

Corporate Social Responsibility Report 2019



Welcome

Welcome

At American Industries we have worked continuously for over a decade to create a system of corporate governance focused on social responsibility. Today we are proud to share the impacts of our decisions and the actions we have carried out in our company and our relationships.

We have published our corporate social responsibility report since 2012 with the goal of reaffirming and sharing with the public our commitment to guiding our company's performance in accordance with four fundamental principles: our personnel, our clients, community, and the environment.



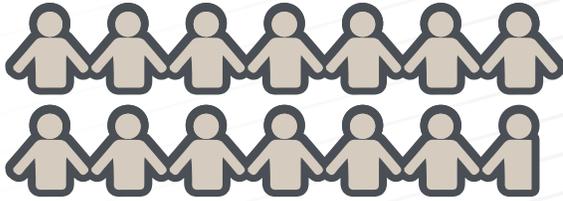
In 2013, American Industries Group strengthened its social and environmental commitment by joining the UN Global Compact, which represents a movement aimed at integrating and disseminating universal principles in the areas of human rights, labor, media environment and the fight against corruption.

With this report, we confirm our commitment and adherence to the principles and values of social responsibility by reflecting the results achieved in the 2018 2019 period.

The information shown in the report corresponds to the operations in the regions of Chihuahua, Nuevo Leon, Coahuila, Queretaro, Guanajuato, San Luis Potosi and Jalisco in Mexico, and the Shelter and Real Estate business areas. The information corresponding to the performance of subcontractors and their staff is excluded. Moreover, the information of the personnel hired by American Industries Group and its subsidiaries to be managed directly by our clients under the Shelter scheme is shown only to frame its importance; however, it is not considered in the indicators of social, economic, and environmental performance.

We welcome all comments about the content of this report, which can be directed to: esr@aiig.com

Our Performance



 = 1,000
Employee
Equivalence

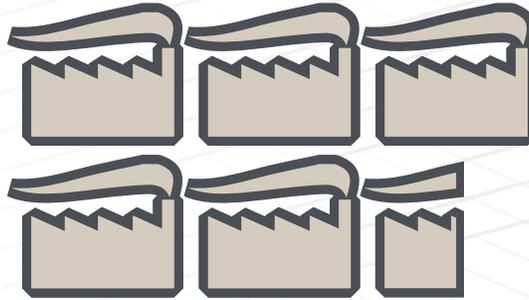
15,758

Group Employees
as of 30 Nov 2019

55

Shelter Clients
in 2019

 = 10
Employee
Equivalence



5

**New Service
Contracts**
in 2019



13

Renewed Contracts
in 2019



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Director's Message

Dear reader,

At American Industries Group, we are convinced that the development of our country must be based on the shared commitment of companies and society in the pursuit of development and the common good.

Throughout our history, we have made it possible for multinational manufacturing companies to establish themselves in Mexico, which has contributed to positioning it as a competitive country in various markets.



In 2019, we focused on fostering economic and social development in our communities by attracting more foreign investment to our country and promoting education for young people and the well-being of our AI family.

In order to ensure that we maintain a consistent and reliable service for our customers, this year we countersigned the certification of our quality management system in ISO 9001: 2015 and implemented the Partner for Success philosophy with a focus on customer satisfaction.

In the real estate area, we continue to reduce our environmental impact through the certification of our Industrial Park in Apodaca N.L. as a Green Industrial Park before the Mexican Association of Industrial Parks (AMPIP).

This year we crystallized efforts to protect and respect human rights throughout our organization, including our collaborators, value chain and overall community, by having earned the distinction of a Company Committed to Human Rights.

In addition, we implemented processes aimed at detecting and managing psychosocial risks and promoting a positive organizational environment, in compliance with NOM-035-STPS-2018.

With the goal of ensuring that we provide consistent and reliable service for all our clients, we also renewed our ISO 9001:2015 quality management system.

We are aware of the impact our actions have on the communities where we operate. For this reason, we reaffirm our commitment to the values of social responsibility that guide us and motivate us to work every day to provide better opportunities for the community and to preserve the environment of our country.

