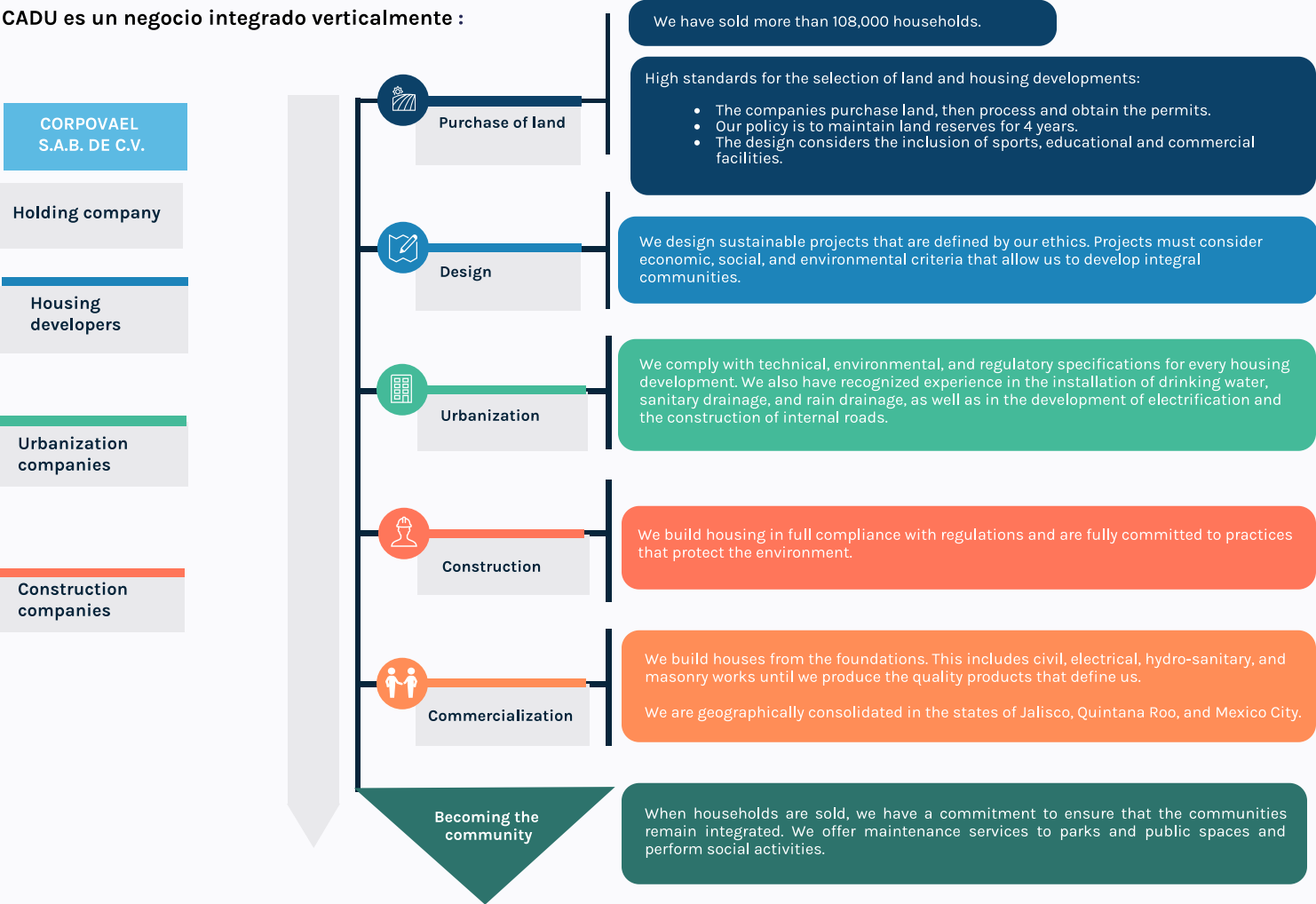


Our Commitment to Mexico

Corpovael S.A.B. de C.V. (from now on "CADU" or "the Company") is a Mexican company that develops and builds housing to promote well-being and improve the quality of life of thousands of families.

The Company's business model is vertically integrated. We are involved from the acquisition of land to the commercialization of the houses; such a process provides significant control over the quality of the products we offer and has allowed us to stand out above the competition.

CADU es un negocio integrado verticalmente :



Our Business Segments

At CADU, we develop and build homes within the following four categories:

1. Affordable-entry level housing
2. Middle-income housing
3. Medium-income/residential housing
4. Residential housing

From 2001 to date, we have built more than 108,000 households in more than 30 developments distributed in 6 Mexican States, as indicated on the map.



+108,000

households
sold



+30

developments



6

Present in 6
Mexican States*



1. Quintana Roo
2. State of Mexico
3. CDMX
4. Aguascalientes
5. Guanajuato
6. Jalisco

* Our presence includes our housing developments, construction activities and used housing sales; and, it also considers the Company's land reserve.

We paused our operations for two months in 2020 due to the pandemic.

The year 2020 was particularly challenging for CADU because COVID-19 considerably affected tourist flow in Quintana Roo - where most of our activities are concentrated. Tourist flow reduction had a direct impact on our commercial objectives; so, we had to redefine them and set realistic, yet ambitious, goals that we managed to achieve by the end of the year.

Income by Segment



Affordable entry-level housing	\$2,436,216,361	\$2,040,261,903	\$2,198,597,959	\$1,562,892,870.2
Second hand entry-level housing	\$731,748,413	\$727,295,683	\$622,947,408	\$137,506,900.7
Middle-income housing	\$621,703,360	\$785,356,927	\$495,919,546.7	\$282,483,048
Middle-income /residential housing	\$240,506,683	\$230,396,202	\$217,098,462	\$692,595,668.5
Residential housing	\$2,436,216,361	\$354,362,772	\$559,756,645	\$362,377,466.6



Although our income continues to be concentrated in the affordable-entry level housing segment, **it is continuously increasing its alignment with our board of directors' strategy: achieving greater diversification.**

Income

	2018	2019	2020
● Affordable entry-level housing	49%	54%	51%
● Affordable entry-level used housing	18%	15%	5%
● Middle-Income housing	19%	12%	9%
● Middle-Income/residential housing	6%	5%	23%
● Residential housing	9%	14%	12%



Affordable entry-level housing

With the development of housing projects within this segment, we continue to offer affordable homes to families with lower incomes. Our clients in this segment are typically paid workers with an income up to 8 times the minimum wage. Many of them are first-time home buyers and are looking for housing with a value of up to \$999,999 Mexican pesos.

Our clients in this segment typically obtain their financing from INFONAVIT¹ or Federal Government-backed housing funds, such as the Sociedad Hipotecaria Federal (SHF) and the FOVISSSTE. The amount of loans granted to purchase this type of household has remained relatively stable over the years; therefore, commercial banks have little impact on this segment's financing.

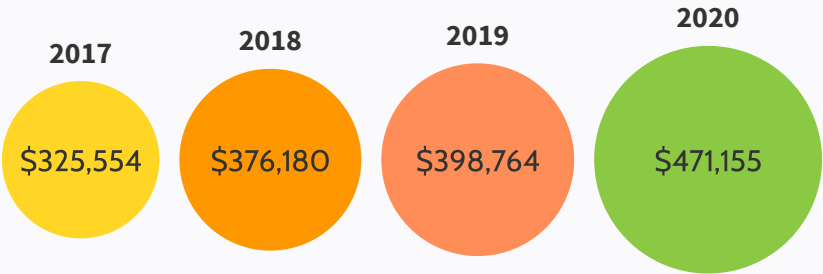
Our strategy for this segment aims to favor profitability over volume.

Thus, although the number of houses built within this segment has been decreasing over the years, the average sale price of each has been increasing yearly.

Our construction time for affordable-entry level housing is highly competitive since it takes 18 weeks to be completed.



Average Price: Affordable-Entry Level Housing

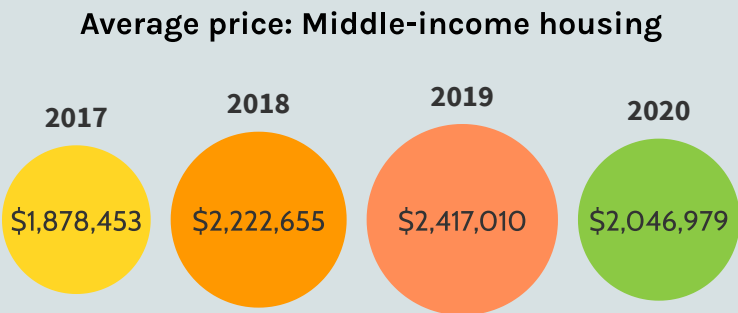


¹ All workers in the formal economy in Mexico are entitled to a savings account with INFONAVIT to purchase housing - this is a Federal Government Institution.

Middle-Income housing

Generally, INFONAVIT, FOVISSSTE, and similar financial institutions finance the purchase of our middle-income segment projects for both first and second-time buyers. The sale price of these households goes from \$1 million pesos to \$2.5 million pesos.

While the average price of a middle-income home was \$2.2 million pesos in 2018 and \$2.4 million pesos in 2019, the price in 2020 was barely over \$2 million pesos.



Middle-income/ residential housing

This housing category was included in CADU's product portfolio in 2020. The goal is to improve our understanding of the clients' profiles and increase our knowledge about the market.

The sale prices of this housing vary between \$2.6 million pesos and \$5 million pesos.

Average Price: Middle-income/residential housing

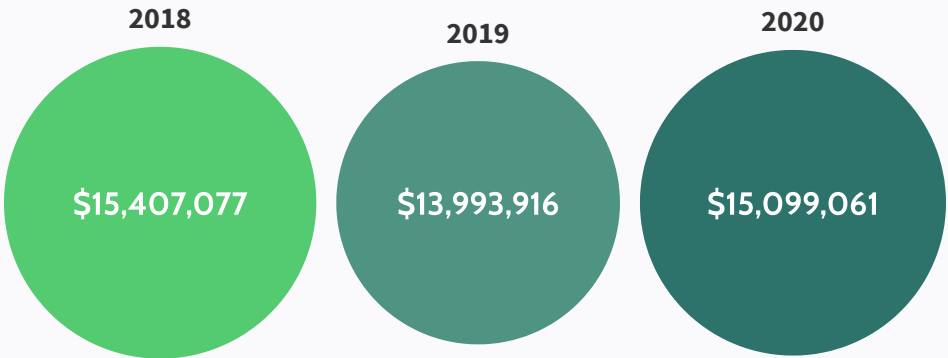


Residential housing

The sale price for this type of housing exceeds \$5 million pesos, so commercial banks generally finance it for buyers who acquire their second or third property.

Additionally, within this segment we offer residential plus housing with higher prices, financed sometimes in US Dollars.

Average Price: Residential Housing



The number of properties sold within the residential segment increased by 20 % in 2020.





CADU Projects

We had built 57 projects by the end of December 2020 and 7 more are to be made.

We have 63% of our projects located in the State of Quintana Roo, of which 70% belong to the affordable housing segment.



Built Developments

SEGMENT	DEVELOPMENT	LOCATION	REGISTERED	TO BE REGISTERED
Affordable-entry level	Santa Isabel	Aguascalientes	562	
	Bajío de las Palmas	Aguascalientes	72	
	Cima de Chapulín	Aguascalientes	139	
	Villas de la Hacienda	Jalisco	3,608	
	Villas Otoch I	Quintana Roo	2,830	
	Villas Otoch II	Quintana Roo	864	
	Villas Otoch III	Quintana Roo	1,364	
	Villas Otoch IV Plus	Quintana Roo	1,030	
	Villas Otoch IV B	Quintana Roo	552	
	Villas del Mar I	Quintana Roo	1,812	
	Villas del Mar II (2008-2013)	Quintana Roo	2,342	
	Villas Otoch Paraíso (2008-2014)	Quintana Roo	14,004	
	Villas del Mar III (2009-2014)	Quintana Roo	5,925	
	Villas del Sol (2010-2013)	Quintana Roo	6,202	
	Rinconada del Puertecito (2010-2013)	Aguascalientes	569	
	Villas del Sol DD1 (2012-2013)	Quintana Roo	1,372	
	Villas el Sol DD2 (2013-2016)	Quintana Roo	8,020	
	Villas de Zumpango (2013-2015)	State of Mexico	2,476	
	Cielito Lindo (2013-2014)	Jalisco	942	
	Villas del Country (2013-2015)	Guanajuato	1,309	
	Paseos del Mar/Cielo N (2014-2020)	Quintana Roo	15,557	1,868
	Villas del Mar V Plus (2014-2016)	Quintana Roo	4,487	

SEGMENT	DEVELOPMENT	LOCATION	REGISTERED	TO BE REGISTERED
Affordable-entry level	Las Trojes (2014-2016)	Jalisco	1,643	
	Villas del Carmen (2014-2016)	Quintana Roo	1,451	
	Pescadores Plus (2016-2017)	Quintana Roo	1,043	
	Pescadores DD (2016-2018)	Quintana Roo	10,906	
	Chac Mool (2016-2018)	Quintana Roo	574	
	Las Perlas (2018-2019)	Quintana Roo	924	
	Villas Lak'in	Quintana Roo	1,278	5,630
	Aldea Tulum	Quintana Roo	606	7,394
Middle-income	Altus Bosques	Jalisco	819	
	Altus Quintas (2008-2010)	Jalisco	454	
	La Liebana (2013-2015)	Aguascalientes	198	
	Vita Residenze (2014-2015)	Quintana Roo	73	
	Chelsea (2016-2017)	Quintana Roo	38	
	Queens (2016)	Quintana Roo	34	
	Tribeca (2016-2017)	Quintana Roo	81	
	Dr. Neva (2016-2017)	CDMX	21	
	Naranjo (2017)	CDMX	20	
	Gorostiza (2017-2018)	CDMX	65	
	Eje Central 505 (2017-2018)	CDMX	21	
	Eje Central 406 Saratoga(2017-2018)	CDMX	55	
	Vertiz	CDMX	52	
	York (2017)	Quintana Roo	82	

SEGMENT	DEVELOPMENT	LOCATION	REGISTERED	TO BE REGISTERED
Middle-income	Dunes (2017)	Quintana Roo	63	
	Springs I (2017-2018)	Quintana Roo	72	
	Springs II (2017-2018)	Quintana Roo	72	
	Duke (2017-2018)	Quintana Roo	171	
	Soho II (2017-2018)	Quintana Roo	39	
	Midtown (2018-2020)	Quintana Roo	254	34
	Constantino (2018-2019)	CDMX	54	
	Madison (2019-2020)	Quintana Roo	98	174
	Dunes (2017)	Quintana Roo	63	
Middle-income/ residential	Soho I (2017-2018)	Quintana Roo	55	
	Universidad Torre Oasis, (2017-2018)	CDMX	164	
	Kings	Quintana Roo	52	124
	México-Tacuba (2020-2021)	CDMX	128	128
Residential	Allure (2018-2020)	Quintana Roo	87	17

The State of Quintana Roo has **more than 50%** of our middle-income and middle-income/residential housing projects.

The city of Cancun in Quintana Roo **holds 100%** of our residential housing.



Future Projects

SEGMENT	DEVELOPMENT	LOCATION	TO BE REGISTERED
Affordable-entry level	El Edén	Quintana Roo	
	Guadalajara Tonalá	Jalisco	
	Querétaro	Querétaro	
Middle-income	Terraquia	Quintana Roo	
	Calavera	Quintana Roo	
Middle-income/ residential	Astoria	Quintana Roo	
Residential	Blume	Quintana Roo	113

We do not depend on subsidies

Since we made our Initial Public Offering in 2015, we set a goal to reduce subsidies to zero, and we were able to achieve it in 2020. We sold 26% of households through subsidies in 2018 and 7% in 2019; **we did not sell any households under this scheme in 2020.**

All our sales are free of subsidy

	% of sales with subsidy	% of sales without subsidy
2015	74%	26%
2016	60%	40%
2017	31%	69%
2018	26%	74%
2019	7%	93%
2020	0%	100%



1



"Our first 20 years"

Twenty years ago, four brothers dreamed of building durable houses for Mexican families; thanks to the mission defined that day, CADU has transcended until today.

CADU went a long way from building its first development composed of 562 homes in the city of Aguascalientes in 2001 to our second development of 6,000 houses in Quintana Roo two years later. CADU has concentrated most of its operations in the State of Quintana Roo since 2004, from where almost 80% of the Company's total income comes.

Although the Company has faced fundamental challenges in these twenty years (such as tropical storms, seasonal hurricanes, or the recent crisis due to COVID-19) CADU has also achieved its most significant dreams. These include: issuing 5 stock certificates in the Mexican Stock Exchange; closing an initial public offering (IPO) in 2015; and issuing a green bond in the Institutional Stock Exchange in 2020, which positioned CADU as the first housing sector company in Latin America to hold a certified green bond.

* Our presence in six states includes our housing development and construction activities, as well as our used housing commercialization activities. But it also includes our reserve.

Today, CADU is present in 6 Mexican states and has more than 108,000 sold households, with around 22,000 under the ECO CASA Program. Consequently, CADU will keep on taking firm steps to remain a leading company regarding its environmental, social, and corporate governance (ESG) standards because only in this way will we be able to transcend for the next 20 years.

6

States of the Mexican Republic*



+108,000

sold households



of which

21,615

are constructed under the ECO CASA program

CADU's Vision

Our goal remains to keep on developing welfare; thus, we seek to establish integrated cities with sustainable housing.





Trends

It is essential to study the social and economic context where we operate and analyze the trends in the sector to remain a leading company in the real estate industry. For this reason, we have identified important trends and constructed objectives accordingly.

1

More than half of the world's population is concentrated in cities; this figure will increase to 60% by 2030, according to some estimations (UN, 2021).

- ➔ We will continue working at CADU to help these people attain affordable and quality housing options.

2

Climate change affects the whole world, causing sea levels to rise and making meteorological phenomena increasingly extreme (UN, 2021); these conditions can affect our operations, particularly those in tropical areas or near the sea.

- ➔ We will continue carrying out materiality exercises to identify risks, detect opportunities, innovate and be ready to face any crisis and come out on top of it, aided by our prevention practices, technology, and materials.

3

Of the 35 million homes in Mexico, 9.4 million suffer from housing underdevelopment, according to the latest information from CONAVI and INEGI (2020).²

- ➔ We aim to reduce the housing deficit, and that is the reason why we locate our operations in two of the ten states with most housing under-development at the national level.
- ➔ We are present in six states³ which account for 20% of the housing deficit nationwide.

² Housing underdevelopment means that these houses present some deficiency due to the materials they are built with or because they do not have access to services, or because their inhabitants live in overcrowded conditions.

³ Aguascalientes, Chihuahua, Mexico City, State of Mexico, Jalisco and Quintana Roo.



4

The number of INFONAVIT beneficiaries nationwide amounts to **6,866,878** as of the fourth quarter of 2020.

- We aspire to continue offering household purchase options to the many beneficiaries that are potential CADU clients.

5

We have faced one of the greatest challenges that we could have imagined as a Company during this year. The pandemic and the resultant health crisis have affected every aspect of our lives and operations. The pandemic has caused a considerable drop in industrial and tourist activities worldwide, including Cancun, Playa del Carmen, and Tulum, where some of our projects are located.

- We are expecting a growing demand for outdoor and nature-related tourism activities in the immediate future, with an increasing interest in domestic tourism.
- The gradual vaccination against COVID-19 is helping to re-establish consumer confidence, and tourism will continue to normalize, which is encouraging for CADU.

Relationship with Authorities, Associations and Chambers

As a housing development and construction Company operating in Mexico, we maintain a permanent relationship with all government agencies and regulating bodies at the Federal, State, and Municipal levels. The government agencies with which we are related are:

Federal government:

- Procuraduría Federal de Protección al Ambiente (PROFEPA)
- Secretaría de Medio Ambiente (SEMARNAT)
- Secretaría del Trabajo y Previsión Social (STyPS)

State government:

- Comisión de Agua Potable y Alcantarillado (CAPA)
- Periódico Oficial del Estado de Quintana Roo
- Procuraduría de Protección Ambiental (PPA)
- Registro Público de la Propiedad (RPP)
- Secretaría de Desarrollo Territorial Urbano Sustentable (SEDETUS)
- Secretaría de Ecología y Medio Ambiente (SEMA)
- Secretaría de Finanzas y Planeación (SEFIPLAN)
- Secretaría del Trabajo y Previsión Social (STyPS)
- Servicios Estatales de Salud (SESA)

Municipal government:

- Dirección de Catastro
- Dirección de Desarrollo Urbano
- Dirección General de Ecología
- Tesorería Municipal
- Dirección General de Asuntos Jurídicos
- Dirección General de Obras Públicas
- Dirección General de Protección Civil
- Secretaría Municipal de Seguridad Pública y Tránsito

Additionally, we are members of associations and chambers that keep us at the frontline in matters related to our industry; we also encourage exchange with other companies in the sector and multiple audiences to monitor material issues that require action. This is a list of all those organizations with which we are usually in contact:



- Banco Nacional del Ejército, Fuerza Aérea y Armada, S.N.C (BANJÉRCITO)
- Bolsa Institucional de Valores (BIVA)
- Bolsa Mexicana de Valores (BMV)
- Cámara Nacional de Vivienda (CANADEVI)
- Comisión Nacional Bancaria y de Valores (CNBV)
- Confederación Patronal de la República Mexicana (COPARMEX)
- Consejo Coordinador Empresarial (CCE)
- Consejo Nacional de Normalización y Certificación de Competencias Laborales (CONOCER)
- Consejo Nacional de Vivienda (CONAVI)
- Fondo de la Vivienda del Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado (FOVISSSTE)
- Instituto del Fondo Nacional de la Vivienda para los Trabajadores (INFONAVIT)
- Instituto Nacional de Antropología e Historia (INAH)
- Organización de Naciones Unidas (ONU)
- Secretaría de Desarrollo Agrario, Territorial y Urbano (SEDATU)
- Secretaría de Ecología y Medio Ambiente (SEMA)
- Sindicato de la Confederación Revolucionaria de Obreros y Campesinos (CROC)
- Sindicato de la Federación Sindical de Obreros y Campesinos (FESOC)
- Sociedad Hipotecaria Federal (SHF)



Our sustainability strategy

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- 43 Principles of the UN Global Compact



Our sustainability strategy

At CADU, we are strongly committed to integrating our vision of sustainability into each of our operations. Every action and decision we take aims to promote the welfare of our clients and employees and generate and share social, environmental, and economic values that will last and pervade through future generations.