A handwritten signature in black ink, appearing to read 'Luis Lara Armendáriz'.

Lic. Luis Lara Armendáriz

Chairman of the Board of Directors **Grupo American Industries®**

Transcending Impact

In 2019, one of our strategic objectives was to maintain our leadership role in attracting foreign investment to Mexico by holding and participating in seminars, conferences and expositions, and forming alliances with the academic sector, associations, and local, national and international chambers of commerce and governments.

We have strengthened operations with our clients, providing them with world-class service using our institutional processes that we are continually improving.

This year we reaffirm our commitment to our collaborators through the implementation of improved practices aimed at achieving work-life balance, professional development, respect for their human rights and adopting healthy habits. This benefits not only our collaborators and their families, but also the community through the scholarships and opportunities for volunteering and academic and professional growth we offer.

Our buildings and those in the portfolios we manage continue to have more elements that allow them to be more ecological, including our Apodaca Industrial Park that has been granted the status of environmentally-friendly park.

We strongly believe that the only way to have transcending impact is through incorporating the fundamentals of social responsibility into our daily operations and decision-making processes, thereby ensuring the well-being and balance of our employees and high ethical standards for our business, community development and respect for the environment.



About Us

American Industries Group® is a leading enterprise in the market of administrative and real estate industrial services that facilitate the startup, operation, and consolidation of international manufacturing companies in Mexico. It belongs to a holding group which, in turn, houses other companies. The 2019 corporate social responsibility report includes information about all the companies in the group.

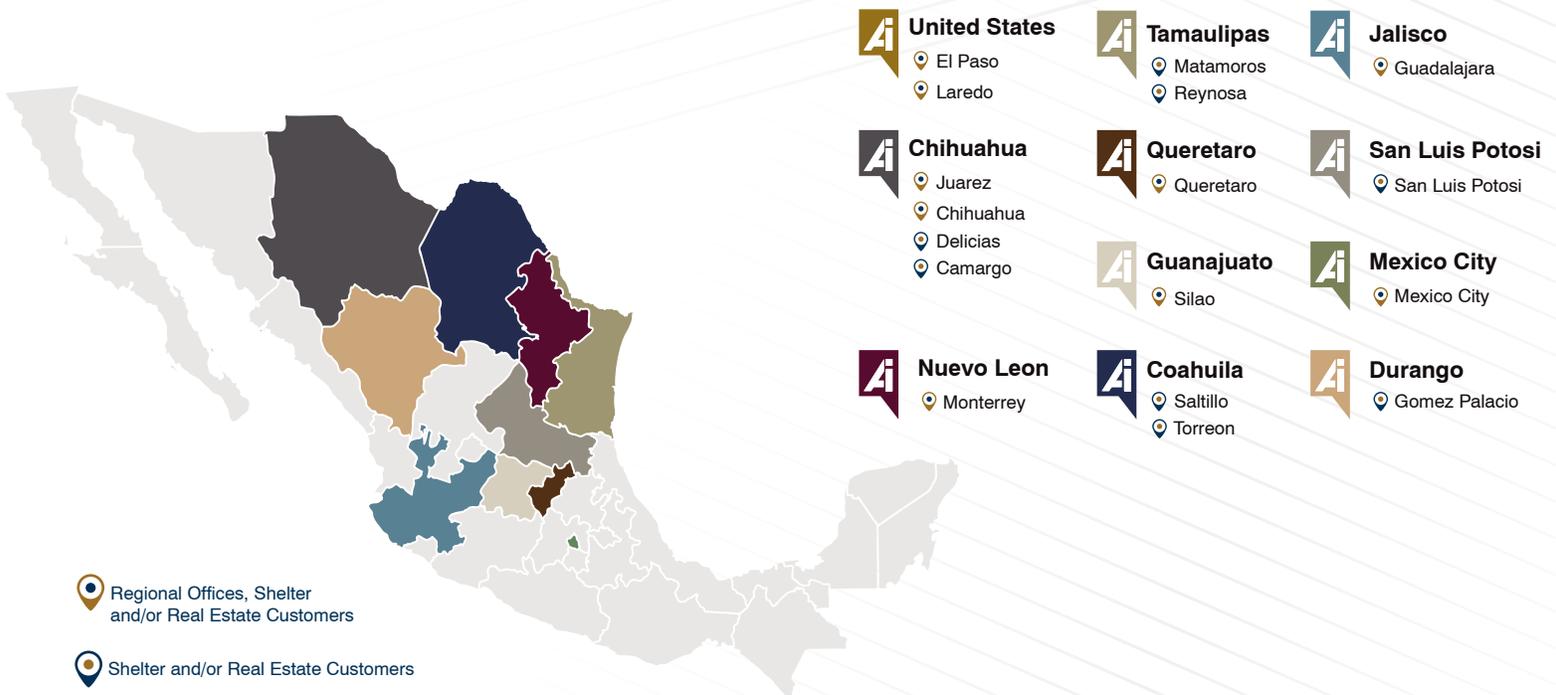
Our Shelter services allow the rapid installation of any manufacturing project in the country, ensuring the necessary controls that favor the correct execution of business plans in the automotive, aerospace, medical, plastic injection, household appliances, and mechanical metal industries, among others.