Our business strategy aims to strengthen our position as a development engine for all the social groups that receive any impact from our operations. To achieve this, we foster dialogue with all our stakeholders.

We are confident in our capacity to confront the significant national and global challenges arising by following the path established by our Board of Directors and with the support and management of all our employees.

In 2020 we updated our materiality analysis to generate more value and share it with our stakeholders and groups of interest.

As a company, our objective is to continue generating welfare by keeping on implementing sustainable measures and functioning as a role-model real estate company under corporate governance, social responsibility, and environmental care.

“Sustainability has become the only way to do business for CADU.”

– Javier Cervantes,
Chief Financial Officer (CFO)

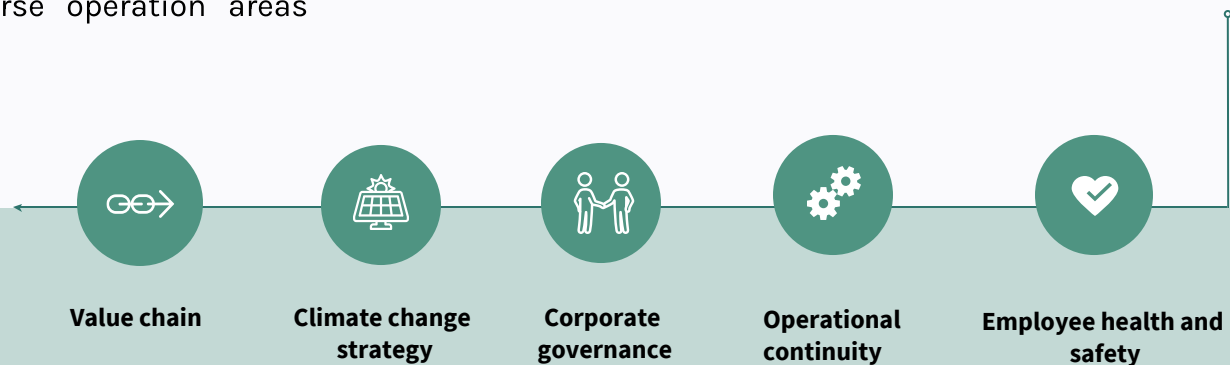


Materiality analysis

Our Sustainability Committee is the organism responsible for carrying out our yearly materiality analysis. The Board of Directors validates the results and approves the action plans that will help us mitigate identified risks and pay attention to the opportunities arising.

We updated our materiality analysis during 2020, incorporating criteria from various international methodologies: TCFD, SASB, MSCI, and GRI. This upgrade allowed us to analyze and map the risks and opportunities for the Company, with the support of independent experts, including the vision of our different stakeholders regarding operation. In addition, we strengthened this exercise with surveys, interviews, analysis of technical documents, and establishing working groups in diverse operation areas within the Company.

The results of this exercise confirmed the validity of the previously identified material elements and pointed out new risks and opportunities in environmental, social, and economic matters. For each material aspect, we set performance objectives, define actions that we must exert to mitigate the impact of immediate and future risks, and present relevant information for our Board of Directors and Management Team to determine the best strategies to capitalize on opportunities.



Materiality Matrix: mitigation of risks and identification of opportunities

We reflect the issues with the most impact or that would have the most potential to impact our business in our materiality matrix below, including internal or external factors that can be controlled by the Company and that are not necessarily limited to financial or operational issues.

Figure 1



The "x" axis represents the potential impact this subject can have on the company's sustainability; and the "y" axis represents the importance of each issue for the selected stakeholders.

Economic

- 1 Operational continuity
- 2 Corporate governance
- 3 Financial performance
- 4 Ethics
- 5 Regulation
- 6 New products

Social

- 7 Health and safety of employees
- 8 Communities
- 9 Human rights
- 10 Value chain

Environmental

- 11 Strategy against climate change
- 12 Water management
- 13 SDG

Material Risks

Material topic	Risk	CADU's actions	Impacts
Strategy against climate change	<ul style="list-style-type: none"> Please consult the Strategy against climate change section for details of the risks. 	Adaptation: <ul style="list-style-type: none"> Selection of adequate land reserve to cope with climate change Housing construction with natural disaster-proof materials Report with TCFD methodology Mitigation: <ul style="list-style-type: none"> Use of eco-technologies in housing developments to save electricity and water use. All our construction work will be carried out under world GHG emissions mitigation standards onstruction of 2,552 certified green homes with savings of 20% to 40% of GHG emissions 	<ul style="list-style-type: none"> 4,023 tCO2e mitigated Issue of the first certified green bond in Latin America within the housing sector Elaboration and implementation of an Environmental and Social Management System (ESMS) in our developments.
Employee health and safety	<ul style="list-style-type: none"> Operational Brain drain 	<ul style="list-style-type: none"> Establishment of health and hygiene protocols Firm commitment to our collaborators since no one lost their job due to COVID-19 consequences Identification of vulnerable groups 	<ul style="list-style-type: none"> Continuation of operations and housing development
Corporate governance	<ul style="list-style-type: none"> Succession plans Dividends Diversity on the Board of Directors 	<ul style="list-style-type: none"> Critical areas and identification of essential people Establishment of succession procedures Establishment of contingency plans Incorporation of a woman on the Board 	<ul style="list-style-type: none"> Obtaining the PRIME Certification for corporate governance Business continuity We did not distribute dividends this year; instead, we decided that they would be reinvested in our operation to protect our collaborator's work and prioritize business continuity Diversity on the Board yields better results
Human Rights	<ul style="list-style-type: none"> Human Rights Violations. Succession plans Dividends Diversity on the Board of Directors Operational Brain drain 	<ul style="list-style-type: none"> Strengthening our Code of Ethics Establishment of the CADU Whistleblowing Mechanism Human Rights Requirements for our value chain 	<ul style="list-style-type: none"> We have become signatories of the UN global compact We developed and implemented an Environmental and Social Management System. Strengthening the Code of Ethics Establishment of the CADU Whistleblowing Mechanism Human Rights Requirements for our value chain
Regulation	<ul style="list-style-type: none"> Increased costs Lack of business continuity. We became signatories to the UN global compact. We developed and implemented an Environmental and Social Management system. Strengthening of the Code of Ethics Establishment of the CADU Whistleblowing Mechanism Human Rights Requirements for our value chain 	<ul style="list-style-type: none"> We are in contact with the authorities, chambers and associations so the authorities see us as allies 	<ul style="list-style-type: none"> Project delivery in due time and manner

Material topic	Risk	CADU's actions	Impacts
SGD	<ul style="list-style-type: none"> To miss market opportunities The reputational value of the Company does not increase if overlooked 	<ul style="list-style-type: none"> Contribution to the SDGs analysis due to our operation Commitments and action plans to address the SDGs 	<ul style="list-style-type: none"> Contribution to the Sustainable Development Goals
Ethics	<ul style="list-style-type: none"> Company's employee misconduct penalties Problems in the work environment harmful to the operation can be overlooked Failure to identify an act that circumvents our Code may result in penalties or loss of reputational value 	<ul style="list-style-type: none"> Strengthening our Code of Ethics .Creation of Ethics Committee Establishment of Whistleblowing Mechanism Creation of Anti-corruption policy Development of Corporate ethics indicator system Creation of Corporate ethics management manual 	<ul style="list-style-type: none"> Recognition as the best company in the housing sector due to our fight against corruption by Expansión Magazine Injustice reduction Work environment improvement Reliable operations according to the Law Human Rights commitment Ethical practices establishment for our value chain
New products	<ul style="list-style-type: none"> Financial blow from lack of diversification and/or ignoring marking trends 	<ul style="list-style-type: none"> Customer and product diversification 	<ul style="list-style-type: none"> Industry innovation New areas of opportunity Constant revenues
Communities	<ul style="list-style-type: none"> They may become centers of crime Lose social license 	<ul style="list-style-type: none"> Our projects are intended to develop communities Medical brigades Meeting basic needs Inclusive social events 	<ul style="list-style-type: none"> Respect and support for our operations from communities. Positioning the company with positive social impacts. Whistleblowing Mechanism development for the communities where we operate
Business continuity	<ul style="list-style-type: none"> The operation is fully or partially affected by natural disasters, climate effects, epidemics, or health crises 	<ul style="list-style-type: none"> Incorporating technologies so that employees can work remotely where possible. Identification of vulnerable groups for their protection Incorporation of online sales through digital or virtual reality platforms 	<ul style="list-style-type: none"> Having in place a crisis reaction plan to ensure our Company's successful continuity. Increase in the sales number through the use of virtual platforms

Sustainability Committee

We clearly understand the relevance that sustainability topics have acquired over the years at world summits; we have integrated a Sustainability Committee in CADU to ensure the company's path takes the right direction in this regard by promoting good environmental, social and corporate governance practices, as well as emphasizing their relevance to the Company's business model.

One of the Sustainability Committee's objectives is to build strategies to properly measure and monitor the sustainability impacts that results from our operations.

The Sustainability Committee is composed of five people:

- 1 Chief Financial Officer of CADU and patrimonial Director
- 2 Technical and Environmental Director of CADU
- 3 Sustainability manager
- 4 A member of the Board of Directors who is an expert in sustainability
- 5 An independent expert

The Sustainability Committee reports directly to the CEO of the Company and the Audit and Corporate Practices Committee of the Board of Directors.

The functions of the Committee include:

- ➔ Review and approval of the sustainability strategy
- ➔ Review and approval of the content of the yearly Sustainability Report
- ➔ Supervise the use of resources from CADU's Green Bonds Program
- ➔ Promote knowledge and compliance of the sustainability guidelines required as a socially and environmentally responsible company between our employees, contractors, and subcontractors.

2



A history of innovation and resilience

On top of fighting against COVID-19 on a personal level, we faced multiple challenges brought along by the pandemic at the Company level. And in addition to the above, we encountered the arrival of three hurricanes and a tropical³ storm that besieged Cancun and its surroundings, and we had to adapt and implement new marketing and working methods. Yet, we adapted and moved forward, showing that everything is possible as long as we continue working together.

Due to the health crisis brought about by the pandemic, tourist activities declared as "non-essential" suffered a severe blow that affected many cities since tourism is the cornerstone of their economy. Consequently, the cease of activities directly affected us as our primary locations are in Cancun, Tulum, and Playa del Carmen. The decree between "essential" and "non-essential" caused operations to remain inactive in Cancun for two months. This period may not seem like much, but such an event affects economically and also causes a delay in the entire operational process.

These scenarios would have meant a fierce blow to our operation if not for our dynamism and flexibility. Thanks to our vision and team ability, we quickly developed and incorporated measures to mitigate the impacts of natural disasters and the pandemic this year.

An example of the measures taken against the impact of the pandemic and, specifically, the contact restrictions imposed to protect our employee's health, was to reinforce our sales strategy using various digital platforms. This strategy was already under development, and we took advantage of the adverse situation to accelerate the process and train our salespeople in this area. This measure increased the scope of our market opportunities and helped us innovate and grow using the available technological tools. Our actions show great adaptation capacity allowing us to get the best out of each situation.

Another measure taken was adapting our operation goals and objectives, producing a realistic strategy adaptable to the circumstances, and allowing us to firmly commit to maintaining all our employment relationships despite the pandemic. This was critical because we know well that CADU's success depends on the welfare of our employees.

During this year, we demonstrated our adaptation capability confronting many adverse circumstances. We strive to improve every aspect of our operation, and we learned to improve each process both in administrative and operational scopes and implement effective strategies to protect the health of our employees. We are a resilient company, with a solid commitment to Mexico.

³ One of these events left our Cancun facilities inactive for a week. In addition, it caused damage in the surrounding communities and caused garbage to accumulate on public roads; therefore, in summarizing our activities we also implemented a relief plan by directing efforts to clean up streets and remove fallen trees and debris.

Sustainable Development Goals

At CADU, we are committed to sustainable development by constructing affordable, quality homes that promote care for the environment. In addition, we updated our contribution analysis with the Sustainable Development Goal (SDGs) in 2020 to develop better strategies and take measures contributing to Mexico and our communities' development.



The results obtained indicate that our business strategy is directly and indirectly aligned with the SDGs:

Directly aligned

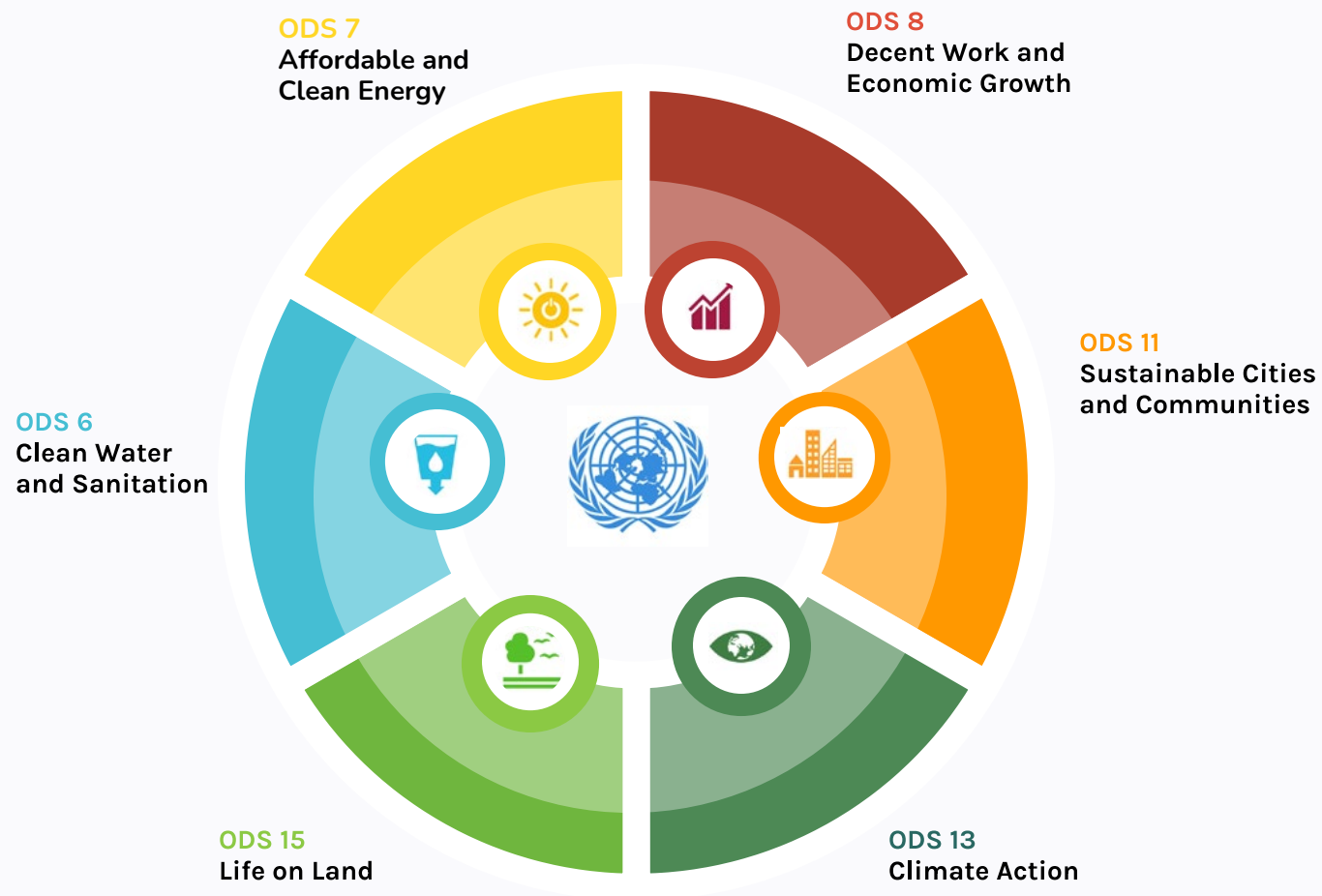
- 11 Sustainable Cities and Communities
- 7 Affordable and Clean Energy
- 13 Climate Action
- 8 Decent Work and Economic Growth
- 6 Clean Water and Sanitation
- 15 Life on Land

Indirectly aligned

- 4 Quality Education
- 1 No Poverty
- 10 Reduced Inequalities
- 9 Industry, Innovation and Infrastructure



Directly aligned



SDG 11 - Sustainable cities and communities

The Objective seeks to make cities and human settlements inclusive, safe, resilient, and sustainable, increasing inclusive and sustainable urbanization and the capacity for sustainable planning of human settlements around the world.

- Our inclusive housing developments include sidewalks and ramps on the sidewalks so people with different physical abilities can move effortlessly within the community they live in or visit.
- We donate a surface percentage of the land under construction to the corresponding municipalities (from 5% to 15%) to be used exclusively for parks, schools, markets, police posts, health centers, nurseries, and other similar public services construction; we aim to build integral cities and promote social development.

SDG 7 - Affordable and clean energy

This Objective seeks to ensure access to affordable, reliable, sustainable, and modern energy services; increase the share of renewable energy in the energy sources mix, and double the global improvement rate in energy efficiency.

- We install clean public lighting that uses renewable energy sources.
- We install energy infrastructure allowing access to affordable and environmentally friendly energy services.
- We install energy-saving light bulbs to optimize the electrical system.

SDG 13 - Climate Action

This Objective promotes the adoption of urgent action to combat climate change and its impacts on the world.

- 20% of our built homes are certified with the ECOCASA Program that reduces energy consumption and GHG emissions from 20% to 40%.

SDG 8 - Decent work and economic growth

This Objective seeks to promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.

- We promote sustainable and inclusive economic growth at CADU by offering full and productive employment, as well as decent working conditions for all our employees.
- No CADU collaborator lost their job as a result of the COVID-19 crisis. On the contrary, we provided stability and security for our employees.

SDG 6 - Clean water and sanitation

This Objective seeks to ensure availability and sustainable management of water and sanitation for all and protect and restore water-related ecosystems.

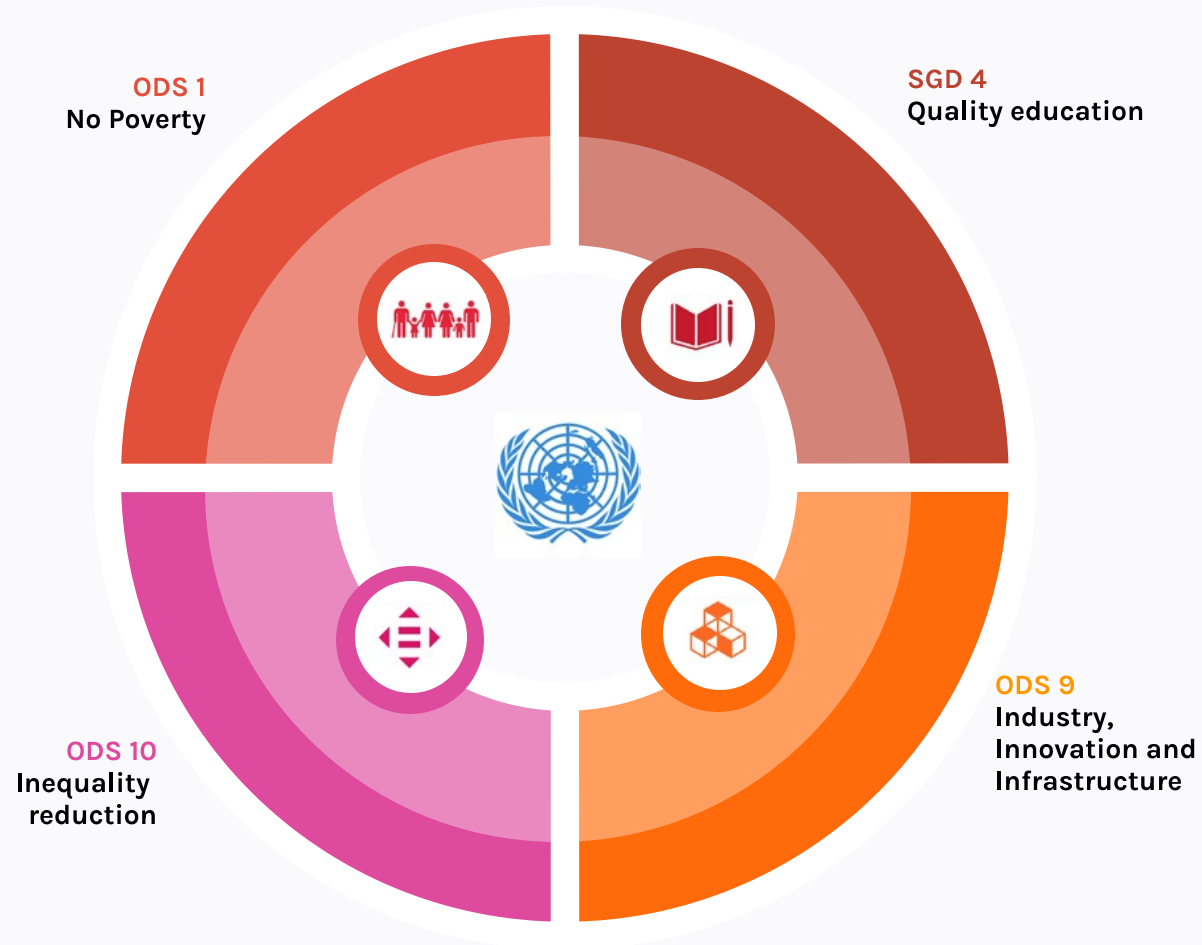
- We strive to provide access to water and sanitation systems for all the families that live in our CADU housing projects.
- All our ECOCASA certified homes have eco-technologies installed for saving water. These technologies include maximum load toilets, shut-off valves, and certified eco-friendly showers.

SDG 15 - Life on Land

This Objective seeks to protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

- We restore species of flora and fauna, always aligned with our Environmental Policy contents.

Indirectly aligned



SDG 4 - Quality education

This Objective seeks to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

- Our projects contribute to reducing truancy as we donate areas within the perimeters of our integral cities exclusively intended for educational purposes.

SDG 1 - No Poverty

This Objective seeks to end poverty in all its forms everywhere. It aims to ensure that everyone has the same rights to essential services, ownership and control of land and other assets, natural resources, and new technologies.

- At CADU, we develop and build affordable, reliable, sustainable, and quality homes for everyone, thus fighting against the large housing underdevelopment in Mexico.

SDG 10 - Reduction of inequalities

This Objective seeks to reduce inequality within and among countries, promoting social, economic, and political inclusion.

- We contribute by offering employment to anyone capable - regardless of age, gender, race, physical limitations, nationality, sexual, religious, or political preferences.

SDG 9 - Industry, innovation and infrastructure

This Objective seeks to build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

- We build quality infrastructure that assures our clients with quality housing.



Our goal remains the same as 20 years ago:

to build durable, affordable, and quality housing, constructing a country with equitable living opportunities, with reduced housing underdevelopment, and promoting social and environmental responsibility.

Principles of the Global Compact



▶ CADU has been committed to the United Nations corporate responsibility initiative and its principles on human rights, labor standards, environment, and anti-corruption since 2020.

We became signatories of the Ten Principles of the Global Compact because these practices have been promoted daily within CADU for years.

As signatories of this Pact we pledge to continue carrying out business actions directed towards human rights protection, labor standards, environmental care, and fight against corruption. Thus, CADU is now part of a worldwide group of thousands of companies that will continue responsibly building the world we want.



Human Rights

1. Companies must support and respect universally recognized fundamental Human Rights within their sphere of influence.
2. Companies must ensure that they are not complicit in the violation of Human Rights.



Labor Standards

3. Companies should uphold the freedom of association and the effective recognition of the collective bargaining right.
4. Companies should support the elimination of all forms of forced or compulsory labor.
5. Businesses should support the eradication of child labor.
6. Businesses should support the abolition of discriminatory practices in employment and occupation.



Fight against corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.



Environment

7. Companies must maintain a preventive approach that favors the environment.
8. Companies should encourage initiatives that promote greater environmental responsibility.
9. Companies must favor the development and diffusion of environmentally friendly technologies.



Good Corporate Governance as an ally

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Good Corporate governance as an ally

We obtained the PRIME Certification for corporate governance in 2020. This Certification is the most significant recognition that any Mexican market company can receive in this area.



The distinction is awarded by the Foreign Trade Bank (Bancomext), by Nacional Financiera (NAFIN), by the Mexican Association of Stock Market Intermediaries (AMIB), and by exchanges - the Mexican Stock Exchange (BMV) and the Institutional Stock Exchange (BIVA).

This Certification is awarded after a third party ensures the Company's fulfilling particular requirements regarding the Board of Directors' effectiveness and independence, shareholder rights, transparency and controls, accountability, and ethics.

We were the first housing development company to receive this Certification, and we became one of the only two companies in the capital market to obtain it.

“Good corporate governance is the backbone of our strategy as it has allowed us to emerge triumphant from the adversities faced.”

– Joaquin Vaca Elguero.
Deputy General Manager of CADU

Board of Directors

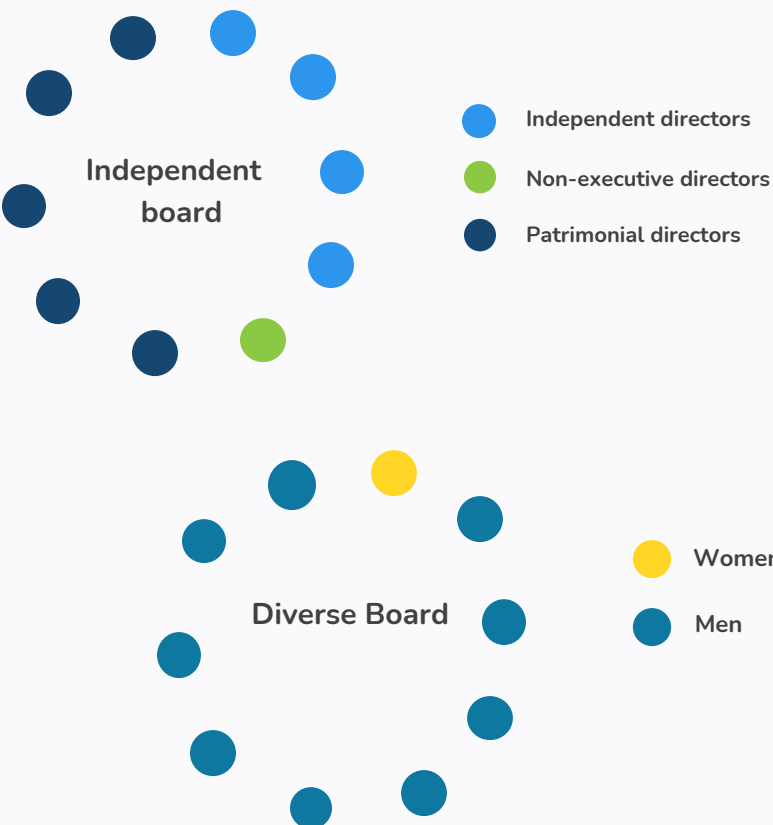
The Ordinary General Shareholders' Meeting confirmed, on April 29, 2021, that the CADU Board of Directors will be conformed as follows:

Name	Gender	Age	Position	Profile	Corpovael S.A.B. de C.V. Director since	Area of expertise	Nationality
Pedro Vaca Elguero	Male	61	President of the Board of Directors and CEO	Patrimonial and executive director	2007	Strategy, housing sector, business development, textile industry, public relations.	Mexican
Pablo Vaca Elguero	Male	61	Director	Patrimonial and executive director	2007	Operations, construction, housing sector, negotiation.	Mexican
Joaquín Vaca Elguero	Male	52	Director	Patrimonial and executive director	2007	Finance, capital markets, administration, investment, strategy, housing sector.	Mexican
Luis Vaca Elguero	Male	72	Director	Patrimonial director	2007	Tourism, hotel industry, administration.	Mexican
Javier Cervantes Montiel	Male	57	Director	Patrimonial and executive director	2007	Finance, laws, risks, sustainability, strategy.	Mexican
Alberto Sánchez Palazuelos	Male	82	Director	Independent*	2015	Insurance, pensions, administration, auditing, strategy.	Mexican
Manuel F. Arce Rincón	Male	80	Director	Independent*	2009	Strategy, insurance, finance, investment, transportation and construction.	Mexican
Luis Zazueta Domínguez	Male	75	Director and Chairman of the Audit and Corporate Practices Committee	Independent*	2014	Audit, accounting, finance, risk, tax advice.	Mexican
José Luis Romero Hicks	Male	64	Director	Independent*	2016	Housing sector, political science, international trade, foreign relations.	Mexican
Marta Vaca Viana	Female	34	Director	Non-executive	2021	Sustainability, corporate governance, risks, ethics, strategy, housing sector	Mexican
Israel Godina	Male	64	Non-member Secretary of the Board of Directors	N/A	N/A	Legislation	Mexican

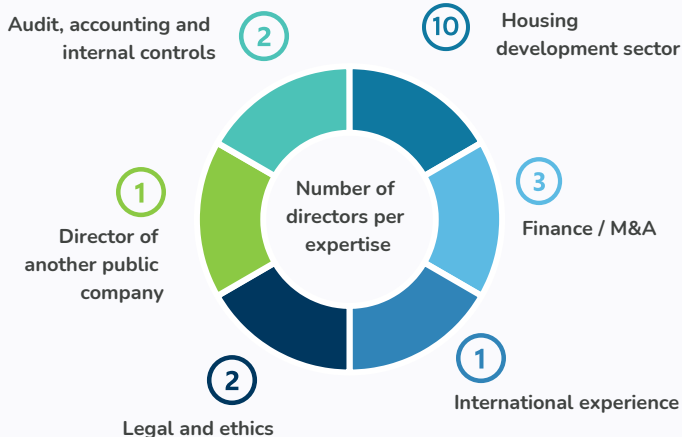
* Independent Director, in terms of the Securities Market Law (LMV).

**Non-related, non-equity, non-independent director. She is not related to the Company or its shareholders - neither by blood kinship, nor by affinity or civil relationship up to the fourth degree, nor by property, nor by working in the Company. Marta Vaca was an advisor to the Company in the last 12 months.

Our Board comprises people with a recognized record and relevant experience in the housing development sector. Their profiles contribute value in terms of strategy, administration, finance, construction, sustainability, good corporate governance, regulation, and public affairs value.



General expertise



Strategic expertise



Duration of charge
Our shareholders have the opportunity to elect the directors yearly, and the latter have the chance to be re-elected.

Audit and Corporate Practices Committee

Our Board of Directors is supported by an Audit and Corporate Practices Committee made up entirely by independent directors. A recognized counselor with financial and accounting knowledge and experience chairs the Committee.

This Committee is in charge of overseeing governance functions; reviewing and making recommendations to the Board of Directors regarding transactions with related parties; to give an opinion on concerning matters according to the Securities Market Law; to follow up on the Company's ethics concerns; to assist in the preparation of reports; to make observations regarding the performance of relevant managers; to propose compensation packages to the CEO and other pertinent directors of the Company; to evaluate the firm that performs external audit services (and analyze the opinion, opinions and reports they generate); to discuss the financial statements with the persons responsible for their preparation (and recommend their approval to the Board of Directors or not); to investigate possible noncompliance with the operation, internal control and internal audit; to inform the Board of the internal control and audit system status of the Company (and the legal entities it controls); and to oversee that the CEO complies with the agreements of the Shareholders' Meetings.

Independent Directors

Our Board of Directors has 40% of independent directors, according to the terms of the Securities Market Law (LMV).

In accordance with the LMV, in no case may the following persons serve as independent directors:

01

The relevant managers or employees of the company or the legal entities that make up the business group or consortium to which it belongs and the commissioners of the latter. The limitation mentioned above will apply to those individuals who have held said positions during the twelve months immediately before the date of appointment.

02

Individuals who have significant influence or power of command in the company or in any of the legal entities that make up the business group or consortium to which said company belongs.

03

Shareholders who are part of the group of people who maintain control of the company.

04

Customers, service providers, suppliers, debtors, creditors, partners, directors, or employees of a client, service provider, supplier, debtor, or significant creditor.⁴

05

Those who are related by consanguinity, affinity, or civil up to the fourth degree, the spouses, the common-law wife, and the common-law partner, of any of the natural persons referred to in sections I to IV of this article.

⁴ A customer, service provider or supplier is considered to be important when the sales of the company represent more than ten percent of the total sales of the customer, service provider or supplier during the twelve months prior to the date of appointment. Likewise, a debtor or creditor is considered to be significant when the amount of the credit is greater than fifteen percent of the assets of the company itself or of its counterparty.

Meetings of the Board of Directors and the Committee

Our Board of Directors held quarterly sessions in 2020, while the Audit and Corporate Practices Committee met seven times. **In 2020 we had 100% attendance from the members of both bodies.**

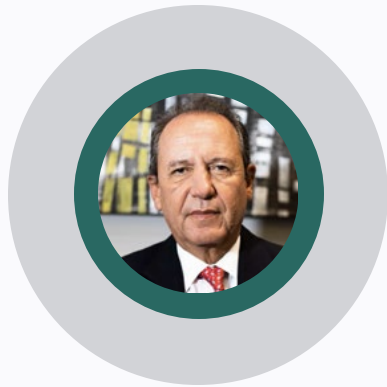
Session date	% of attendance to the session	Modality
● February 24th-Board and Committee	100%	Face-to-face
● May 27th - Committee	100%	Virtual
● June 29th - Committee	100%	Virtual
● July 20th - Board and Committee	100%	Virtual
● August 27th - Committee	100%	Virtual
● July 22nd - Board and Committee	100%	Virtual
● October 19th -Board and Committee	100%	Virtual

Face-to-face meetings were not allowed as of March 2020 due to the health crisis derived from COVID-19, but our Board of Directors met virtually and provided guidance, direction, and high-quality advice **to ensure the Company's position in the face of the devastating scenarios that shook the world.**



Management Team

Our management team embodied the Company's working spirit in 2020, demonstrating our resilience.



Pedro Vaca Elguero

Chairman of the Board of Directors and CEO



Joaquín Vaca Elguero

Deputy General Manager



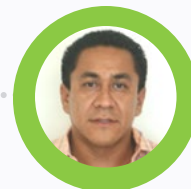
Pablo Vaca Elguero

Chief Construction Officer (CCO)



Javier Cervantes Monteil

Chief Financial Officer (CFO)



Manuel Araiza Luévano

Chief Operations Officer (COO)



Israel Godina Machado

Chief Legal Officer (CLO)



Jesús Guilabert Boyer

Managing Director at
CADU Residential



Enrique Esquer

Managing Director Ciudad de
México and State of México



Víctor Rodríguez García

Administrative Director



Mario Rodríguez Durón

General Accountant

Related-Party Transactions

Our CADU internal policy defines that related party transactions must be submitted to the approval of the Audit and Corporate Practices Committee - excluding those mentioned as exceptions in the referred policy.

Conflicts of interest

To avoid conflicts of interest in CADU, we must proceed as follows:



When any manager faces a conflict or potential conflict of interest, they must excuse themselves from any decision-making regarding the situation in question. They must immediately notify their superior, who will decide what most benefits the Company. If it is the case of a manager at the executive level, they must give formal notice to the Board of Directors.



The members of the Board of Directors are responsible for ensuring their diligence and loyalty to the Company. To avoid conflicts of interest, a Director must inform the other Directors of any personal interest they may have in any transaction, and refrain from making any decisions related to the situation in question.

CADU considers the following circumstances as conflicts of interest:



If there is a cause, circumstances of a personal nature that interferes in any way with obtaining the greatest benefit for the company.



If an interest exists that makes it difficult to do the job objectively.



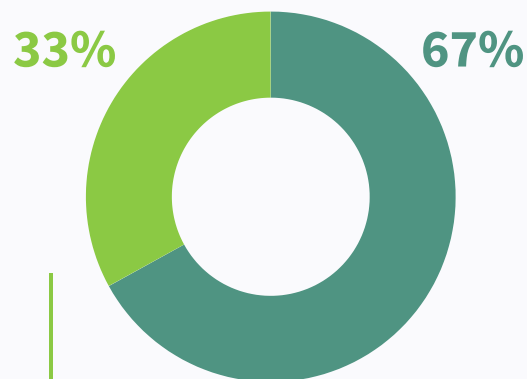
If senior executives or managers receive improper personal benefits as a result of their position in the Company.



If, for any reason, personal interests override the interests of the Company.

Investors and Shareholders

As of December 31, 2020, CADU's shareholding was divided as follows:



● Institutional investors
● General public

Out of the 33% of the public shares, around 80% is in the hands of institutional investors.

The Federal Government does not own CADU.

1



The shares of CADU's capital stock are divided into the fixed part of the capital stock and the variable part of it – thus, there are series A shares and series B shares, respectively. As a result, all claims have equal value and, within each series, they confer the same rights on their holders.

2



CADU's shares are indivisible and represented by titles of shares or provisional certificates, consecutively numbered, which two directors must sign with autograph signatures in terms of the applicable legal provisions.

Dividends



We did not distribute dividends.

As a consequence of the situation faced in 2020, the General Assembly of Shareholders decided not to distribute dividends this year.



Sustainability above all

We sent a message from our highest governing body to underline our stronger than ever vision of sustainability; therefore, we pointed out that the most important thing was to show the utmost consistency in this regard.

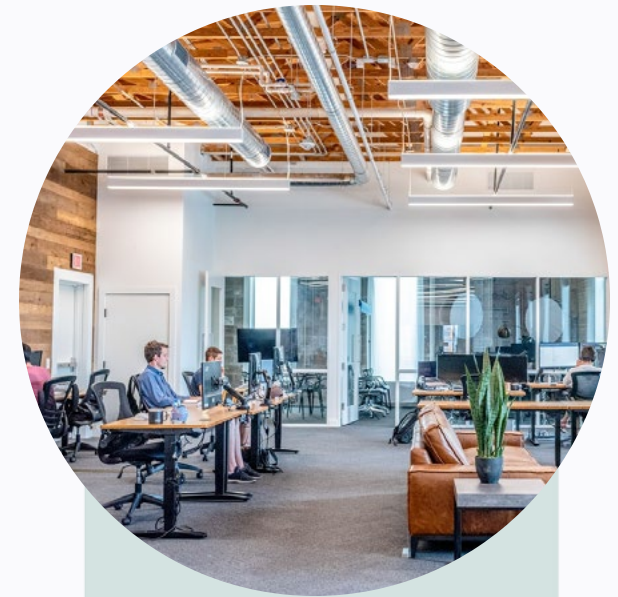


Our employees first

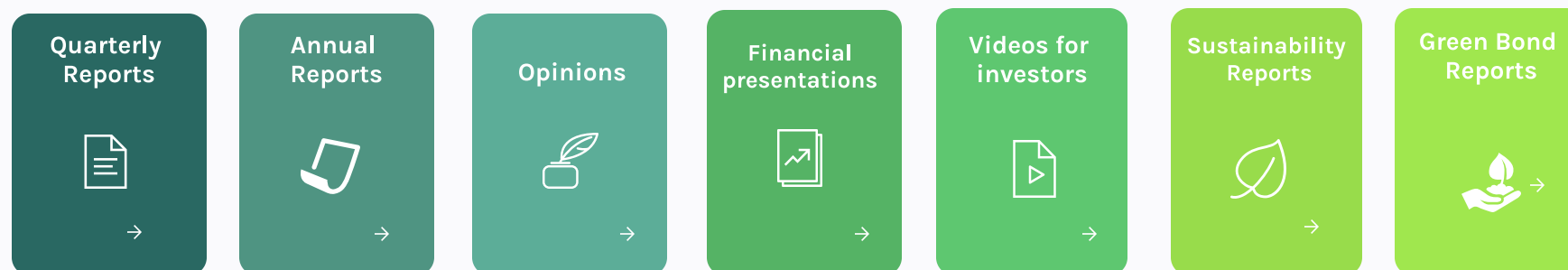
From the Shareholders' Meeting, the Board of Directors, and the CADU Management Team, we highlighted the priorities for the Company to focus on. Namely: taking care of the life and health of our employees and concentrating on maintaining full operational compliance with our values. This allows us to take care of sustaining the employment of each family that contributes to this company's growth.

Transparency

We work with **high transparency standards at CADU**, and we share our information in a clear, punctual, and precise way through the different platforms we manage, with the support of **accountability-promoting mechanisms**.



The following information from CADU is available to any interested party:



The information mechanisms set out in the previous box can be consulted on our website or the website of the BMV and the National Banking and Securities Commission (CNBV).

In addition to the above, any investor can participate in the quarterly organized conferences. At the same time, our Investor Relations department is available to answer all kinds of questions regarding the Company.



CADU

Prioritizing our employees

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CADU
INMOBILIARIA



Our employees come first

To achieve our goal of being a development promoter company, we must maintain excellence in our operations. The best route to achieve this objective is to strengthen and forge strategic alliances for our value chain while implementing actions for the optimal development of our suppliers. On the other hand, it is essential to generate the right incentives and tools allowing our employees to receive better remuneration, aspire to better jobs and strengthen and develop their skills and knowledge. Finally, we seek to preserve adequate management of the processes and procedures that ensure the health and safety of our collaborators.

“Only through actions that prioritize the health and welfare of our employees we can keep a strong operation that allows business to transcend in time.”

– Sustainability Committee Member



Employees

Our **758 employees** are our company's lifeblood; to reward them in the best possible way, we have established a management system that allows focused, prompt and timely attention to each of them.



Attraction and retention of personnel

1. Benefits
2. Remunerations
3. Career plans



Diversity and gender equality

1. Equal opportunities
2. Equal pay
3. Balance-integrated jobs



Personal and professional development

1. Training
2. Working environment

The positive impacts generated on our collaborators through this management model naturally lead to efficiency in operations and the growth of CADU.

Human resources management operating model



1

Attracting and retaining staff



2

Diversity and gender equality



3

Personal and professional development

Attracting and Retaining Employees

We aspire to form our work teams with the most talented people at CADU. With this objective in mind, we try to offer the best market conditions in terms of salary, benefits, and growth possibilities.

In an increasingly globalized, demanding, and rapidly changing world, the lack of adaptability or knowledge causes risks and delayed reactions to market opportunities and problems, as we have experienced this year.

For this reason, we strive to stay at the fore different mechanisms that help us develop strong work teams offering the best conditions to retain them.

Benefits

The benefits we offer at CADU are intended to reward the efforts of each employee, so that the Company can continue being a leader in the real estate sector and maintain the highest social responsibility standards.



Benefits higher than those given by law



In addition to the holidays that each employee has by law, at CADU, we offer two additional yearly vacation periods - 6 days at Easter and 12 days in December



Interest-free loan policy



Medical support for collaborators and their direct relatives



Funeral expenses support



Maternity and paternity benefits

Additionally, we also grant maternity and paternity benefits to our employees.

	Type of permit	Collaborators	Days granted
2020	Maternity leave	9	756
	Paternity leave	8	40
2019	Maternity leave	7	588
	Paternity leave	3	15
2018	Maternity leave	6	506
	Paternity leave	1	5

* We modified the maternity and paternity figures reported for 2018 and 2019 in the 2019 Sustainability Report for this year. The Human Resources Department reviewed these figures and corrected an error in the calculations.



Remunerations

Our employees are satisfied with their salaries and the support and bonuses we grant according to the last materiality results. However, every year we make adjustments to all remunerations and, through performance evaluations, employees aspire to better salaries and jobs.

We are fully committed to offering decent, competitive, and equitable remuneration at CADU. Thanks to these practices, we directly contribute to reducing inequalities, and we managed to improve the quality of life of many families. However, we are very strict in terms of our equity policies and, therefore, all our employees receive the same salary when occupying the same job position without distinction of any kind.



Career plans

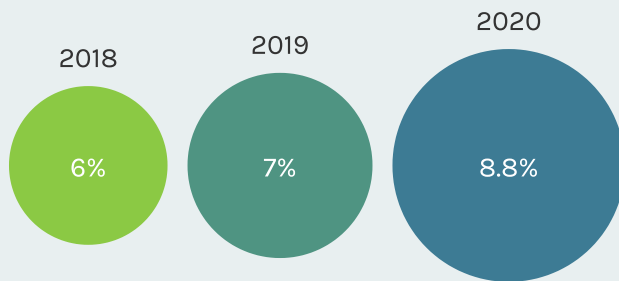
We carry out yearly evaluations that allow the promotion of our employees within the Company. In addition, these exercises enable us to measure internal growth, which is an indicator of our talent management.