Throughout more than 40 years of presence in the market we have facilitated the successful installation of more than 200 international companies in Mexico, becoming the strategic business partner to achieve the success of our clients.

We currently manage an industrial portfolio of 110 first-class buildings for PGIM Prudential, six in shared investment with PGIM Prudential, nine in shared investment with third parties, and eight of our own buildings.

In addition, American Industries Group continues its strategy of regional expansion by focusing its efforts on locations that show industrial growth in Mexico.

Presence in The Country



About Us



American Industries Group's operating strategy allows the timely identification of requirements to determine the ideal location of each manufacturing project.

We currently operate in nine cities with Shelter services: Ciudad Juárez, Chihuahua, Delicias, Monterrey, Querataro, Silao, Guadalajara, Matamoros and San Luis Potosí.

As of November 30, 2019, we manage 13,638 employees. This represents a year-over-year increase of 2,120 employees.

Localidad	Employees under Shelter scheme ¹	Shelter Clients ²
Cd. Juárez	684	5
Chihuahua + Delicias	11,692	24
Monterrey + Matamoros	1,682	8
Guadalajara	762	6
Querétaro	509	9
Silao	307	2
San Luis Potosí	122	1
Total	15,758	55

1. Total employees hired under the patron records of American Industries Group and its subsidiaries. These employees are managed under the human resources policies of our clients.
2. Number of clients as of November 30, 2019.

We currently own more than 3,764,012 square meters in territorial reserve.

Corporate Social Responsibility Strategy

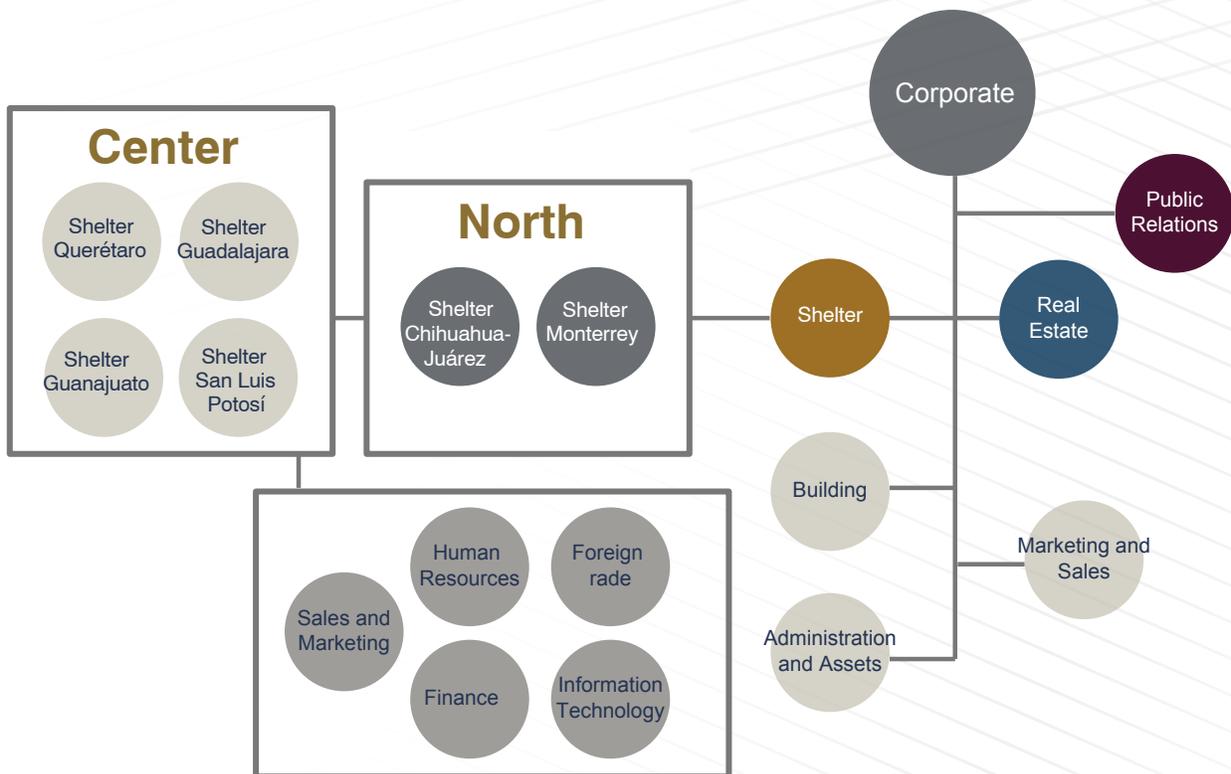


Corporate Social Responsibility Strategy

Being a corporate citizen goes beyond assuming the legal responsibilities of an enterprise in terms of labor and tax law, and environmental footprint. It represents a complex process whose results must be incorporated into the institutional strategy and guidelines. We are motivated to maximize our engagement in the social, environmental, and economic development of the communities we are a part of.

The starting point for corporate social responsibility in American Industries Group is to identify the legal and regulatory duties and regulations that apply to it by ensuring its full compliance. Based on this platform of legality, we take actions to participate positively in the development of the country. These include, among others, the improvement of the quality of life of our employees and their families, respect for people, the environment and the customs and traditions of each community, as well as ethics and fighting corruption in all our transactions and business.

Organizational Structure



Our Foundations

American Industries® has two fundamental pillars when it comes to social responsibility: The principles of social responsibility (according to ISO 26000):

- Accountability
- Transparency
- Ethical behavior
- Respect for the interests of the stakeholders
- Respect for the principle of legality
- Respect for international norms of behavior

Respect for human rights and the decalogue of the **Socially Responsible Company**, to which it adheres:

- Promoting and fostering a culture of responsible competitiveness that seeks goals and success of the business, while contributing time to the welfare of society.
- Making their values known to the public, fighting corruption internally and externally, and operating to a code of ethics.
- Executing schemes of participative leadership, solidarity, service, and respect for human rights and human dignity.
- Promoting favorable working conditions for the quality of life, and the human and professional development of their entire community.
- Respecting the ecological environment in all its processes and contributing to the preservation of the environment.
- Identifying the social needs of the environment in which it operates and collaborating in its solution, promoting the development and improvement of the quality of life.
- Investing time, talent, and resources in the development of the communities where it operates.
- Collaborating, through intersectoral alliances, with other companies, civil society organizations, chambers, groups and / or government in the discussion, proposals, and attention to social issues of public interest.
- Taking into account the input of staff, shareholders, and suppliers in its investment and social development programs.