In 2020, we opened 31 vacancies, of which 100% were filled by internal personnel.

CADU's remuneration does not consider physical aspects or religious or sexual preferences, nor consider social, racial, or gender characteristics. On the other hand, the income is based on the capacities of each person, and all CADU employees receive the same salary when they occupy the same position and have the same responsibilities.

Turnover Rate



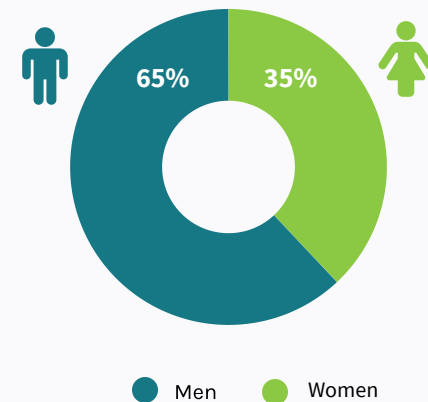
Under our continuous improvement process, we look at our employees' reasons for leaving, in order to develop strategies and take specific measures to improve in each particular area.

Diversity and gender equality

The diversity of our workforce is one of the strengths that distinguishes us as an inclusive company. We greatly value gender diversity, diversity of thought, and generational diversity at CADU because we consider that respecting our differences and taking advantage of everyone's capabilities is essential for being an innovative and competitive company.

We promote gender equality and take actions aiming to reduce the gap at all levels of the organization. **For example, in 2020, 38% of new hires were women, thanks to this strategy.**

Our workforce conformation



Employees by Gender

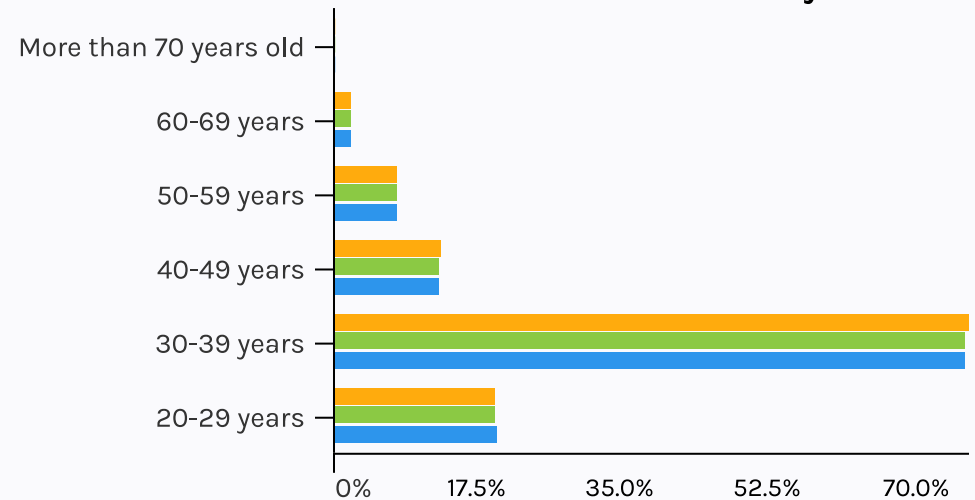
	2018	2019	2020
Men	879	736	486
Women	342	479	272

We created 3,411 jobs in 2020, considering both permanent and indirect employees.⁵

A woman was appointed to our Board of Directors based on our commitment to diversity and inclusion.

Under no circumstances do we allow acts of discrimination, whether based on gender, religion, physical appearance, nationality, thought, or any other reason. Through the materiality analysis, our employees have indicated that this value is one of the points that they most appreciate about the Company.

Generational Diversity



⁵ We had 758 permanent employees and 2,653 indirect employees by the end of 2020.

3



"I owe them my life"

Known as "Lupita", Guadalupe Razo joined CADU as an employee in 2004 and has become an invaluable person for the Company and a member of the great CADU family, like all our employees.

In December 2020, Lupita faced the most challenging trial anyone can ever face: to fight for her life. Lupita traveled to Guadalajara to spend Christmas with her family and felt mild flu symptoms after the holidays. She sought medical attention to rule out the possibility of COVID-19, but the doctor disregarded the presence of SARS-CoV-2 and only prescribed rest for her. However, her health rapidly deteriorated.

Lupita shared her situation with our CEO thanks to the trust culture that prevails within the Company, and he responded with absolute attention and commitment.

- "We will take care of everything," - said Mr. Pedro Vaca.

Our CEO helped secure an oxygen tank for Lupita (which was reaching exorbitant prices at this point in the pandemic) and hired a personal physician to monitor Lupita's health during the day and a nurse at night.

Lupita worsened from a simple case of the flu to acute pneumonia overnight. As a result, CADU sent an ambulance to transfer Lupita to a hospital. Unfortunately, at that time, Guadalajara hospitals were saturated. However, she was quickly hospitalized thanks to the help and attention from CADU - especially from CADU's CEO and the Deputy General Manager, who maintained constant communication with Lupita's relatives.

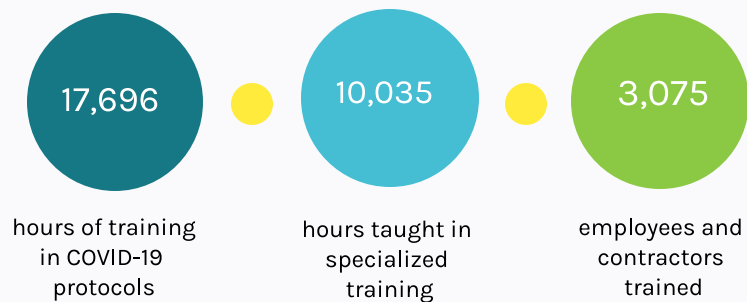
Lupita spent a month hospitalized, and CADU took care of all the expenses not covered by our employees' medical insurance. In addition, the Company's managers called daily to keep up with her progress during the month she spent in the hospital and reassured her - guaranteeing that her work was safe and would be done by the time she returned.

"I owe them my life because I am sure that I would not be here without their support," said Guadalupe, relating to the managers when she was finally able to return to work.

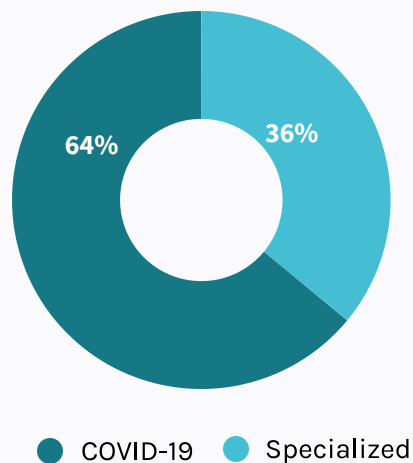
The personal attention that CADU provided results from the Company's work philosophy in which, more than employees, we form a great family.

Personal and professional development

We offered various courses and training during 2020 because we value each of our employees' development and seek to support their aspirations, objectives, and goals.



Training



Satisfaction surveys

We were unable to carry out these surveys in 2020 because they overlapped with the cessation of operations due to the health contingency measures imposed by the authorities. We will carry out the surveys in 2021 as the results allow us to identify areas of opportunity and risks that could impact our work environment and employees' development. Some of the actions implemented based on these surveys are:



Soccer tournaments to encourage our employees to get along



CADU Magazine with recreational and Company information



Birthday celebrations for our employees



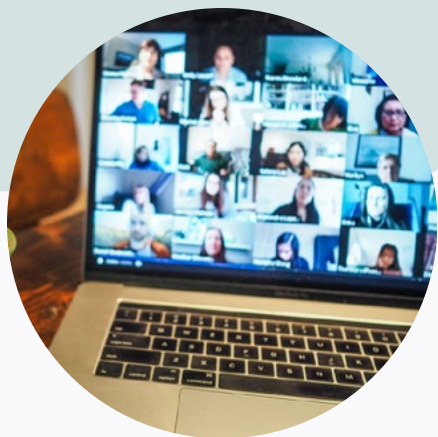
Family gatherings at Christmas to promote integration



Health, safety and welfare

“The responsibility of having safe procedures and operations concerns us all”

– **Pablo Vaca Elguero.**
Chief Construction Officer



Health

Our employees' mental and emotional health is of great importance to CADU, especially in times like these. For this reason, we have established procedures and policies to identify, prevent, and mitigate the psychosocial risks affecting our employees. These policies and practices are essential to implement timely and effective prevention and care actions.

Safety

FACING THE COVID-19 CRISIS

During 2020 we faced the challenge of adapting all our operations and processes to new safety protocols to stop and prevent COVID-19 infections within the Company. Thus, we began to migrate our work scheme to home-office models and closed our operations during April and May due to public health issues. When we resumed our construction activities, we did so under the highest safety standards.



→ **We incorporated strict access controls to all our units, which included:**

- temperature controls;
- contagion assessments;
- health surveys;
- mandatory use of face masks;
- hiring specialized doctors dedicated exclusively to monitoring the health of our people; and,
- the acquisition of protective equipment for all our employees and contractors.

→ **We organized:**

- tiered work templates

→ **We installed:**

- Sanitary barriers
- Infrastructure for frequent hand-washing
- Mechanisms for tracking the health of our employees.

35%

Thanks to our efforts **we secured the safety of our collaborators** and were able to maintain operations under the new normality protocols.

Among our principal achievements, **we guaranteed the position of all our employees within the Company despite the pandemic crisis**; furthermore, they kept on receiving their salary every fortnight. In addition, we provided stability to our employees, contributing to their physical and emotional health.

We are very aware that **our business transcendence directly depends on our employees' safety**, health, and welfare. Therefore, during 2021 we will continue to maintain our security protocols to ratify our leadership in this matter.

AT THE CONSTRUCTION SITE

Some employees and contractors may be exposed to incidents or accidents related to our activities. For this reason, we have rigorous operational processes to anticipate, prevent, and correct any vulnerability; the number one priority for CADU is caring for the life and integrity of our employees and contractors.

We comply with all the necessary security measures in the work areas, and we provide the necessary tools and protective equipment for our employees to carry out their work safely.

All our employees, suppliers, and contractors whose work areas entail high exposure to risks and accidents are required to know and respect the procedures and policies established and the official regulation regarding our activities. This request helps us control our construction activities and general operations and prevent accidents or minimize their consequences.

We fully comply with all Official Standards we are bound to due to our business and industry model.



Safety rules

- NOM-001-STPS-2008 Buildings, venues, installations and areas in the workplace – Safety conditions.
- NOM-002-STPS-2010 Safety conditions – Fire prevention and protection in the workplace.
- NOM-004-STPS-1999 Protection Systems and Safety Devices for Machinery and Equipment used in the Workplaces
- NOM-005-STPS-1998 Health and Safety Conditions in the Workplace for the Handling, Transport, and Storage of Hazardous Chemical Substances
- NOM-006-STPS-2000 Handling and storage of materials – Occupational Health and Safety conditions
- NOM-009-STPS-2011 Safety conditions for working at heights
- NOM-022-STPS-2008 Static electricity in workplaces – Safety Conditions
- NOM-027-STPS-2008 Welding and Cutting
- NOM-033-STPS-2008 Safety conditions for performing tasks in confined spaces

Organization Rules

- NOM-017-STPS-2008 Personal Protective Equipment
- NOM-018-STPS-2000 Identification of Hazards and Risks for Chemical Substances
- NOM-019-STPS-2011 Safety and Hygiene Commissions
- NOM-021-STPS-1994 Reports on Work Risks
- NOM-026-STPS-2008 Colors and Safety Signs
- NOM-030-STPS-2010 Preventive Health and Safety Services
- NOM-022-STPS-2008 Static electricity in workplaces – Safety Conditions
- NOM-027-STPS-2008 Welding and Cutting
- NOM-033-STPS-2008 Safety conditions for performing tasks in confined spaces





We offered 163,299 hours of training in health and safety for employees and contractors during 2020.

Within our protocols and safety actions, we carry out drills to raise awareness among employees about possible accidents and reinforce our action protocols facing an incident.

We did not suffer any severe incidents for the fourth year consecutively. In addition, we improved regarding all our safety indicators.

	2018	2019	2020
Hours worked	11,343,616	11,131,040	7,968,096
Total Accidents Recorded	5	50	21
Lost time accidents	2	12	9
Total lost days due to accident	4	27	18
Total fatalities	0	0	0
Near misses	0	0	0
Grossing-up factor	200,000	200,000	200,000

	2018	2019	2020
TRIR*	0.09	0.90	0.53
LTAR**	0.04	0.22	0.23

Welfare

The welfare of our collaborators is fundamental for CADU; for this reason, we have implemented evaluations and surveys for all our employees to identify impacts such as stress, anxiety, depression, and anger. We will build programs based on the results promoting and encouraging welfare among our employees.

*Total Recordable Incident Rate (total accidents recorded * 200,000 / total hours worked)

**Lost Time Accident Rate (lost time accidents * 200,000 / total hours worked)

Environmental Stewardship

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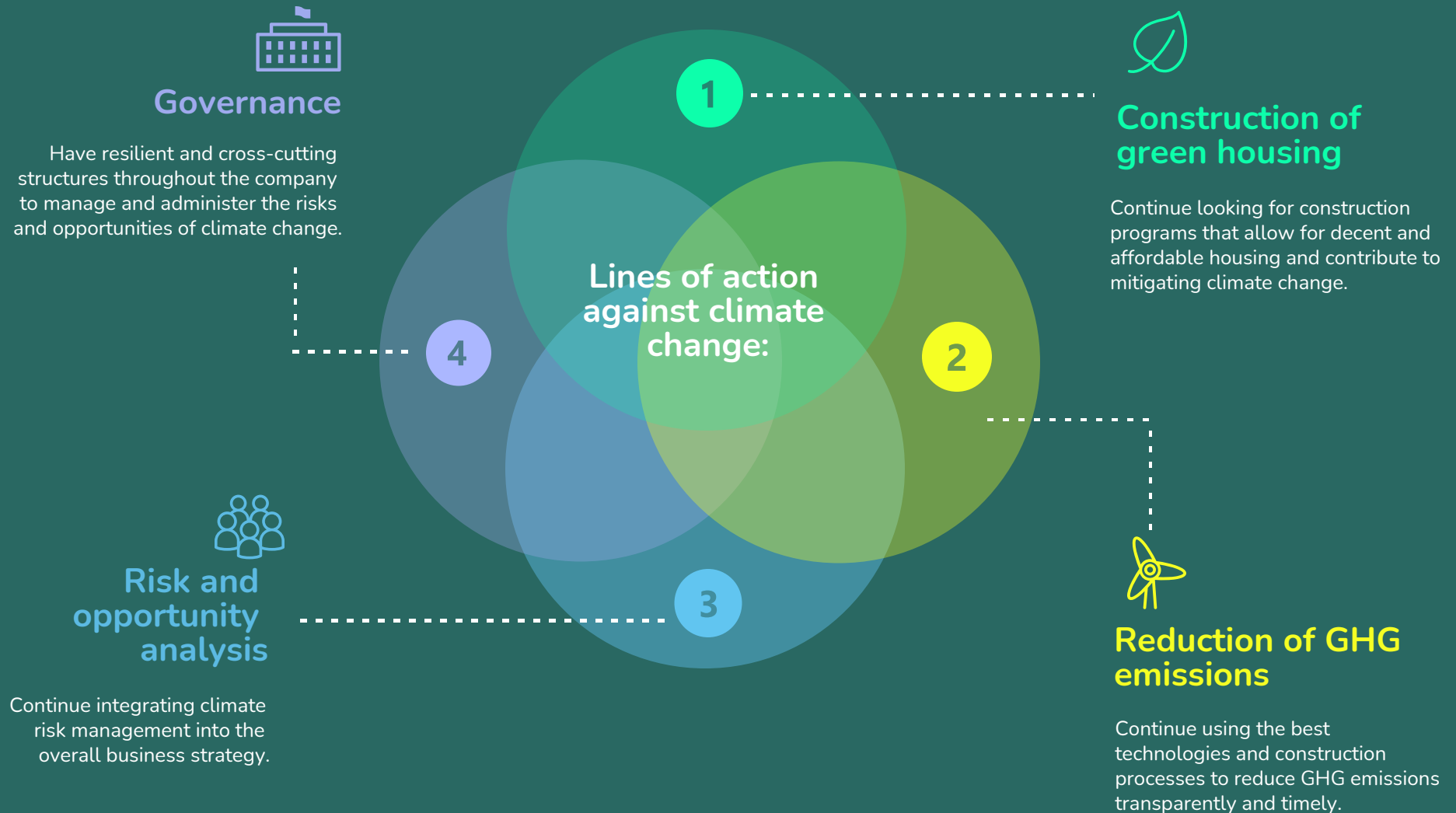
91 Biodiversity

94 Aldea Tulum- As a Role Model

We care for the environment



Task Force on Climate-related Financial Disclosures (TCFD)



We are committed to fighting against climate change. We are an outstanding actor in this regard. Subsequently, we built our strategy against climate change with the dual purpose of being a resilient company capable of adapting to climate change and integrating mitigation actions in our housing development and projects. We have promoted this strategy within our affordable housing segment since 2019 and will be expanding it to our other business segments. Developing green housing has never been so significant as today.

As part of our climate change strategy, we channeled the necessary efforts to align ourselves with the reporting methodology of the Task Force on Climate-related Financial Disclosures (TCFD) this year. Although this process is gradual, the relevance of these topics compels us to share this first exercise with our stakeholders.

Governance

We have a solid structure that allows us to manage our climate change strategy correctly:



Board of Directors

It is the maximum responsible organism for monitoring and evaluating the results of implementing the strategy against climate change



Audit and Corporate Practices Committee

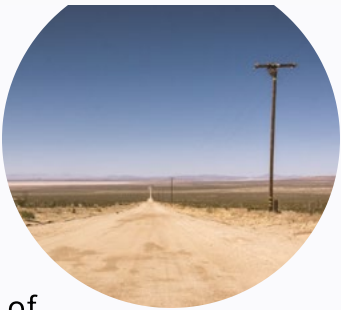
It is the organism in charge of reporting to the Board of Directors the periodic progress of the implementation of the strategy against climate change and monitoring climate risks integration into the company's general risk management



Sustainability Committee

This organism is responsible for supervising the strategy against climate change implementation and identifying the risks and opportunities we face regarding these issues. The Committee reports directly to the Audit and Corporate Practices Committee.

Risks and Opportunities related to Climate Change



As part of the responsibilities of the Sustainability Committee, we carried out studies that consider different scenarios of temperature increase according to the Intergovernmental Panel on Climate Change (IPCC) and how these entail a financial impact on the company.

Identifying the risks and opportunities of climate change allows us to build the best management strategies and contribute to the objectives set by the Paris Agreement to limit the increase in global temperature below 2 °C.

Climate change-related risks

Risk category		Transition risks	Physical risks
Definition of risk type		Those caused by the transition to a low-carbon economy, resulting in political, legal, technological, and market changes. If not mitigated, these risks can have financial and reputational impacts on organizations.	Risks that can cause events (acute) or long-term (chronic) changes in weather patterns and entail repercussions for organizations, such as direct damage to infrastructure or indirect impacts due to interruptions in the supply chain.
Suggested scenarios		RCP 4.5 An intermediate emissions scenario, consistent with a future where GHG emission reductions are stable and decreasing begins in 2045. RCP 8.5 A scenario where there are no changes in economic activities and is consistent with a future without substantial changes in policies to reduce emissions.	

Identified risks

TRANSITION RISKS		PHYSICAL RISKS	
Risk type	Potential impact	Risk type	Potential impact
Normative	<ul style="list-style-type: none"> Strengthening aggressive emission reduction policies Reforms that regulate and tax GHG emissions 	An increase in the frequency and severity of hurricanes	<ul style="list-style-type: none"> Interruption in the business continuity Increase in insurance costs
Technological	<ul style="list-style-type: none"> Substitution of existing technologies by low-carbon eco-technologies 	Increased temperature	<ul style="list-style-type: none"> Interruption in the continuity of construction operations Increase in health and safety risks for employees
Social and reputational	<ul style="list-style-type: none"> Consumers rejection of housing with carbon-intensive construction processes 	Flooding	<ul style="list-style-type: none"> Interruption in the continuity of construction operations.

Identified opportunities

According to UN data, cities occupy only 3% of the world's territory and represent between 60% and 80% of world energy consumption and 75% of GHG emissions. Thus, green housing is a global climate change mitigation opportunity. The transition to low-carbon and resource-efficient houses is a reality for CADU.



Financial impacts

- Our certified green housing income amounted to **\$1,562,892,870 pesos** in 2020.
- We issued the first certified green bond in Latin America under low-carbon housing, which allowed us to refinance our certified developments under green housing.



Assessment and Targets



Emission management

To reduce from 20% to 40% the GHG emissions of our certified green homes compared to conventional constructions



Water management

To reduce water consumption by 8% in our certified green homes



Operating efficiency

To achieve 85% compliance with our Social and Environmental Management System in applicable developments

CO₂ Emissions

Since 2019 we have been developing a sustainable strategy that aims to ambitiously reduce GHG emissions through the development of green, dignified, and affordable housing. Consequently, in 2020 we managed to align all our social housing projects built with the ECO CASA Program. This action means that 100% of our assembled houses in this period:

- have eco-technologies favoring energy saving and reduction of CO₂ emissions from 20% to 40%
- have water-saving toilets and faucets for kitchens and bathrooms, with an average water-saving of 8%
- feature energy-saving bulbs with LED technology
- are built with insulation materials that contribute to the reduction of GHG emissions; and,
- in its construction processes, environmental impact manifestations are carried out to protect the biodiversity of the area



GHG emissions Scope 1				
	Unit	2018	2019	2020
Carbon dioxide equivalent	tCO ₂ e	4,225	4,183	4,359
Carbon dioxide	tCO ₂	3,983	3,956	4,107
Methane	tCH ₄	1.05	1.11	1.07
Nitrous oxide	tN ₂ O	0.80	0.74	0.84

GHG Emissions Scope 2 (tCO ₂ e)			
	2018	2019	2020
Carbon dioxide equivalent	408	695	531

Our first steps regarding our environmental strategy included:

1

COMPLIANCE WITH MEXICAN LEGISLATION ON ENVIRONMENTAL MATTERS

We are firmly committed to complying in full with Mexican legislation on ecological issues.

2

INCORPORATION OF TECHNOLOGIES

Both in the housing construction and our office operation, we try using technologies that help mitigate climate change - this varies from the installation of energy-saving light bulbs and motion sensors, to the use of heat-insulating materials for developments built in hotter climate areas.

3

ENVIRONMENTAL AND SOCIAL TRAINING

Given that “Aldea Tulum” will serve as a role model for future developments regarding environmental and social matters, we built training programs for our Management Team and on-site employees during 2021.

4

TRUTHFUL PUBLICATIONS

The information shared with the public is reviewed and verified by the corresponding Company areas.

5

DEVELOPMENT OF INDICATORS

To improve, we must be able to measure our current practices. Therefore, we have developed tools and indicators to facilitate decision-making in this matter.

6

MEASUREMENTS OF GHG

GHGs are the main cause leading precursor of climate change; we do not seek only to understand our impacts but also favor the environment using new technologies to reduce our emissions.

7

EFFICIENT USE OF RESOURCES

We seek to establish the best management systems for the efficient use of the resources used in our operations.

8

OBSERVANCE AND FULFILLMENT OF THE SDGs

We maintain a solid commitment to the best practices worldwide, which is why we constantly review our contributions to the SDGs.

9

COMPREHENSIVE COMMITMENT

We firmly adhere to our Environmental Policy, a product of the obligations that we recognize and adopt as a Company through our sustainability strategy.

We include both total electricity and fuel consumption to measure our 2020 emissions. We used the GHG emissions calculator provided by the US government's Environmental Protection Agency and observed that from 2019 to 2020, we achieved a 22% reduction in our emissions to the atmosphere.

6 Used for machinery.

Impacts of our GHG emissions mitigation strategy

We are an ambitious company in the fight against climate change, but above all, committed to providing a better life quality for our communities. For this reason, we developed our sustainability strategy, producing the following environmental impacts.

Mitigated emissions				
	2018	2019	2020	
tCO ₂ e	35,730.02	6,718.09	14,023.51	
Out of circulation vehicles	7,771	1,461	3,050	
Annual housing electricity consumption	6,490	1,220	2,548	
Tons of coal not consumed	17,913	3,368	7,033	

Starting in 2021, we will be working so other business segments incorporate new technologies aligned with the EDGE Certification practices.



What spurred us into action

According to the latest data from SEDATU⁷

1 out of every 5 homes in Mexico



suffers a lack of access to basic services: drinking water, sanitary drainage, energy.



The perception of insecurity in the country has been directly related to the deterioration of public spaces and housing abandonment.

About 51%

of homes in Mexico have limited access to transportation, green areas, or public lighting.



15.4%



of homes in Mexico use firewood or charcoal for cooking.

6.1%



of homes in Mexico do not have a sanitary drainage system.

6.4%

of the country's population are people with disabilities, of which **48%** live in poverty.



⁷ 2019 data.

Green Bond

Based on SEDATU's data mentioned above, in **2020 we created the Green Bonds Program** to reduce these statistics. We will not only continue to build housing that meets the vast need for decent, reliable, and affordable homes, but we will promote the care for the environment, the fight against climate change, and economic savings derived from installed eco-technologies.

Our Green Bond Program strengthened CADU's sustainability model, underlines the importance of promoting environmentally friendly initiatives, and reinforces our idea of constructing housing with eco-technologies to guarantee reducing greenhouse gas (GHG) emissions and efficient use of existing natural resources.

We will use the resources obtained under this Green Bond Program to finance or refinance housing construction projects in line with environmental care practices - such as those built under the ECOCASA Program guidelines.



The criteria used at CADU for the eligibility of financed or refinanced projects are:

- 1 That housing projects have an environmental certification such as ECOCASA, EDGE or any other environmental certification approved by the Climate Bonds Initiative (CBI).
 - In the case of ECOCASA (for which an efficiency evaluation is necessary), only projects that allow a reduction of at least 20% of greenhouse gas (GHG) emissions for each house built will be financed or refinanced.
 - This means that all CADU homes receiving resources from the Green Bond Program will have a rating of at least E in the Global Performance Index (GDI), which evaluates the housing model presented by the developer, based on its expected⁸ energy demand and projected water consumption⁹ compared against the baseline dwelling defined by the SHF.
- 2 That housing projects have facilities that allow water and electricity consumption savings.
- 3 The projects subjected to an environmental impact analysis on water and electricity use.
- 4 Projects with the basic infrastructure facilities for sewerage and storm drainage and formally operating procedures for solid waste management.

⁸ It comprises a thermal assessment of the home (which allows the assessor to obtain CO₂ emissions) and considers the design and materials used in construction; it also considers the conditions, habits and local technical characteristics of the housing facilities and the gas and electricity technologies installed.

⁹ Measures the efficiency of water consumption in showers, laundry, faucets and faucet installations. In addition, it considers an added value when the facilities allow water savings in places with water stress conditions.

Additionally, we will seek projects that are eligible for the use of resources from this Program include roads and sidewalks, offer public spaces such as parks, community centers, and sports facilities, and promote inclusion with wheelchairs and strollers infrastructures. Also, these projects should meet optimal occupancy conditions and have spaces designated for commercial and service areas to ensure a space for community building.



We have a Sustainability Committee responsible for: evaluating each project potentially eligible for the Green Bond Program; authorizing projects to be financed or refinanced; defining how to manage resources once assigned; supervising correct resource use.

The Committee is also responsible for creating performance indicators for the related projects, ensuring the use of these indicators as tools for measuring environmental performance, observing the progress and impacts of each financed or refinanced project under this Program, and reporting resources use.

ECOCASA is a Program implemented by the SHF with financial and technical support from the German Development Bank (KfW) and the Inter-American Development Bank (IDB). At CADU we have participated in the ECOCASA Program since 2013 and, in this way, we continue contributing to the transformation of the housing market in Mexico.

The households that we build at CADU within this Program have the following differentiators with respect to the prototypes of a baseline household.

Green Bond Highlights



SUSTAINALYTICS



Favorable Second Party Opinion (SPO) by Sustainalytics



Green bond certified by Climate Bond Initiative



Framework structured under the Green Bond Principles



Impacts aligned with the SDGs 9 and 11



Reduction of GHG emissions between 20% and 40% per home

BASELINE HOUSING PROTOTYPE

CADU HOUSING WITH ECO-TECHNOLOGIES

WALLS	Concrete walls with interior and exterior lime mortar	Concrete block walls filled with mineral perlite with covering. The block filled with mineral perlite acts as thermal insulation, which preserves the temperature inside the house and saves on expenses.
WINDOWS	Aluminum window frames	Aluminum and glass window frames with solar control film with an applied mica that filters part of the solar radiation and preserves the temperature.
DOORS	Wooden doors	Multi-panel doors made of steel with a polyurethane core that works as a thermal insulator.
ACS	Gas heater with 84% efficiency	We install a 92% efficient gas heater, which translates into reduced periodic gas consumption.
FAUCETS	Basin faucets of 8 liters per minute	Sink faucets of 6 liters per minute. We use a system that mixes air with water (simulating pressure and higher flow), resulting in less water consumption. Thanks to this system, the sink faucets save 6 liters per minute.



We have 21,615 households built
within the ECOCASA Program
at the end of 2020.



20% of the total housing

built by CADU is within the
ECOCASA Program.



We are the Company

with the highest number
of ECOCASA households
built in the country.

Waste management

We have never disposed of waste from our operations in bodies of water such as aquifers, rivers, lagoons, or the sea. Instead, we handle 100% of our waste following federal or local regulations and it is disposed of in authorized sites intended for this purpose.

To date, there have been no spills that could have affected bodies of water in any of our real estate developments.



Since 2019 we have worked with a company that specializes in the collection and transportation of PET and electronic waste, which has helped ensure adequate disposal and handling of these materials.

Hazardous waste disposal

		2018	2019	2020
Reuse of waste	ton	10.19	4.82	7.83

Disposal of non-hazardous waste

		2018	2019	2020
Reuse of waste	ton	38,400	3,385	168
Landfill disposal	ton	108,249	28,897	27,622
Waste sales	ton	0	8	0
Total non-hazardous waste disposed	ton	146,650	32,290	27,790

Water management

We are a conscious and responsible company regarding water use; we have established adequate processes in each of the business segments that have considerably improved our indicators on the intensity of this valuable resource. Thus, in our middle-income housing segment, we reduced our water consumption by 82% compared to the previous year, and we achieved a 55% reduction in our residential division.

Water consumption (m3)

Year	Affordable entry-level housing	Middle-income housing	Residential housing	TOTAL
2020	48,739.22	7,077.29	30,650.80	86,467.31
2019	39,309.63	39,628.67	55,980.80	134,919.10
2018	46,291.51	59,205.05	35,544.00	141,040.56

In addition, we incorporate eco-technologies in our housing prototypes, allowing us to reduce water consumption by almost 8% annually.

Water Savings (m3)

Year	Water-saving toilets	Water-saving showers	Liters Saved
2018	46,291.51	59,205.05	35,544
2019	1,652.00	1,652.00	19,536.55
2020	2,958.00	2,958.00	25,964.12

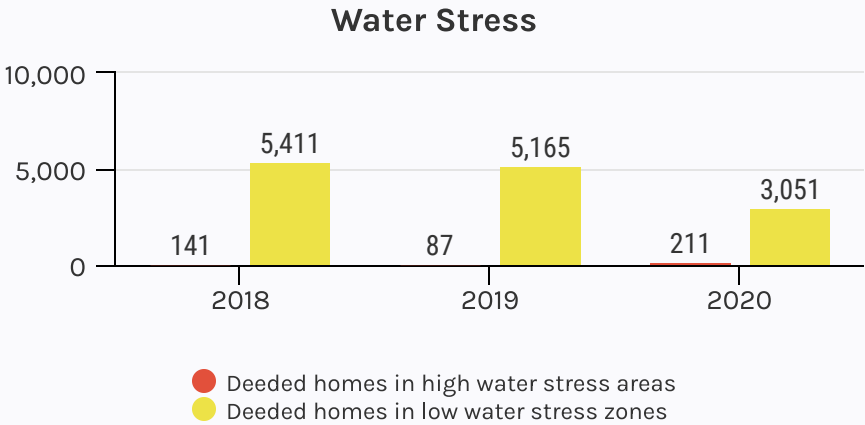
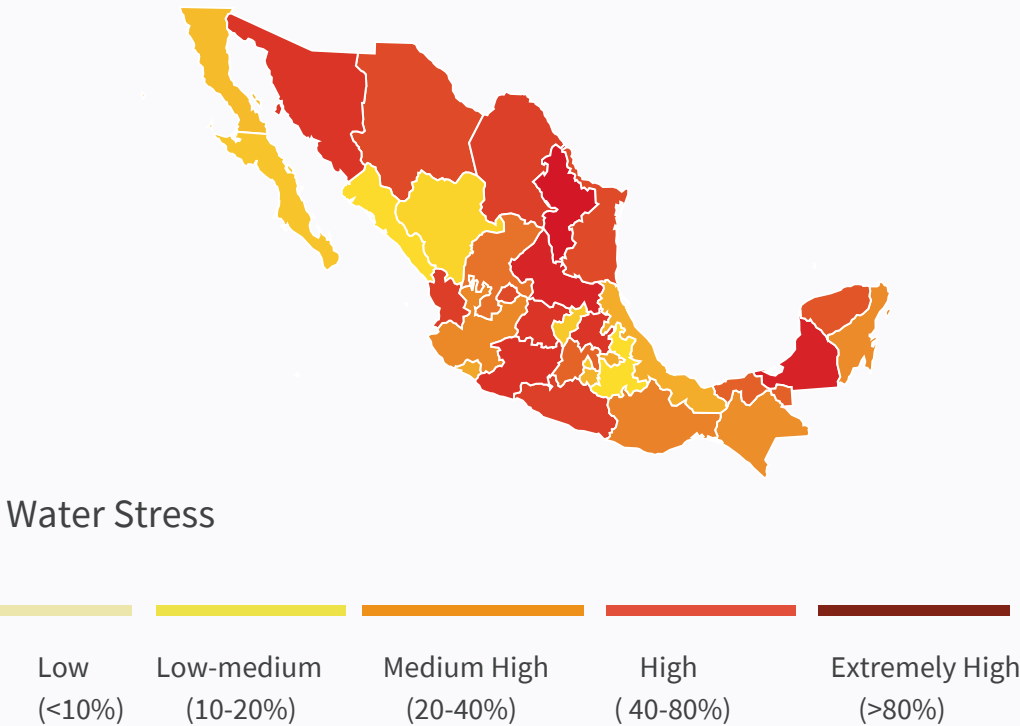


In 2020

there was a reduction in our water consumption of 65% compared to 2019, which represents 48,452 m3.

Water Stress

According to the World Resources Institute's water scarcity map, we concluded that 94% of our registered homes in 2020 are located in areas with medium water stress. Although our developments are concentrated in geographic areas of low risk of water stress, we still guarantee that our projects contemplate -from scratch- the installation of eco-technologies to reduce water consumption.



Biodiversity

We carry out environmental studies approved by the relevant national regulator bodies in all our developments before starting operations,. These studies allow us to identify the species of fauna and flora found within our lands and generate programs aimed at the protection, conservation, and relocation of said species.

We strictly follow the measures dictated by the authorities regarding protecting the environment and biodiversity at CADU. We are also committed to implementing the mitigation hierarchy: Avoid, minimize, restore and compensate.

During our Tulum project development, we were even more committed to the care and conservation of flora and fauna within the area.

**We reintegrated
7,250 specimens**

into the Playa del Carmen ecosystem and 19,200 in Cancun in 2020.

**We donated over
22,306 m2**

to conserve the ecosystems where we did not remove vegetation, instead we integrated the vegetation rescued from the construction areas.



Flora:

During our Tulum project development, we were even more committed to the care and conservation of flora and fauna within the area.

1. run a flora rescue program;
2. carry out reforestation activities;
3. remove the vegetation cover only under authority supervision;
4. take care that the dismantled surface remains exposed for the shortest possible time in the construction phase to prevent dust from being transported by wind or erosion;
5. maintain areas with arboreal vegetation and palms of the original ecosystem to keep them as green areas, parks, ridges, or gardens;
6. rescue and relocate the palms from the original vegetation in the project green areas, in the case that the projected design does not allow to keep them in place and always under the supervision of a competent authority;
7. plant elements of the native flora or those with conservational status (for example, chaca, chicozapote, flor de mayo, ceiba, and other native palm trees);
8. reforest at least 1,500 trees or palms per hectare if there are areas affected or with sparse vegetation;
9. take care that afforestation efforts are carried out in rainy periods to increase the survival rate and water saving.

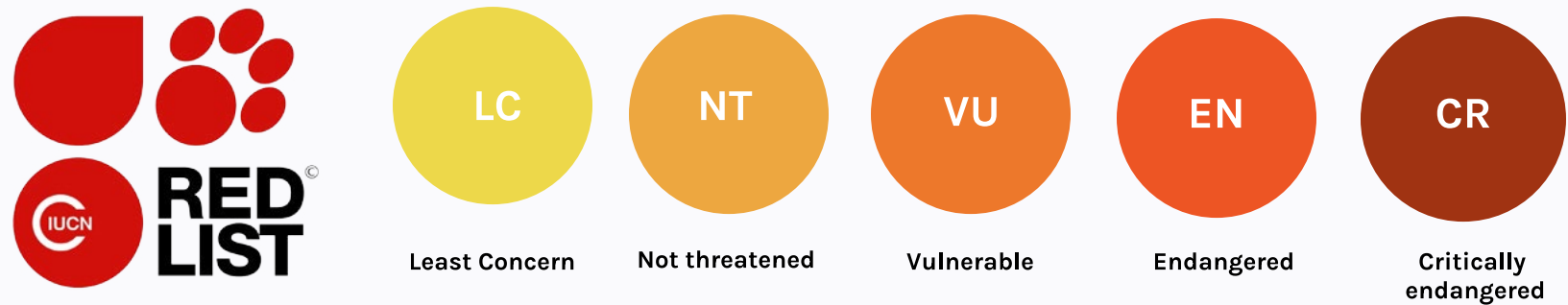
Fauna

1. carry out gradual clearing of the land to encourage present fauna on the site to move to neighboring areas;
2. place advertisement signs informing about the fauna and its protection relevance, including the sanctions for being caught affecting or taking advantage of the species present on the site.

10

These should have normal diameters (1.30 centimeters from the ground) and should be protected within a 5m radius around the tree trunk.

As part of our commitment to ecosystems and biodiversity care, we conduct studies to identify the IUCN red list species found on our operating sites.



SPECIES STATUS	SPECIES WITHIN OUR DEVELOPMENTS
Critically endangered	0
Endangered	0
Vulnerable	0
Not threatened	0
Least Concern	2: Bursera simaruba y Thrinax radiata



ALDEA TULUM "As a Role Model"

CADU began to develop certified homes under the ECOCASA Program in 2013. Given that the Program contributes to the reduction of GHG emissions and the efficient use of water, we estimated that thanks to our measures and the eco-technologies installed under this Program, CADU's households could help save more than \$4.7 million pesos in the utility bills between 2020 and 2025 for the people who inhabit our developments

The achievements of this Program led us to incorporate better and diverse eco-technologies in housing and quickly led us to transform our commitment into a Sustainable Production Policy for CADU.

This path led us to issue our first Green Bond in the Institutional Stock Exchange (BIVA) in 2020 for an amount of \$502.1 million pesos. In addition, we have undertaken the development and implementation of an environmental and social management system (ESMS) aligned with the recommendations of organizations such as the Inter-American Development Bank (IDB) and the International Finance Corporation (IFC) as a consequence of our commitments in environmental matters. The objective of the ESMS is to identify, prevent, mitigate and manage environmental and social risks and impacts.

We reinforced our already established Sustainability Committee with the incorporation of Eng. Karla Aguirre in October 2020. Karla is a CADU collaborator who leads a working group of Company employees to implement the guidelines issued by IFC in its "Performance Standards on Environmental and Social Sustainability."

This document merges elements of the most rigorous internationally recognized standards and combines guidelines from ISO 9001: 2015 on quality management systems; 10002: 2014 on procedures for the handling of complaints in organizations; 31000: 2018 on risk management; ISO 14000: 2018 on environmental management; and ISO 9001: 2018 on guidelines for auditing management systems.

We planned the implementation of this ESMS in four phases. The first one focused on defining and disseminating our environmental and social management policies and building organizational capacity and competence (which cover IFC Standards 1 and 4), recognizing our employees as our most valuable asset; we finished this phase by the end of 2020. Therefore, we know it is essential to develop adapting skills to adopt, maintain and improve our management systems. Thus, our training focused on providing training in management systems in general, environmental management, and our plan regarding social concerns.

The second implementation phase consists of identifying risks and impacts, the development of programs for managing, preparing, and responding to emergencies. We will promote this and generate process flow charts using the PYX4 software, specialized in integrated systems management.

The third phase corresponds to integrating participation of the social actors, implementing a Complaints Attention Mechanism, and establishing tools to promote dialogue with the different interest groups we hold a relationship with. Finally, the last phase corresponds to the monitoring and evaluation of the whole system.

We are incorporating all of the above into our Aldea Tulum Project. Once established, we will replicate its practices and policies in other projects built by the Company. As a result, we can proudly share that Aldea Tulum's ESMS will serve as a model for promoting care for the environment and developing welfare in our related communities.

ALDEA TULUM: SUSTAINABLE DEVELOPMENT

From the beginning, we envisioned Aldea Tulum as an iconic development that will mark an important milestone in our transition to only sustainable housing construction. We designed Aldea Tulum to address evident issues for both the communities and the environment while maintaining our affordability. This project results from the joint efforts of the company and different stakeholders; it transparently reflects the vision of our Board of Directors for CADU and its impact on Mexico and the world.



We built Aldea Tulum under a comprehensive sustainability model that meets all **7 elements of the National Housing Plan and the UN-Habitat guidelines**. Three fundamental pillars guide it to solve existing problems:

Infrastructure

Equipment

Coexistence with the environment



Infrastructure

Basic infrastructure	Roads and sidewalks	Connectivity
24-hour drinking water supply	Ramps for disabled people	Aldea Tulum integration to existing roads
Sanitary and pluvial drainage: absorption wells and resupply of the water table, and water treatment plant	Bikeways	Design for future growth
Electrification: public lighting with LED lamps and underground electrical distribution network	Primary and secondary avenues and streets	Non-motorized mobility preference

Equipment

Public transport	Open public spaces	Education and culture	Health and social assistance	Commerce
All the houses are located within 300m of the public transport system	Neighborhood gardens throughout the development	Elementary schools	Health centers	Multiplazas
Shelters with seating	Parks with playgrounds and pedestrian corridors	High schools	Childcare	Trade centers
	Public squares and shopping centers	Kindergartens		
		Culture centers		

Correlation with the environment

Environmental Protection	Solid waste management Storage facilities
Use of eco-technologies	Storage facilities
GHG emissions reduction	
Water-use efficiency	
Energy efficiency	

Our Ethics

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Our Ethics

Quality



Sustainability



Respect



Honesty



“In this pandemic year our ethics proved two things: at CADU we are capable of tackling any crisis and no business can move on without having its values at its core.”