Implementing the CSR Strategy and Its Principles

To ensure that our corporate social responsibility strategy is an integral part of our entire operation, we have a committee in charge of designing the programs and coordinating the execution and evaluation of the company's internal and external performance.

Our primary objective is to create a work environment that promotes productivity and the well-being of the staff, improving their quality of life, as well as laying the foundations for ethical performance. This strategy involves promoting not only professional growth, but also healthy habits and balance between work and family, in such a way that our collaborators achieve an integral development.

In 2019 we focused on two main areas. The first is in working together with civil society organizations, such as Fundación Index, as well as our own efforts, to promote activities related to professional development, entrepreneurship and the generation of employment in the communities where we have a presence.

The second is in supporting the social well-being of these communities through creating, spreading awareness about, and implementing best practices that foster a culture of respect for human rights.



Our Stakeholders

We identify and tend to the needs of our stakeholders through interaction at different levels. This can occur in everyday life, with day-to-day activities between employees and customers, service providers and government institutions, or strategically through feedback processes such as surveys and service evaluations and analyses established in our quality management system. In this way, we can take timely actions to ensure their satisfaction.

Stakeholders	Type of Relationship	Communication Schemes	Main Expectations
Shelter Clients	Service contracts	Account executive in charge Periodic meetings Corporate contract reviews Service satisfaction survey	Quality of service Research and talent retention Savings in operating costs Effective processes with ongoing optimization efforts. Consolidation and growth in the country
Real Estate Clients	Service contracts	VMonthly visits Monitoring system (customer service)	Follow-up to service clauses Characteristics of buildings
Contributors	Work contract	Internal communication Work climate survey Performance evaluation Internal meetings and conferences	Fair compensation Personal and professional development Empowerment and recognition Quiet work environment Quality of life
Suppliers and Subcontractors	Service contracts	Purchase orders Service feedback	Fair and timely payment Transparency in bids
Industrial Associations	Membership	Indirect messages and invitations through employees	Promotion and consolidation of industries
Government and public institutions	Institutional	Offices and communications Official websites	Compliance with laws and regulations Payment of obligations
Communities	Institutional	Relationship with organized groups	Participation and linkage Preservation of the environment
Civil Society Organizations	Collaboration, volunteering and / or sponsorship	Messages and meetings	Leadership / participation in activities in favor of social responsibility

CSR, Our Priority Commitments

Our approach to integrate Corporate Social Responsibility into the business model is based on the belief that together, employees, customers, partners and the community, can grow profits and build a more balanced society.

Committed Human Capital

The achievement of our objectives is based on qualified, full and committed collaborators. Therefore, we maintain an organizational climate that encourages the adoption of healthy habits, work-family balance, and professional development, which reinforces their commitment and loyalty.

Business Ethics

Our actions and behavior in the field of business, reflect our organizational culture based on respect for legality, integrity, transparency and full compliance with our commitments.

Operational Excellence

Our customers deserve the best service. To maintain the highest quality standards and ensure the homogeneity and consistency of our operations, we standardize, monitor and constantly improve our service processes, guaranteeing it through certifications such as ISO 9001: 2015.

Approach and Community Bonding

As part of our commitment to society in the regions where we operate, we identify the areas where there are community needs, in which we can contribute and actively participate, serving as agents of change.

Respect for The Environment

We seek to develop and implement practices that allow us to mitigate the environmental impacts generated by our operation, among which are the promotion of ecological culture, the implementation of clean technologies and compliance with applicable regulations in this area.

Sustainability

Sustainability is a priority for *American Industries* when making business decisions. We preserve the environment and the culture of each of the communities where we operate through careful processes of site selection, sustainable building, and decent working conditions. In this way, we ensure that our consumption of resources and influence on local development allow them to sustain future generations.



Commitment to Our People

Motivated and Participative Human Capital

Enhancing their skills and quality of life is the most important task that will allow us to have a motivated and committed workforce.

Attraction and Talent Retention

Our staff plays a pivotal role in providing the level of service excellence our customers deserve. To achieve this, it is necessary to have the right talent in each of the key functions.