– Lic. Pedro Vaca Elguero.
Chairman of the Board of Directors and
CEO of CADU



Cooperation



Commitment



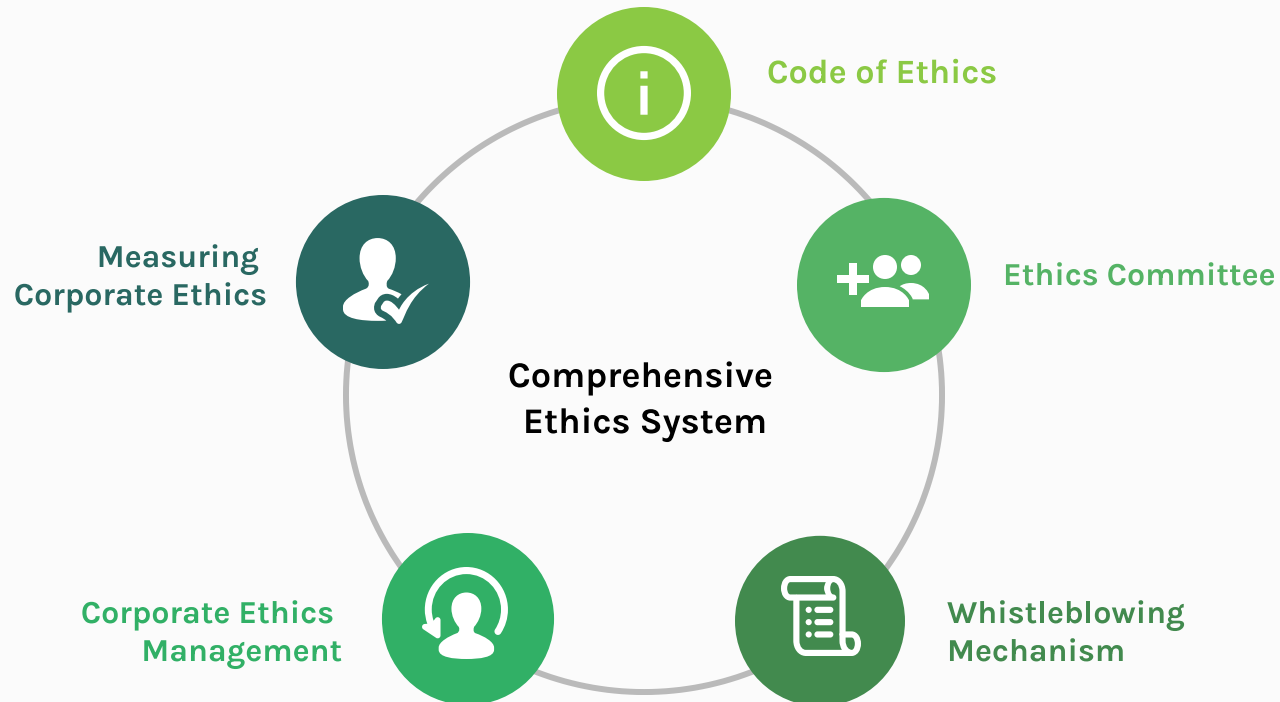
Communication



Discipline

These pillars act as guiding principles for each decision we make as a Company, and we seek to permeate these values in our corporate culture and each of our collaborators.

We did a general restructuring of our sustainability strategy and, as a result, positioned corporate ethics as one of the central elements of our new procedure. In this way, we created the Comprehensive Ethics System, which includes the necessary gears for its optimal functioning.



Code of Ethics

Our Ethics Code is mandatory for the Board of Directors and CADU employees at all levels and suppliers, contractors, and those who have any relationship with the Company.

Our Code is reviewed annually by the Board of Directors, through the Audit and Corporate Practices Committee, to ensure its validity, aligned to our values and firmly attached to best practices.

We have an Ethics Committee; a collegiate organism made up of three people appointed by the Audit and Corporate Practices Committee based on their proven integrity.

Ethics Committee

Ethics Committee

President

Member

Member

Area they belong to in CADU

Internal audit

Legal area

Human Resources

This Committee is responsible for ensuring and promoting ethics compliance within CADU. Among its obligations and responsibilities are the following:

- a) Regular meetings.
- b) Receive, investigate and resolve complaints regarding ethics.
- c) Punish the denounced who are responsible.
- d) Train employees on ethics.
- e) Train employees to make complaints.
- f) Measure the degree of experience of ethics in the Company.
- g) Identify the main ethical risks.
- h) Establish an annual ethics plan that CAYPS must approve.
- i) Establish an annual calendar with Committee meetings and objectives to be achieved.
- j) Prepare an annual report that includes CADU's results in this matter to present in front of CAYPS and the Board of Directors.
- k) Promote knowledge and ethical experience within CADU
- l) Serve as a consulting body on facts or circumstances that may affect the ethics of the Company.

We do not tolerate faults or transgressions to the principles and values of our Ethics Code at CADU.

Our Whistleblowing Mechanism

Our Whistleblowing Mechanism -CADU DENUNCIA- allows any interested party to make ethics-related complaints with the option of doing so confidentially and with the certainty that they can do so without retaliation.

The Ethics Committee reviewed a total of 14 complaints received through this System in 2020. Of the total complaints received, 100% were anonymous and filled-in by Company personnel.



COMPLAINTS RECEIPT

2020

Total received cases	14
Complaints made by outsiders	0
Complaints made by people of the Company	14
Anonymous reports	14
Non-anonymous complaints	0

The CADU DENUNCIA platform includes:

- a. Forms to collect data on the case or person to report
- b. A guide for each type of complaint
- b. Specific questions that help gather as much information as possible from each case
- c. Sections to attach information (be it photos, videos, audios, or documents)

The previous allows any complainant to express their concern simply and intuitively.

CATEGORIES REPORTED

Number of complaints 2020

Work environment	10
Good relations with clients	4
TOTAL	14

We dealt with 100% of the cases received in 2020 through CADU DENUNCIA in confidence.

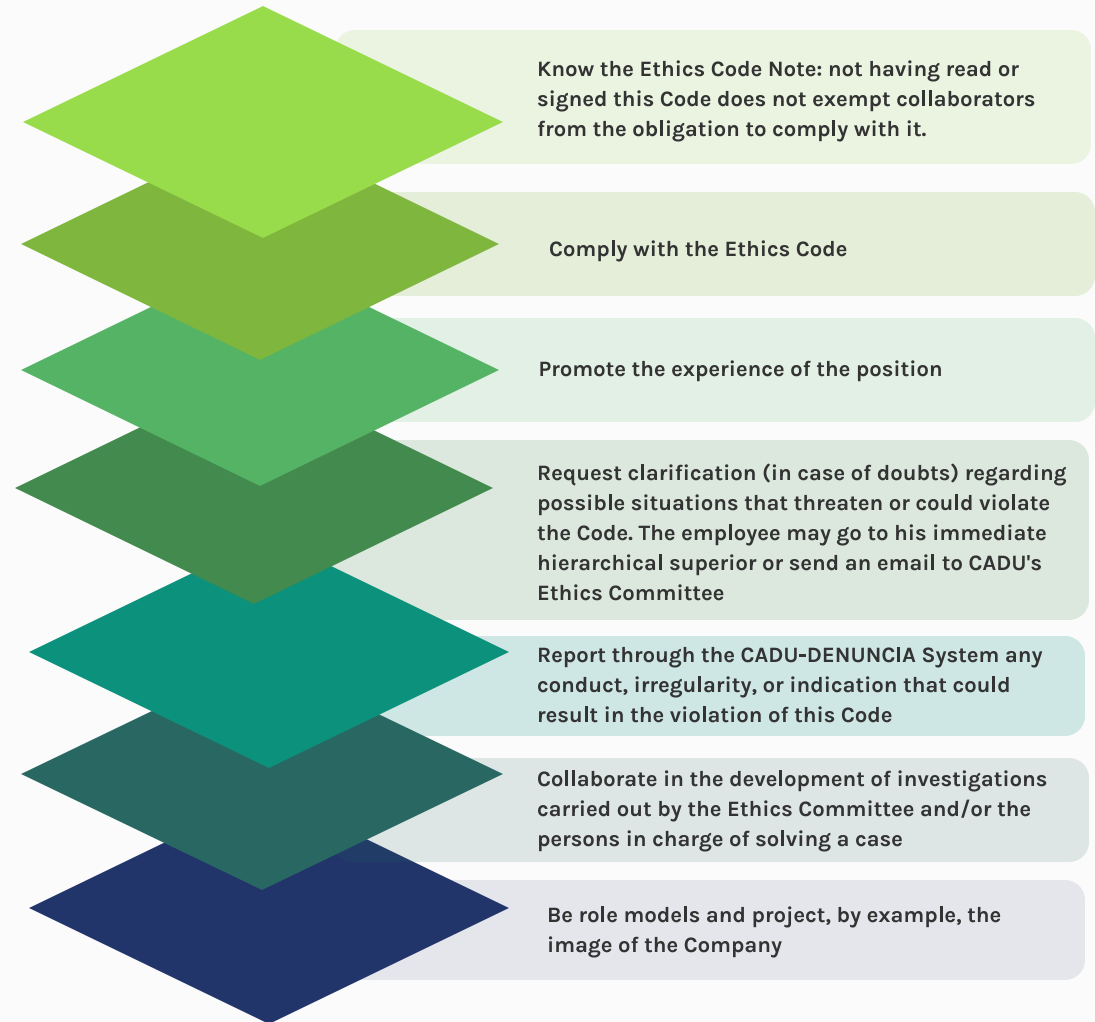
Six complaints did not proceed as they were not 100% related to ethics violations

We have a non-retaliation policy towards complainants.

If any employee has doubts about making a complaint or how any activity they carry out could violate our Ethics Code, they can write directly to the Ethics Committee at etica@cadudenuncia.com or seek advice from their direct boss.



What should a CADU employee do?



Corporate Ethics Management

Our Ethics Committee relies upon a management manual that establishes the mechanisms and procedures to act within each of the CADU Comprehensive Ethics System elements. An independent third-party expert prepared this document, and the Board of Directors approved it in an ordinary session.

This manual contemplates the following for each of its elements:

a) Ethics Committee

- Integration
- Obligations, responsibilities, and powers
- Report lines
- Conflict of interest
- Investigation
- Sanctions

b) Code of Ethics

- Reviews
- Modifications and updates

c) Complaints system

- Anonymous reports
- No retaliation
- Safeguarding confidential information
- Interaction with the Ethics Committee

d) Corporate ethics measurement system

- Indicators
- Contingency plans
- Red spotlights
- Evaluations

e) Training programs

- Bribery
- Anti-corruption
- Whistleblowing mechanisms
- Ethics code
- Specialized training

Measuring Corporate Ethics



It is necessary to apply an analysis process that determines the actions taken to improve any aspect of our operations. However, this situation gets even more complex when it comes to analyzing aspects of corporate ethics. To achieve this, we built a system of indicators that allows us to measure the evolution of ethical issues at CADU on a quarterly and annual basis. This system detects potential risks and areas of opportunity in the matter to generate annual plans tailored to our needs based on the observed indicators.

Our Comprehensive Ethics System is built based on continuous improvement because our corporate ethics is one of the most critical aspects that define our company.

Anti-corruption Policy



As a result of our effort to renew our Ethics Code, we built an Anti-Corruption Policy that includes:

- a) the Universal Declaration of Human Rights
- b) the Federal Criminal Code of Mexico
- c) the National Anticorruption System
- d) the General Law of Administrative Responsibilities
- e) the Federal Anticorruption Law in Public Procurement of Mexico; and
- f) the United Nations (UN) Convention against corruption



Ethics achievements and Targets

At CADU we have a zero-tolerance policy for any act of corruption or bribery.

Achievements



In 2019 we managed to get 775 of our collaborators to read and sign our Ethics Code, representing 64% of our workforce.



We built the Comprehensive Ethics System.

Goals



We aim to reach 85% coverage and 100% of our new employees in 2021.



Report the complaints breakdown in 2021.



To obtain the business integrity badge from the Ministry of Public Administration.



Report the survey results on the ethical experience and trust in the management system.



Report the coverage of our Ethics Code among our suppliers.

We will continue building communities

109 Community development

112 Being a community



We will continue building communities

“We dream of continuously developing welfare”

At CADU, we have become a key social and economic player in the sustainable development of affordable and quality housing for Mexico and its communities. Furthermore, we uphold a social and environmental commitment that generates integral communities: addressing housing and welfare in Mexican underdevelopment.



To achieve the above, we have two branches of action in CADU:



Community development:

it contemplates the process in which land is bought and housing projects urbanized, built, and commercialized; and,



Community building:

it begins once the marketing phase is over. We provide care to our neighbors and ensure that developments are kept safe in this part.

We are strategic allies of the Government to promote Mexico and its communities' economic, social, and environmental development.

Community development

We develop communities through the normal process in the sector of purchasing land for urbanization, construction, housing and commercialization and go even further. After the commercialization phase, we implement programs to provide care for the inhabitants of our developments.



Land purchase

CADU Actions: We strategically choose the lands we acquire for development to allow for our new communities to settle near work and commercial hubs.

Problems addressed through our housing:

- We reduce the high mobility costs of workers and their families
- We protect the income of vulnerable people
- We improve the quality of life of workers by preventing them from living far from their work place

Green and inclusive urbanization

CADU Actions: We carry out environmental and social impact analysis in all our developments and we have procedures for the care, protection and relocation of flora and fauna species.

We also focus our urbanization projects on constructing quality infrastructure, thus meeting the basic needs that allow optimal development of our communities:

1. Sanitary drainage installation
2. Storm water systems
3. Construction of roads and internal roads
4. Benches
5. Electrification
6. Public transport systems

Problems addressed:

- a) Water sanitation
- b) Access to basic services
 - Water
 - Electricity
 - Gas
- c) Connectivity and mobility
 1. Highways
 2. Roads
 3. Stools
 4. Public Transport
- d) Quality of life

Sustainable building

This pillar divides into three lines of action: (i) environment; (ii) social and; (iii) economic.

CADU actions in buildings with environmental impacts: All our development projects adhere to the highest standards of efficiency and sustainability. As a result, the technologies and materials we use have allowed us to reduce our GHG emissions by 22% compared to the previous year. In addition, these technologies enable our communities to save on water, energy and gas.

CADU actions in buildings with social impacts: We build schools within the developments in conjunction with the educational authorities. We also build inclusive houses and roads that meet the needs of people with disabilities.

In addition, we promote social integration in all our developments by building soccer fields, swimming pools, basketball courts, parks, and children's play areas.

CADU actions in buildings with economic impacts: Our projects include exclusive areas for economic activity development to promote the growth of internal trade. We also build special housing that can be adapted for starting small businesses and help out as an extra income source for families.

Problems addressed:

Climate change: energy efficiency is the main factor contributing to climate change (UN, 2021); our clients can reduce their GHG emissions with the eco-technologies installed in our homes.

Economic inequality: thanks to our saving technologies, families spend less on water, electricity, and gas. Additionally, the design of each development promotes local trade and family entrepreneurship.

Truancy: we build schools within our developments, resulting in children attending classes without endangering themselves or taking long trips, thus, improving their opportunities.



Being a community

The year 2020 was a challenging one due to the hardships caused by the pandemic and the consequential health crisis. This scenario of obstacles and impositions limited the activities that we typically carry out to form part of the communities and contribute to the people who live in them. We postponed or canceled many of the already planned activities, such as social and cultural brigades, due to the health crisis and their own difficulties.

Even so, we remain firm in our commitment to developing integral communities and promoting the growth of the people who live in them. Therefore, we contribute in the best possible way and apply our maximum effort to promote our community development and mitigate the impacts they have suffered.



Proximity to work centers

We strategically choose the lands we acquire for development to allow for our new communities to settle near work and commercial centers. We help reduce the mobility costs of workers and their families by developing nearby communities; we protect the income of vulnerable people and improve workers' quality of life, allowing them to live close to their work centers.



Infrastructure aligned with the National Housing Plan

Our urbanization efforts focus on the construction of quality infrastructure that meets the basic needs of our communities, such as the installation of sanitary drainage, rainwater system, construction of roads and internal roads, construction of sidewalks, electrification, and implementation of a public transport system. See Annex to know in detail how CADU contributes to the National Housing Plan.



Social Impact Assessments

We carry out this type of evaluation in all our developments to thoroughly analyze the consequences or social impacts resulting from the progress of our projects, whether positive or negative, planned or unforeseen. With this, we seek to improve the planning of our developments and manage our operations in the best and most efficient way. These assessments consider not only social issues but also environmental impacts.

Contribution to education



We allocate areas so that schools can be built within our developments. With this, we promote the creation of comprehensive cities and help reduce the rates of school absenteeism due to the distance to these educational centers that many families face.

Likewise, we build inclusive roads within the developments to provide comfort and access to these centers to people with disabilities who live in or visit our compounds.

Community areas



We promote social integration through the construction of soccer fields, basketball courts, parks, and playgrounds. In addition, our developments include exclusive areas for the development of economic activities, and we build special homes that can be adapted to start small businesses and be an extra source of income for families. With this, we contribute to the full development of all the people who live in our projects.

Awareness campaigns



During 2020 we carried out a series of activities to raise awareness among the inhabitants of our developments and help vulnerable groups improve their quality of life.

Campaign topics:

1. correct and necessary use of the face mask - we consider it essential to protect the lives of our community members;
2. empowerment and respect for women - pandemic confinement increased the risk of domestic violence, and statistics show that women suffer the most in this situation.

Support campaigns after the hurricane and tropical storm



We undertook a campaign to remove fallen trees in our Cancun and Playa del Carmen developments that resulted from the passage of Hurricane Delta and Tropical Storm Gamma during October 2020. This effort meant a substantial investment that was not initially contemplated and that we made for the commitment we have with the community.

Reforestation campaign



We carried out a reforestation campaign in conjunction with the residents of our Villas del Sol and Pescadores developments. We planted trees and vegetation in gazebos, parks, and ridges. This action helps to contribute to the care of the environment and also improves the appearance of common areas. This campaign arose directly from the inhabitants of the developments who approached the neighborhood promoters to make their request.



The Neighborhood Promoters Program is a project that seeks to improve the quality of life of the people who reside in our housing complexes and aims to promote home care to mitigate its deterioration and devaluation over time.

► This Program promotes the integration of communities through the figures of neighborhood promoters, who are certified by INFONAVIT and are responsible for raising awareness in the community about the importance of neighborhood organization.

The promoters organize events that foster coexistence and integrate neighborhood committees or representatives to manage common areas. Neighborhood promoters are also responsible for advertising events related to community development and advising members of neighborhood committees with local authorities. At the same time, they are responsible for providing information on the legal framework that governs coexistence within housing complexes and for divulging the tools or work plans for solving specific problems.



Garbage collection campaigns



Our developments of Villas del Mar, Villas del Mar Plus, Villas Otoch Paraíso, Villas La'kin, Paseos del Mar, and Cielo Nuevo faced garbage collection problems due to setbacks suffered by the government as a result of the pandemic. We responded in support of the authority, and because of the commitment we have with our communities: we hired dump trucks to collect waste from the containers and transport it to the sanitary landfill until the authorities normalized the service. We also contributed to a campaign in Villas del Mar to prevent people from putting unused objects and furniture in garbage containers.

Pantry delivery



Despite the challenging year that 2020 entailed, we organized pantry deliveries for "La casa de Don Pascual," an association that assists older adults, considered a vulnerable population in the face of the COVID-19 crisis. Within this campaign, we also made donations to the "Asociación Mexicana de Ayuda a Niños con Cáncer AMANC" and the "Asociación Mujer Total," also considered as vulnerable groups.

Mortgage with Services



We have implemented this Program consisting of the maintenance and cleaning of parks, streets, ridges, sidewalks, avenues, garbage containers, and public lighting since 2012. In addition, it includes gardening and the restoration of sports fields, common areas, and playgrounds.

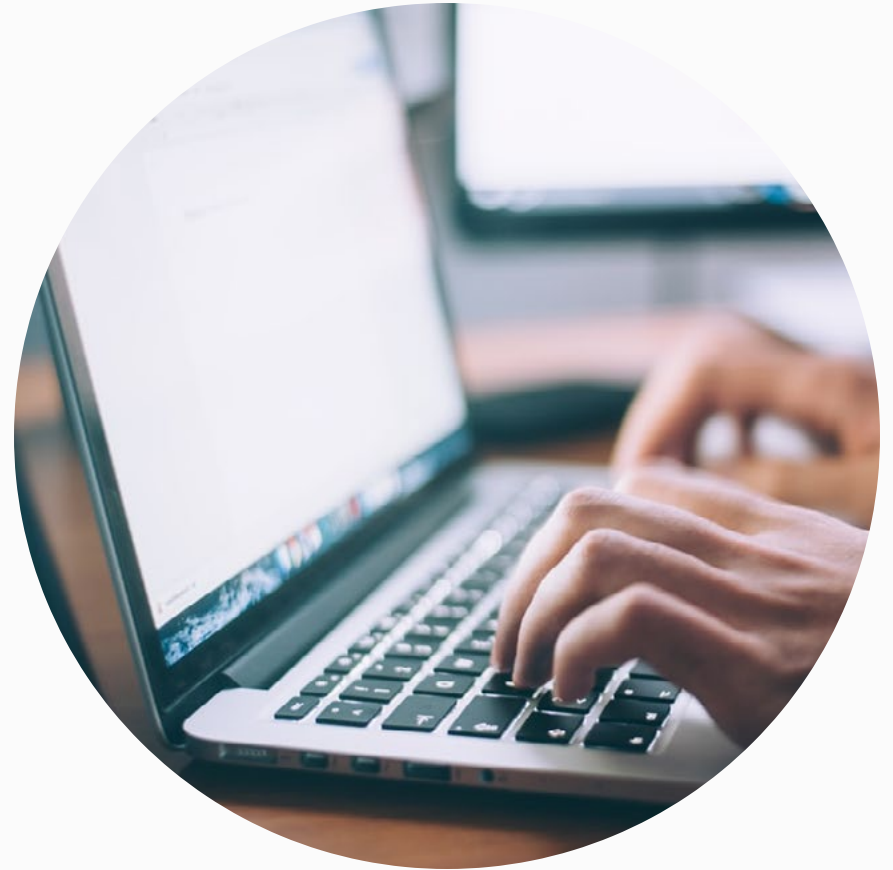
During 2020 we took advantage of this Program to contribute to the maintenance of our projects. This program avoids the deterioration that social interest developments may suffer and uses a voluntary conservation or maintenance fee that does not exceed \$200 pesos per month.

A total of **55,000 homes** benefit from the maintenance services that CADU provides to parks, streets, ridges, sidewalks, avenues, garbage containers, and public lighting.

Grievance Mechanism

As part of our commitment to continue serving our communities with the best practices, we are in the process of building a Grievance Mechanism open to any external interested party who wants to send us their environmental and social concerns regarding our operations.

This Mechanism aims to improve dialogue with our stakeholders and help us work in favor of these areas. Likewise, it is worth noting that this platform will allow anonymous complaints and that the complaints received will be reviewed and addressed by our Sustainability Committee.





We will continue
advancing toward our
sustainability goals

FOUNDATION	OBJECTIVE	DEADLINE OR STATE OF PROGRESS
CORPORATE GOVERNANCE	<ul style="list-style-type: none"> • Have at least one woman on the Board of Directors • Start doing Board evaluations • Incorporate new schemes to incentivize permanent staff 	<ul style="list-style-type: none"> • Achieved • 3 years • 1 year
SOCIAL RESPONSIBILITY	<ul style="list-style-type: none"> • Have a department of social responsibility or sustainability 	We formed a Sustainability Committee and integrated a team in charge of building and monitoring CADU's Environmental and Social Management System (ESMS).
ENVIRONMENTAL CARE	<ul style="list-style-type: none"> • Launch environmental care campaign in CADU offices 	Achieved
CORPORATE SUSTAINABILITY	<ul style="list-style-type: none"> • Have sustainability training for the Board • Carry out a materiality analysis to enrich the sustainability strategy 	Achieved

About this Report

The Sustainability Committee that reports directly to the Audit and Corporate Practices Committee of the Board of Directors has been the body responsible for preparing this report, which presents the company's performance regarding the environment, social responsibility, and governance. We present our fourth Sustainability Report, which covers the period between January 1 and December 31, 2020.

We have structured this report according to international methodologies and guides such as the principles of good corporate governance of the Organization for Economic Cooperation and Development (OECD), the Principles of the United Nations Global Compact, the Sustainable Development Goals (SDG) of the United Nations, the indicators of the Sustainability Accounting Standards Board (SASB), the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD), the UN Global Compact and the guidelines of the Global Reporting Initiative (GRI, for its acronym in English) in its essential option.



We present the information in this document in a concise and balanced way because it presents positive aspects, but we also show the identified areas of opportunity and the problems we faced. Moreover, this document is comparable and reliable because we offer historical advances in various areas and because they are the results of objective tools difficult to manipulate.

Contact information

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cesar@caducancun.com

Investor Relations Department

Our Contribution to the National Housing Plan and SASB, ESG Data and GRI Index



Our Contribution to the National Housing Plan

Elements of the National Housing Plan	Definition	CADU's contribution
Tenure security	Lack of deeds in own inhabited dwellings	We accompany our clients throughout the deed process
Availability of material services, facilities and infrastructure	The house must have potable water, sanitary drainage, and energy.	All of our homes offer these services for people to inhabit them healthily.
Affordability	Its cost does not compromise people's ability to access food, health or clothing.	CONAVI delivered 10% and 5% of the subsidies in 2018 to two of the states in which we hold a presence: Jalisco and Quintana Roo, which allowed families to buy their first home with us.
Habitability	It guarantees the physical safety of its inhabitants.	Due to their construction and materials, our houses protect against rain, wind, cold or extreme heat that could put a person's health at risk. They even include protection against natural phenomena.
Accessibility	Design that considers the needs of less favored people or people with different capacities.	All of our developments have wheelchair ramps and signage at pedestrian crossings.
Location	It offers access to employment, health, and education opportunities, is located in areas free of contamination and risks, and public spaces are cared for to reduce the insecurity perception.	All our developments are located near the urban developments and have immediate access to routes or transportation systems; in addition, our developments create communities to build schools, shops, and health centers. We maintain public spaces to keep them in the best conditions.
Cultural adequacy	Housing design that allows the cultural expression of its inhabitants.	We build and adapt fences with phrases to reflect on neighborhood, respecting women, health, safety, and other topics. We also use them to exhibit the artistic skills of our community members.

SASB Code	Accounting metrics	2018	2019	2020
Land use and ecological effects				
IF-HB-160a.1	Number of lots in redevelopment sites	0	0	0
	Number of homes delivered on redevelopment sites	0	0	0
IF-HB-160a.2	Number of lots delivered in regions with high or extremely high baseline water stress	6	5	3
	Number of homes delivered in regions with high or extremely high baseline water stress	141	87	211
IF-HB-160a.3	Total amount of monetary losses as a result of legal proceedings associated with environmental regulations	\$0	\$0	\$0
IF-HB-160a.4	Process analysis to integrate environmental considerations into site selection, design, development, and construction of facilities		Green Bond	
Workforce health and safety				
IF-HB-320a.1	Employees Total Recordable Incident Rate (TRIR)	0.35	0.28	0.23
	Direct employees fatality rate	0	0	0
	Contractor employees Total Recordable Incident Rate (TRIR)	N/D	1.11	0.61
	Contractors fatality rate	0	0	0
Resource efficiency plan				
IF-HB-410a.1	Number of homes that obtained a certified HERS Index Score and average score	5,072	5,252	3,262
IF-HB-410a.2	Percentage of installed water fixtures certified	100%	100%	100%
IF-HB-410a.3	Number of homes delivered certified to a third-party multi-attribute green building standard	5,072	5,252	3,262
IF-HB-410a.4	Description of the risks and opportunities related to incorporating resource efficiency into home design, and description of how benefits are communicated to customers		Green Bond	

SASB

SASB Code	Accounting metrics	2018	2019	2020	Notes
Impacts of new buildings on the community					
IF-HB-410b.1	Description of how proximity and access to infrastructure, services and economic centers affect site selection and development decisions		We will continue to build communities		
IF-HB-410a.2	Number of lots and homes delivered on infill sites	0	0	0	
	Number of homes delivered on developable land	0	0	0	
	Number of homes delivered in compact developments	5,552	5,287	3,632	
IF-HB-410a.3	Average density of compact developments	0.01	0.01	0.0099	
Adaptation to climate change					
IF-HB-420a.1	Number of lots located in 100-year flood zones	6	5	5	According to the National Flood Risk Atlas (ANRI) of the National Center for Disaster Prevention (CENPRED), our lands located in Quintana Roo have a certain risk of flooding for the next 100 years.
IF-HB-420a.2	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risk		Strategy against climate change		
Activity parameters					
IF-HB-000.A	Number of controlled lots	10	10	9	
IF-HB-000.B	Number of homes delivered	7,837	7,416	3,979	Deeded homes are considered, since it defines the moment when the property ceases to belong to the company and passes over to the buyer
IF-HB-000.C	Number of active selling communities	17	16	12	Used affordable-entry level housing is considered.

ESG Data - Environmental Performance

Pillar	2018	2019	2020
Energy			
Energy consumption by source (MWh)			
Non-renewable fuels	20,061	16,106	134,906
Natural Gas	0	0	0
Diesel and gasoline	20,061	16,106	134,906
LP Gas	0	0	0
Electric power from non-renewable sources	912	1,195	702
Electric power from renewable sources	0	0	0
Total	20,974	17,301	135,608
% Energy consumption by source			
Non-renewable fuels	96%	93%	99%
Natural Gas	0.00%	0.00%	0.00%
Diesel and gasoline	95.65%	93.09%	99.49%
LP Gas	0%	0%	0%
Electric power from non-renewable sources	4.35%	6.91%	0.52%
Electric power from renewable sources	0%	0%	0%
Energy consumption by housing segment (MWh)			
Affordable-entry level housing	20,833	17,033	135,515
Middle-income housing	89	69	21
Middle-income/ residential housing	N/A	N/A	N/A
Residential housing	51	199	72
% of energy consumption by housing segment			
Affordable-entry level housing	99.3%	98.5%	100%
Middle-income housing	0.4%	0.0%	0%
Middle-income/ residential housing	0.0%	0.4%	0%
Residential housing	0.2%	1.2%	0%

ESG Data - Environmental Performance

Pillar	2018	2019	2020
Cost of power consumption			
Fuel purchased or generated for internal consumption	10,368,045	8,413,339	\$9,315,513
Electricity purchased or generated for internal consumption	3,796,149	5,264,672	\$3,000,828
Total	\$14,164,194	\$13,678,011	\$12,316,341
GHG Emissions			
Scope 1 emissions			
Carbon dioxide equivalent (tCO2e)	4,359	4,183	4,225
Carbon dioxide (tCO2)	4,107	3,956	3,983
Methane (tCH4)	1	1	1
Nitrous oxide (tN2O)	0.840025241110492	0.740222495630624	0.803800434023285
% of Scope 1 emissions in each housing segment and offices			
Affordable-entry level housing	100%	100.00%	100.00%
Middle-income housing	0.00%	0.00%	0.00%
Middle-income/ residential housing	0.00%	0.00%	0.00%
Residential housing	0.00%	0.00%	0.00%
Corporate	0.00%	0.00%	0.00%
Scope 2 emissions			
Carbon dioxide equivalent (tCO2e)	531	695	408
Scope 2 emissions in each housing segment and offices			
Affordable-entry level housing	244	382	369
Middle-income housing	12	40	52
Middle-income/ residential housing	N/A	N/A	N/A
Residential housing	42	116	30
Corporate	111	158	80
Avoided GHG emissions (tCO2e)			
By sustainable construction	35,730.01738	6,718	14,024

ESG Data - Environmental Performance

Pillar	2018	2019	2020
Water			
Water extraction by source type (m3)			
Underground water	141,041	134,919	86,467
Municipal wastewater	0	0	0
Third party water (municipal network)	0	0	0
Ocean water	0	0	0
Total	141,041	134,919	86,467
% of water extraction by source type			
Ground water	100.000%	100.00%	100.00%
Municipal discharge water	0.00%	0.00%	0.00%
Water from third parties	0.00%	0.00%	0.00%
Ocean water	0.00%	0.00%	0.00%
% of water extraction by housing segment			
Affordable-entry level housing	32.82%	29.14%	56.37%
Middle-income housing	41.98%	29.37%	8.18%
Middle-income/ residential housing	0.00%	0.00%	0.00%
Residential housing	25.20%	41.49%	35.45%

ESG Data - Environmental Performance

Pillar	2018	2019	2020
Waste			
Hazardous waste by disposal method (ton)			
Waste recycling or reuse	7.83	4.82	10.19
Total hazardous waste disposed of	8	5	10
% of hazardous waste by disposal method			
Waste recycling or reuse	100.00%	100.00%	100.00%
Non-hazardous waste by disposal method (ton)			
Waste recycling or reuse	168	3,385.20	38,400.60
Disposal in authorized sites	27,622	28,897	108,249
Total non-hazardous waste disposed	27,790	32,290	146,650
% of non-hazardous waste by disposal method			
Waste recycling or reuse	0.60%	10.48%	26.19%
Disposal in authorized sites	99.40%	89.49%	73.81%
Waste sold	0.00%	0.03%	0.00%
Spills			
Volume of significant spills	0	0	0

ESG Data- Social Performance

Pillar	2018	2019	2020
Human Resources			
Workforce			
Total number of employees (undefined and temporary)	4,856	4,675	3,411
Men	3,497	3,008	2,115
Women	1,359	1,757	1,296
% Men	72.00%	63.10%	62.00%
% Women	28.00%	36.90%	38.00%
Workforce by age			
Age group between 20 and 29 years	809	785	561
Age group between 30 and 39 years	3,121	3,069	2,198
Age group between 40 and 49 years	524	514	369
Age group between 50 and 59 years	312	309	221
Age group between 60 and 69 years	84	82	59
Age group over 70 years	7	6	4

ESG Data- Social Performance

Pillar	2018	2019	2020
Workforce by type of contract			
Undefined	1,221	1,215	758
Temporary	3,635	3,550	2,653
Workforce by scheme			
Part-time	N/A	N/A	N/A
Full-time	4,856	4,765	3,411
Workforce by position			
Top Executives	13	14	14
Managers	28	23	23
Coordinators	55	46	27
Supervisors	74	113	98
Administrators	1,051	1,019	596
Operators	3,635	3,550	2,653
Male workforce by position			
Top Executives	11	12	12
Managers	24	22	22
Coordinators	41	33	21
Supervisors	57	80	69
Administrators	746	589	362
Operators	2,618	2,272	1,629

ESG Data- Social Performance

Pillar	2018	2019	2020
Female workforce by position			
Top Executives	2	2	2
Managers	4	1	1
Coordinators	14	13	6
Supervisors	17	33	29
Administrators	305	430	234
Operators	1,017	1,278	1,024
Percentage of women in management positions			
Top Management	22.29%	25.82%	37.31%
Junior Management	28.21%	37.38%	38.60%
New hires by age			
Age group between 20 and 29 years	N/A	14	10
Age group between 30 and 39 years	N/A	292	217
Age group between 40 and 49 years	N/A	3	2
Age group between 50 and 59 years	N/A	1	1
Age group between 60 and 69 years	N/A	0	0
Age group over 70 years	N/A	0	0

ESG Data- Social Performance

Pillar	2018	2019	2020
Hiring rate by age			
Age group between 20 and 29 years	N/A	1.78%	2%
Age group between 30 and 39 years	N/A	9.52%	10%
Age group between 40 and 49 years	N/A	0.58%	1%
Age group between 50 and 59 years	N/A	0.32%	0.45%
Age group between 60 and 69 years	N/A	0.00%	0%
Age group over 70 years	N/A	0.00%	0%
Internal promotions			
Number of open positions	32	37	31
Number of open positions filled by internal candidates	32	37	31
Percentage of internal hires	100.00%	100.00%	100.00%
Performance evaluations			
Men	N/D	150	245
Women	N/D	68	110
% of employees evaluated regarding their performance	N/D	4.66%	10.40%
Turnover rate			
Voluntary	3%	2%	3%
Involuntary	3%	5%	6%
Total	6%	7%	9%

ESG Data- Social Performance

Pillar	2018	2019	2020
Turnover rate and numbers by gender			
Total number of men and woman that left the company	291	316	303
Number of men that left the Company	210	168	234
Number of women that left the Company	81	148	69
Turnover rate for men	6%	6%	11%
Turnover rate for women	6%	8%	5%
Turnover rate by age group			
20-29	13%	10%	20%
30-39	2%	2%	4%
40-49	5%	4%	7%
50-59	5%	4%	5%
60-69	5%	4%	0%
Over 70	0	0	0
Freedom of association			
Number of unionized employees	0	0	0
% of unionized employees	0.00%	0.00%	0.00%

ESG Data- Social Performance

Pillar	2018	2019	2020
Parental leave			
Number of women who requested maternity leave	6	7	9
% of women who returned to work	100%	100%	100%
Number of men who applied for paternity leave	1	3	8
% of men who returned to work	100%	100%	100%
Training			
General training			
Number of women who received training	235	423	475
Number of men who received training	564	663	545
Hours of training for women	3,202	4,871	6,775
Hours of training for men	9,072	9,485	6,401

ESG Data- Social Performance

Pillar	2018	2019	2020
Training on health, safety and hygiene			
Number of women trained	20	46	15
Number of men trained	400	404	55
Hours of training for women	40	92	30
Hours of training for men	800	808	110
Investment in training			
Total investment (Mexican pesos)	\$219,000	\$220,340	\$534,000
Health and safety			
Performance indicators for CADU employees			
Hours worked	2,852,256.00	2,838,240	1,770,688
Recorded accidents	5	4	2
Lost Time Accident Rate	2	3	2
Total days lost by accident	4	9	6
Number of fatalities	0	0	0
TRIR (Total Recordable Incident Rate) per 100 full-time employees	0.35	0.28	0.23
LTAR (Lost Time Accident Rate) per 100 full-time employees	0.14	0.21	0.23

ESG Data- Social Performance

Pillar	2018	2019	2020
Performance indicators for contractors			
Hours worked	8,491,360	8,292,800	6,197,408
Recorded accidents	0	46	19
Lost Time Accident Rate	0	9	7
Total days lost by accident	0	18	12
Number of fatalities	0	0	0
TRIR (Total Recordable Incident Rate) per 100 full-time employees	0	1.11	0.61
LTAR (Lost Time Accident Rate) per 100 full-time employees	0.00	0.22	0.23
Performance indicators: employees + contractors			
Hours worked	11,343,616.00	11,131,040	7,968,096
Recorded accidents	5	50	21
Lost Time Accident Rate	2	12	9
Total days lost by accident	0	27	18
Number of fatalities	0	0	0
Number of Near Miss Accidents	0	0	0
TRIR (Total Recordable Incident Rate) per 100 full-time employees	0.09	0.90	0.53
LTAR (Lost Time Accident Rate) per 100 full-time employees	0.04	0.22	0.23
Drills			
Total drills performed	3	4	5
Health and safety courses			
Total courses taught	6	6	7
Violations and penalties			
Number of violations	0	0	0
Number of financial sanctions	0	0	0
Amount of economic sanctions (Mexican pesos)	\$0.00	\$0.00	\$0.00

ESG DATA- Corporate Governance Performance

Pillar	2018	2019	2020	Notes
Corporate Governance				
Structure of the Board of Directors				
Number of directors	9	9	10	
Executive directors	5	5	5	
Number of independent directors	4	4	4	
External directors	0	0	1	
Percentage of independent directors	44%	44%	40%	
Number of women on the Board	0	0	1	
Percentage of women on the Board	0	0	10%	
Average tenure	8.1	9.1	9.1	
Percentage of attendance: CADU's Board's sessions				
First session	N/A	100%	100%	Regular
Second session	N/A	100%	100%	Remote
Third session	N/A	100%	100%	Remote
Fourth session	N/A	100%	100%	Remote
Percentage of attendance: Audit and Corporate Practices Committee				
First Session	N/A	100%	100%	Regular
Second session	N/A	100%	100%	Remote
Third session	N/A	100%	100%	Remote
Fourth session	N/A	100%	100%	Remote
Fifth session	N/A	100%	100%	Remote
Sixth session	N/A	100%	100%	Remote

ESG DATA- Corporate Governance Performance

Pillar	2018	2019	2020	Notes
Financial Highlights				
Financial information (million Mexican pesos)				
Income	\$4,625.572	\$4,303,626,000	\$3,297,431,000	
Administrative expenses	\$509.468	\$492,169,000	\$507,489,000	
Cost of sales	\$3,163.806	\$2,917,231,000	\$2,519,510,000	
Depreciation	\$11.917	\$63,668,000	\$29,959,000	
Net profit	\$829.562	\$552,253,000	\$137,698,000	
EBITDA	\$1,110.585	\$1,083,293,000	\$488,977,000	
Net debt	\$2,686.634	\$3,222,971,000	\$3,000,862,000	
Dividends paid to shareholders	N/A	N/A	\$0	Shareholders voted in favor of omitting dividend payments due to the pandemic
Income by business segment				
Affordable-entry level housing	\$2,040,261,903	\$2,198,597,959	\$2,198,597,959	
Second-hand affordable-entry level housing	\$727,295,683	\$622,947,408	\$622,947,408	
Middle-income housing	\$785,356,927	\$495,919,546.666667	\$495,919,546.666667	
Middle -income/residential housing	\$230,396,202	\$217,098,462.000033	\$217,098,462.000033	
Residential housing	\$354,362,772	\$559,756,645	\$559,756,645	
Income by segment (%)				
Affordable-entry level housing	49%	54%	51%	
Second-hand affordable-entry level housing	18%	15%	5%	
Middle-income housing	19%	12%	9%	
Middle -income/residential housing	6%	5%	23%	
Residential housing	9%	14%	12%	

ESG DATA- Corporate Governance Performance

Pillar	2018	2019	2020
Developments			
Number of houses built			
Affordable-entry level housing	N/D	1,652	3,598
Middle-income housing	N/D	168	72
Middle -income/residential housing	N/D	408	0
Residential housing	N/D	217	0
Developments completed			
Affordable-entry level housing	16	17	16
Middle-income housing	4	6	7
Middle -income/residential housing	0	0	0
Residential housing	2	2	4
Developments under construction			
Affordable-entry level housing	1	0	0
Middle-income housing	4	3	2
Middle -income/residential housing	0	0	0
Residential housing	4	7	6
Ethics			
Complaints received			
Total complaints received	N/A	N/A	19
External complaints	N/A	N/A	0
Internal complaints	N/A	N/A	14
Anonymous complaints	N/A	N/A	14
Non-anonymous complaints	N/A	N/A	0
Complaints for breaches of human rights	N/A	N/A	0
Complaints for breaches regarding the protection of personal data	N/A	N/A	0

ESG DATA- Corporate Governance Performance

Pillar	2018	2019	2020	
Percentage of complaints received by category				
Workplace environment	N/A	N/A	71%	
Protection of personal data	N/A	N/A	0%	
Other issues	N/A	N/A	29%	
Corruption				
Number of confirmed corruption cases	0	0	0	
Number of corruption cases that concluded in the termination of employment	0	0	0	
Number of open corruption cases	0	0	0	
Antitrust practices				
Number of confirmed cases	0	0	0	
Number of open cases	0	0	0	
Legal actions for anti-competitive practices	0	0	0	
Economic amount for related fines	\$0	\$0	\$0	
Regulatory and industry affairs				
Main contributions to Chambers and Associations (Mexican pesos)				
CANADEVI	N/A	\$1,481,444	\$740,722	Business association
COPARMEX	N/A	\$220,721	\$220,721	Business association
Other associations	\$0	\$0	\$0	
Total contributions to all Chambers and Associations that we are part of	N/A	\$1,702,165	\$961,443	

ESG DATA - Biodiversity

Main positive impacts on flora	Number of relocated species	% of relocated species
Tulum	6,500	
Chaka	1,300	20%
Palma chit	2,080	32%
Tulipancillo	260	4%
Lirio de playa	325	5%
Orquídea endémica	910	14%
Palma xiat	455	7%
Despeinadas	910	14%
Maguey morado, "Tulupancillo" y Palma guano en conjunto	260	4%
Playa del Carmen	7,250	
Chaka tree	3,045	42%
Polmoche tree	1,595	22%
Chicozapote	870	12%
Café de monte	725	10%
Maguey de morado	435	6%
Pasak	145	2%
Palma chit	145	2%
Palma xiat	145	2%
Anturio de monte	145	2%
Cancún	19,000	

GRI Content Index

Disclosure number	Disclosure title	Page and/or direct response	Omissions
Universal Standards			
GRI 101: Economic Performance 2016			
GRI 102: General Disclosures 2016			
102-1	Name of the organization	Corpovael S.A.B. de C.V. (CADU)	
102- 2	Activities, brands, products, and services	Business segments	
102-3	Location of headquarters	Cancun Quintana Roo, Mexico	
102-4	Location of operations	Business segments	
102-5	Ownership and legal form	CADU is a public stock corporation with variable capital (S.A.B. de C.V.) established under the laws of Mexico.	
102-6	Markets served	Affordable-entry level housing Middle-income housing Middle-income/residential housing Residential housing	
102- 7	Scale of the organization	Key figures 2020 Employees ESG Data	
102- 8	Information on employees and other workers	Key figures 2020 Employees	The information has been consolidated to CADU level and not by operating unit.
102-10	Significant changes to the organization and its supply chain	This year we incorporated a new business segment: Middle-residential housing	
102- 11	Precautionary principle of approach	Materiality Analysis Materiality Matrix	
102- 12	External initiatives	Relationship with authorities, associations and chambers	
102- 13	Membership of associations	Relationship with authorities, associations and chambers	