Whether in personnel selection processes for our clients, negotiation of contracts with suppliers, or links with educational institutions, our team is committed to obtaining results that create positive impacts.

In order to attract and retain talented people, we seek to offer dynamic and challenging work environments that allow for both professional and personal development.

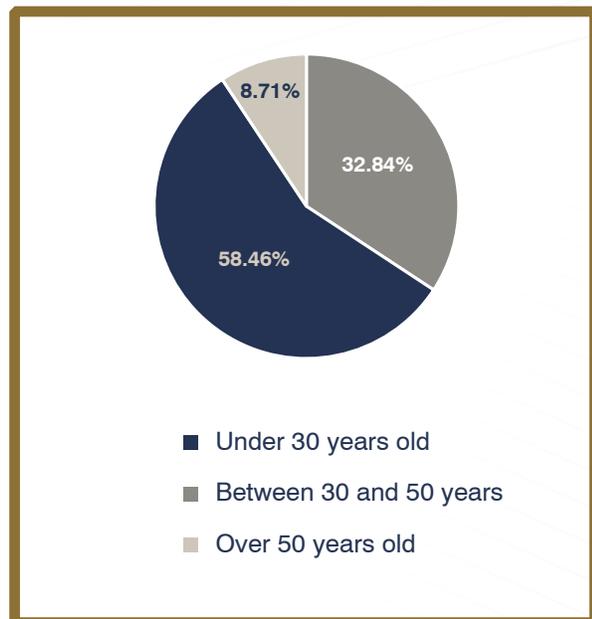


Recruitment

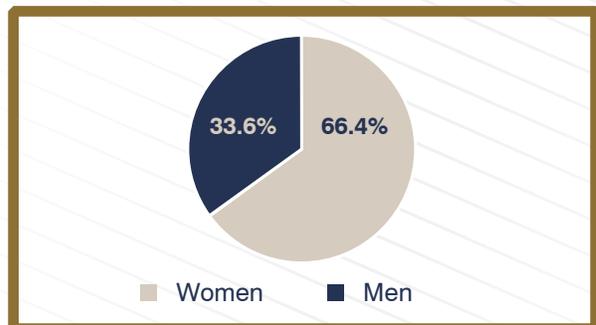
The search for talent begins with the identification of the competencies necessary to achieve our vision and that of our clients'. To find it, we consider candidates from different sources, without distinction by gender, age, context, religion or sexual preferences.

We actively contribute to the generation of opportunities for young people, working together with public and private universities in the development and updating of study agendas that reflect the needs of the industry. We then invite them to participate as practitioners who can be hired depending on their level of performance.

Distribution by Age Range as of 2019



Distribution by Gender as of 2019



Commitment to Our People

Motivated and Participative Human Capital

Employees by Region

Location	Employees
Chihuahua-Delicias	205
Juárez	22
Monterrey-Matamoros	59
Guadalajara	48
Querétaro	34
Silao	28
San Luis Potosí	6
Total	402

New Hires 2017

Location	Men	Women	Total
Chihuahua-Delicias	37	17	54
Juárez	8	2	10
MTY-Matamoros	7	7	14
Guadalajara	11	4	15
Querétaro	10	5	15
Silao	6	5	11
San Luis Potosí	9	4	13
Total	88	44	132

New Hires 2018

Location	Men	Women	Total
Chihuahua-Delicias	18	44	62
Juárez	3	6	9
Mty-Matamoros	11	34	45
Guadalajara	9	12	21
Querétaro	3	3	6
Silao	1	2	3
San Luis Potosí	0	3	3
Total	45	104	149

Employee Leaves

By gender	Men	Women	Total
2018	44	81	125
2019	50	92	142

By Age	<30	30-50	50>
2018	42.4%	53.6%	4%
2019	42.3%	48.5%	9.2%

Development

The level of excellence of our services requires that our personnel have the required up-to-date skills.

The pace of change in the business world forces us to identify the areas of training and development that allow our employees to serve our clients as they deserve.