GRI Content Index

Disclosure number	Disclosure title	Page and/or direct response
102-14	Statement from senior decision-maker	Letter from the Chairman of the Board and CEO
102-15	Key impacts, risks, and opportunities	Materiality Analysis Materiality Matrix Task Force on Climate-related Financial Disclosures (TCFD)
102-16	Values, principles, standards, and norms of behavior	With our ethics as basis Anti-corruption policy
102-17	Mechanisms for advice and concerns about ethics	Our Whistleblowing System
102-18	Governance structure	Sustainability Committee Board of Directors Audit and Corporate Practices Committee
102-19	Delegating authority	Sustainability Committee Management team
102-20	Executive-level responsibility for economic, environmental, and social topics	Sustainability Committee
102-22	Composition of the highest governance body and its committees	Board of Directors
102-23	Chair of the highest governance body	Board of Directors Pedro Vaca Elguero is CADU's Chairman of the Board and CEO.
102-24	Nominating and selecting the highest governance body	Board of Directors
102-25	Conflicts of interest	Conflicts of interest Sustainability Committee
102-26	Role of highest governance body in setting purpose, values, and strategy	Board of Directors Task Force on Climate-related Financial Disclosures (TCFD)
102-28	Evaluating the highest governance body's performance	We'll continue moving toward our objectives
102-29	Identifying and managing economic, environmental, and social impacts	Materiality Analysis Sustainability Committee
102-30	Effectiveness of risk management processes	Materiality Matrix Sustainability Committee
102-31	Review of economic, environmental, and social topics	Sustainability Committee Task Force on Climate-related Financial Disclosures (TCFD)

GRI Content Index

Disclosure number	Disclosure title	Page and/or direct response	Omissions
102-32	Highest governance body's role in sustainability reporting	Sustainability Committee The sustainability committee reports directly to the CEO and to the Audit and Corporate Practices Committee of the Board of Directors	
102-33	Communicating critical concerns	Sustainability Committee Audit and Corporate Practices Committee Task Force on Climate-related Financial Disclosures (TCFD)	
102-38	Annual total compensation ratio		Due to insecurity reasons that exist in the country, CADU decided to omit this information.
102-42	Identifying and selecting shareholders	Our shareholders are identified with respect to the methodology used in the materiality analyzes	
102- 43	Approach to stakeholder engagement	Materiality Analysis	
102- 44	Key topics and concerns raised	Materiality Matrix	
102- 46	Defining report content and topic Boundaries	Sustainability Committee Materiality Analysis Materiality Matrix	
102- 47	List of material topics	Materiality Matrix	
102- 48	Restatements of information	This year we included one more business segment: Middle-residential housing	
102- 49	Changes in reporting	We will report under SASB and TCDF methodologies	
102- 50	Reporting Period	About this report From January 1 to December 31, 2020.	
102- 51	Date of most recent report	The latest report was published on June 20, 2020, and covered the period from January 1 to December 31, 2019.	
102-52	Reporting cycle	Annual.	
102- 53	Contact point for questions regarding the report	Headquarters: 6A, Floor 1, Postal Code 77503, Corporate Malecon Americas, Cancun, Quintana Roo	

GRI Content Index

Indicador GRI	Disclosure number	Page and/or direct response
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the Essential option of the GRI Standards.
102-55	GRI Index Content	GRI Index Content
102-56	External assurance	
GRI 103: Management Approach 2016 The reference to GRI 103: 2016 Management Approach and the corresponding Contents 103-1, 103-2 and 103-3 apply to all material topics covered in the following topics of the standards: GRI 201: ECONOMIC PERFORMANCE 2016, GRI 203: INDIRECT ECONOMIC IMPACTS 2016, GRI 204: PROCUREMENT PRACTICES 2016, GRI 205: ANTI-CORRUPTION 2016, GRI 206: ANTI-COMPETITIVE BEHAVIOR 2016, GRI 301: MATERIALS 2016, GRI 302: ENERGY 2016, GRI 303: WATER AND EFFLUENTS 2016, GRI 304: BIODIVERSITY 2016, GRI 305: EMISSIONS 2016, GRI 306: EFFLUENTS AND WASTE 2016, GRI 307: ENVIRONMENTAL COMPLIANCE 2016, GRI 401: EMPLOYMENT 2016, GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2016, GRI 404: TRAINING AND EDUCATION 2016, GRI 405 : DIVERSITY AND EQUAL OPPORTUNITY 2016, GRI 406: NON-DISCRIMINATION 2016, GRI 408: CHILD LABOR 2016, GRI 409: FORCED OR COMPULSORY LABOR 2016, GRI 410: SECURITY PRACTICES 2016, GRI 411: RIGHTS OF INDIGENOUS PEOPLES 2016 , GRI 412: HUMAN RIGHTS ASSESSMENT 2016, GRI 413: LOCAL COMMUNITIES 2016, GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016, GRI 415: PUBLIC POLICY 2016, GRI 416: CUSTOMER HEALTH AND SAFETY 2016, GRI 417: MARKETING AND LABELING 2016, GRI 419: SOCIOECONOMIC COMPLIANCE 2016, SUPPLEMENT OF THE O&G SECTOR.		
103- 1	Explanation of the material topic and its Boundary	Materiality Matrix
103- 2	The management approach and its components	Materiality Matrix Sustainability Committee
Specific Topics		
GRI 200: Economic Standards		
GRI 201: Economic Performance 2016		
201-3	Defined benefit plan obligations and other retirement plans	Benefits
201- 4	Financial assistance received from the government	The Company does not receive financial assistance from the government.
GRI 205: Anti/corruption 2016		
205-1	Operations assessed for risks related to corruption	Anti-corruption policy

GRI Content Index

Disclosure number	Disclosure title	Page and/or direct response
205- 2	Communication and training about anti-corruption policies and procedures	Ethics Code Anti-corruption policy Our Whistleblowing System
205- 3	Confirmed incidents of corruption and actions taken	There were no incidents of corruption in the year.
GRI 206: Anti-competitive Behavior 2016		
206- 1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There have been no incidents in the matter.
GRI 300: Environmental Standards		
GRI 301: Materials 2016		
301- 2	Recycled input materials used	Waste management
GRI 303: Water 2016		
303- 1	Interactions with water as a shared resource	Water management
303- 2	Management of water discharge-related impacts	Water management
303-5	Water consumption	Water management
GRI 304: Biodiversity 2016		
304- 2	Significant impacts of activities, products, and services on biodiversity	Biodiversity
GRI 305: Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	GHG Emissions
305- 2	Energy indirect (Scope 2) GHG emissions	GHG Emissions
305- 5	Reduction of GHG emissions	Impacts of our GHG emission reduction strategy

GRI Content Index

Disclosure number	Disclosure title	Page and/or direct response	Omissions
GRI 306: Effluents and Waste 2016			
306- 2	Waste by type and disposal method	Waste management	
306- 3	Significant spills	There were no significant spills.	
GRI 307: Environmental Compliance 2016			
307- 1	Non-compliance with environmental laws and regulation	No breaches of laws or regulations on environmental matters were identified during 2020.	
GRI 400: Social			
GRI 401: Employment 2016			
401- 1	New employee hires and employee turnover	Diversity and gender equality	
401- 2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Benefits	
401- 3	Parental leave	Benefits	
GRI 403: Occupational Health and Safety 2019			
403- 1	Occupational health and safety management system	Salud, seguridad y bienestar	
403- 2	Occupational health and safety management system	Salud, seguridad y bienestar	
403- 3	Occupational health services	Salud, seguridad y bienestar	
403-4	Worker participation, consultation, and communication on occupational health and safety	Salud, seguridad y bienestar	
403-5	Worker participation, consultation, and communication on occupational health and safety	Salud, seguridad y bienestar	
403-6	Promotion of worker health	Promotion of worker health	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Salud, seguridad y bienestar	
403-9	Work-related injuries	Salud, seguridad y bienestar	

GRI Content Index

Disclosure number	Disclosure title	Page and/or direct response
GRI 404: Training and Education 2016		
404- 1	Average hours of training per year per employee	Personal and professional development
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	Board of Directors Diversity and gender equality
GRI 406: Non-discrimination 2016		
406- 1	Incidents of discrimination and corrective actions taken	Ethics Code No cases of discrimination were registered on the IEnova Whistleblowing Line during 2020.
GRI 411: Rights of Indigenous Peoples 2016		
411- 1	Incidents of violations involving rights of indigenous peoples	There were no violations of the rights of indigenous peoples
GRI 413: Local Communities 2016		
413- 1	Operations with local community engagement, impact assessments, and development programs	We'll continue creating communities
GRI 415: Public Policy 2016		
415- 1	Political contributions	Ethics Code We don't allow contributions to political parties at CADU.
GRI 416: Customer Health and Safety 2016		
416- 2	Incidents of non-compliance concerning the health and safety impacts of products and services	No breaches of regulations regarding the impacts on health and safety of products and services were identified during 2020.
GRI 417: Marketing and Labeling 2016		
417- 2	Incidents of non-compliance concerning product and service information and labeling	No breaches of the regulations on information and labeling of products and services were identified during 2020.
GRI 419: Socioeconomic Compliance 2016		
419- 1	Non-compliance with laws and regulations in the social and economic area	No breach of laws or regulations in social or economic matters was identified during 2020.



Reporte Bono Verde

[1Q 2021]

In Spanish Only





Corpovael S.A.B. de C.V. (en adelante "CADU" o "la Compañía") es una empresa mexicana que desarrolla y construye viviendas para impulsar el bienestar de miles de familias mexicanas.

En 2020 emitió su primer Bono Verde por \$502 millones de pesos y logró que éste se convirtiera en el **primer bono verde certificado por Climate Bond Initiative (CBI)** en Latinoamérica para el sector vivienda.

Resumen de Nuestro Marco de Referencia

**Para que un proyecto de CADU
pueda ser financiado o refinanciado
con los recursos del Programa de
Bono Verde debe de:**



Contar con una certificación ambiental como ECOCASA, EDGE o cualquier otra certificación ambiental aprobada por CBI.

En el caso de ECOCASA, las viviendas deberán de contar con ciertos niveles de eficiencia que les permitan reducir en al menos 20% y hasta en un 40% las emisiones de gases efecto invernadero (GEI) de cada casa construida;



Tener instalaciones de infraestructura para ahorrar en el consumo de electricidad y agua;



Haber sido sometidos a un análisis de impacto sobre el uso de agua y energía con la finalidad de evaluar su impacto ambiental potencial;



Tener instalaciones de infraestructura básica para alcantarillado pluvial y drenaje; y,



Tener procedimientos para la gestión de residuos sólidos que estén operando formalmente.

El Programa ECOCASA se creó para:



Mejorar la calidad de vida de las personas



Reducir el consumo de energía



Proteger el ambiente

Para conseguir estos objetivos, el Programa utiliza diferentes **herramientas de simulación** que sirven para evaluar los proyectos de vivienda en sus primeras etapas con la finalidad de **medir su desempeño energético y ambiental general** (lo cual incluye el uso de materiales o el uso de tecnologías ecológicas).

Las herramientas utilizadas sirven para calcular un índice de eficiencia (IDG) en una escala de 0 a 100, misma que se compara con la línea base que proporciona la Sociedad Hipotecaria Federal (SHF) la cual al día de hoy contempla una casa de concreto con focos LED.



El Programa ECOCASA pretende reducir por lo menos en un 20% y hasta en un 40% las emisiones de GEI además de proteger el agua; por ello, el Programa valida viviendas que están en los niveles C, D y E.

El uso que ha hecho CADU de los recursos se ha caracterizado por basarse en proyectos de ECOCASA con calificaciones de IDG de, por lo menos, E.

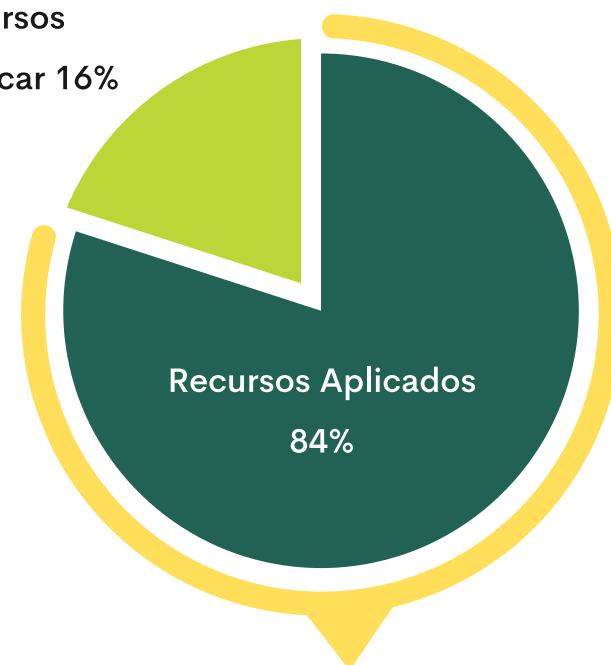
Resumen de Aplicación de Recursos

Uso de recursos

CADU ha utilizado el **84%** de los recursos obtenidos tras su primera emisión de Bono Verde. La totalidad de estos recursos se han destinado a refinanciar proyectos de viviendas con la certificación ECOCASA, lo cual se alinea completamente a lo que establece el Marco de Referencia de la Compañía.

Uso de recursos

Recursos
por aplicar 16%



100 % va dirigido a
proyectos ECOCASA

Criterios de elegibilidad y proceso de selección de proyectos



Miembros del Comité de Sustentabilidad revisaron las evaluaciones IDG de los **cuatro proyectos** (desarrollos) que se presentaron como candidatos a ser refinanciados con los recursos de esta primera emisión.



El Comité se aseguró de que las características de estos desarrollos cumplieran con los criterios de elegibilidad del Marco de Referencia, y de que tuvieran una mejor calificación de eficiencia que la que se marcó como base en dicho documento.

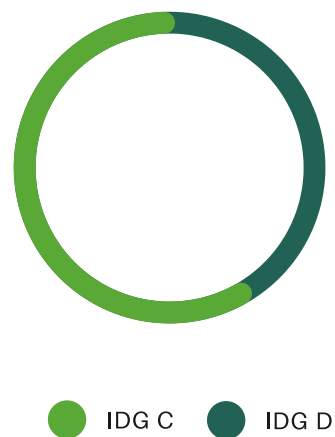


El Comité aprobó que los recursos se destinaran a refinanciar estos **cuatro desarrollos de vivienda**, dentro de los cuales se encontraron **10 prototipos de vivienda**.

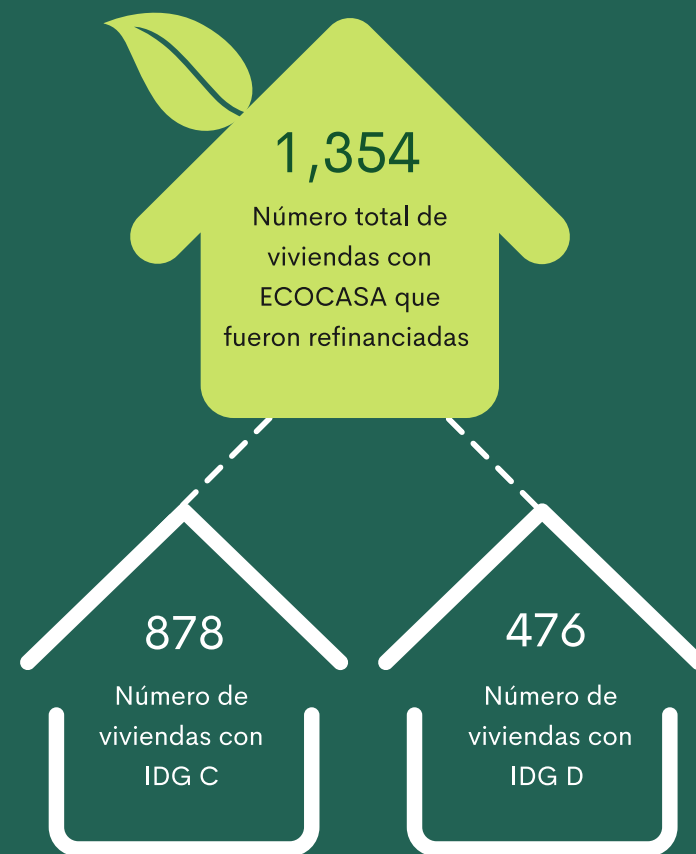
Cantidad de prototipos de vivienda que se evaluaron: 10



Resultados IDG de los prototipos de vivienda refinanciada

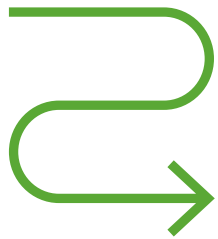


Para los **10 prototipos de vivienda** que se evaluaron, se **refinanciaron 1,354 viviendas con ECO CASA** cuyo desglose está comprendido en la siguiente Figura:



Administración de Recursos

De los **\$483,755,175.53 MDP*** disponibles

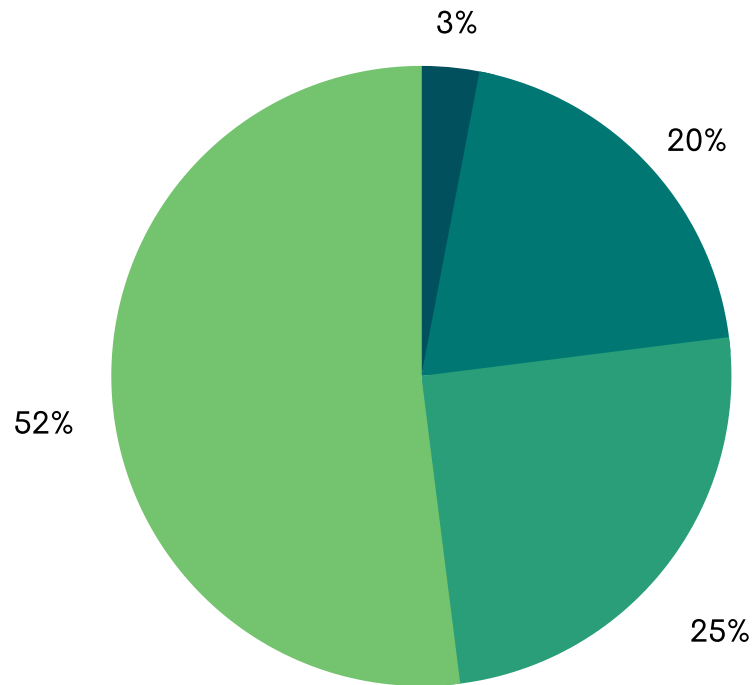


\$404,611,737 MDP se han aplicado al día de hoy para refinanciar, bajo este Programa, los proyectos que a continuación se comparten.

Proyectos: Desarrollos de Vivienda	Monto Invertido
Pescadores II Etapa 4	\$ 11,282,936.00
Pescadores II Etapa 5	\$ 82,576,598.00
Barrio 4 Cielo Nuevo Etapa 1	\$ 99,914,078.00
Aldea Tulum	\$ 210,838,125.00
	\$ 404,611,737.00

*CADU levantó \$502 mdp de los cuales quedaron \$483 mdp disponibles para aplicar ya que al monto inicial se le restaron gastos administrativos y los gastos de la emisión

RECURSOS APLICADOS



- Pescadores II Etapa 4
- Pescadores II Etapa 5
- Barrio 4 Cielo Nuevo Etapa 1
- Aldea Tulum



El Comité de Sustentabilidad se aseguró de que los recursos utilizados se aplicaran a proyectos que cumplieran con los criterios de elegibilidad del Marco de Referencia.

Reporte

A continuación se comparten los indicadores más relevantes a los que la Compañía se ha comprometido a reportar en materia ambiental para cada uno de los desarrollos de vivienda enlistados.

Proyectos: Desarrollos de Vivienda	Tipo de Inversión	Monto Invertido (M.N.)	Prototipo/ Modelo	Número de casas refinanciadas en el Proyecto bajo el Programa ECO CASA	Índice IDG	Reducción de consumo de agua (%)	Litros de agua ahorrados anualmente	Reducción de emisiones de GEI (%)	tCO ₂ e mitigadas
Pescadores II Etapa 4	Refinanciamiento	\$11,282,936.00	SOL Cuadrex	41	D	9.02%	239,389.62	30.30%	34.38
Pescadores II Etapa 5	Refinanciamiento	\$82,576,598.00	Cuadrex	294	D	14.89%	2,832,622.76	31.30%	254.78
Barrio 4 Cielo Nuevo Etapa 1	Refinanciamiento	\$99,914,078.00	L10	1	C	9.26%	5,984.67	36.80%	1.4
			L12	24	C	9.26%	143,632.02	35%	29.41
			M12	285	C	9.25%	1,705,406.33	36.30%	344.37
			M6	64	C	9.26%	383,018.73	36.30%	82.32
Aldea Tulum	Refinanciamiento	\$210,838,125.00	Arrecife	10	D	9.23%	59,869.34	21.30%	6.09
			M6	128	C	9.26%	766,037.45	44.30%	218.96
			M8	64	C	9.26%	383,018.73	36.30%	82.83
			M16	312	C	9.26%	1,867,216.29	44.00%	554.64
			SOL	131	D	9.23%	783,991.46	44.30%	240



Total de litros de agua ahorrados: 9,170,187.40 litros anuales



Total de tCO₂e mitigadas: 1,849.18
Lo cual equivale a:



Haber cambiado 70,086 focos incandescentes por focos LED



Y a haber evitado las emisiones que corresponden al consumo de 4,281 barriles de gasolina

Conclusión

Al cierre del primer trimestre de 2021, **CADU ha aplicado el 84% de los recursos** que obtuvo tras la primera emisión de su Bono Verde para **refinanciar 1,354 viviendas del Programa ECOCASA** cuyo índice (IDG) se encuentra en los valores C y D.

Comparados con los habitantes de los prototipos de la línea base definida por la SHF, los habitantes de los prototipos de vivienda refinanciada por CADU **reducen**, en promedio:



9,170,184.40 LITROS DE AGUA

al año



9.74 %

en su consumo de agua



36.02% EMISIONES DE GEI

al año



1,849.18 tCO₂e

anualmente

Lo expuesto en este documento refuerza el **compromiso** que tiene la Compañía frente a temas ambientales y subraya el **elevado sentido que tiene CADU para promover el desarrollo y la calidad de vida.**

CADU
INMOBILIARIA