We have also participated in external training to keep ourselves updated on changes in tax regulations, in foreign trade matters, and in the areas that involve HR.

To this end, we implement new training modalities, including e-learning through the Moodle platform.

Our work units can now be accessed online, making more efficient use of our staff's time and resources.

We increase online training opportunities, scholarships and agreements with institutions and universities, all available to our collaborators.

Commitment to Our People

Motivated and Engaged Human Capital

Feedback and Performance

It is essential that our team reaches the levels of competence and excellence in the service that our clients deserve.

We have implemented an evaluation process based on competency profiles whereby each of the team leaders reviews the individual performance of the members of their group once a year.

We have continued with our internal client evaluation process to identify the areas of opportunity for interaction among the staff in different areas.

Based on the results obtained, a work plan is prepared to provide feedback to staff about their strengths and areas of opportunity.

This plan contains specific actions to be developed by the evaluated employee and their area leader to raise the level of performance through internal or external training, project assignment or coaching.

The training needs identified in this process are evaluated and integrated into the company's training plans and programs.

Continuous Improvement

Our process of acknowledging our personnel's achievements expanded by nearly double in 2019, further motivating them to continue generating and implementing projects that contribute to improving the value-adding services processes and activities we offer our clients.

Improvement Projects Developed		
	2018	2019
Projects	8	20

Climate and Work Culture

We regularly monitor our climate and work culture.

This allows us to take timely actions to ensure that our institutional values are part of the work life of our employees and that their level of wellbeing is what we as a company commit ourselves to maintain.



Commitment to Our People

Motivated and Participative Human Capital

Integration

A good relationship with colleagues is key to achieve synergy and teamwork. It is also a motivator to retain our talent.

We have a schedule of events that seeks to include all our collaborators and promote a healthy coexistence.

This year some of the events we held included a summer picnic, Christmas party, and athletic competitions, such as the one held between Index and **American Industries®**



Respect for Individuals

We believe our interactions should be carried out with respect, dignity, and physical and mental integrity.

We have taken actions to ensure that we have a work environment free of harassment.

Among them is the training of all staff, and the implementation of the procedure PRO41002.

We ask that our employees report any harassment, and have a policy in the place for the prevention of psychosocial risks, and procedure PRO3098 for handling complaints and internal suggestions.

Good Habits

We encourage the adoption of good habits for the wellbeing of our employees, in such a way that their physical and emotional health is at optimum levels.

We developed several activities focused on this goal:

Health Week: set of conferences with topics such as:

- Care of Our Metabolism
- Anti-Gymnastics
- Emotional and Physical Health
- Planning for Retirement, among others

It concluded with the 6th health race.

Guidance and Nutritional Assessment: a through periodic consultations, we encourage our employees to maintain good eating habits and physical activity.

Among its elements are:

- Meal menus designed by nutritionists
- Corporate membership to have access to various disciplines to be physically activated
- Periodic evaluation of advances by specialists



Our Principles and Corporate Values

Business Ethics

The way we conduct our relationships with stakeholders should reflect our corporate values and principles.

Ensuring integrity in decision-making and behaviors is a critical aspect of maintaining the highest standards of performance. We rely on communication and training to publicize the principles and commitments of the company with its stakeholders.



Human Rights and Ethics

Our values and culture are the basis for establishing the expected behaviors, policies, and general guidelines. One of the main objectives is to demonstrate integrity in each of our relationships with stakeholders. These principles are described in the Code of Ethics.

As part of our induction training, we review the organization's policies and procedures, including topics related to harassment, bullying, and preventing corruption. In 2019 we also incorporated training aimed at identifying and treating psychosocial risks and creating a positive organizational environment.

Training in social responsibility *

	2018	2019
No. of Trained Employees	122	186
Training Hours		

* Includes human rights, anti-corruption, and code of ethics

Fight Against Corruption

At American Industries Group we respect the principle of legality, making sure to continuously identify and comply with the laws and regulations of all jurisdictions in which we operate.

The nature of the services we provide to our clients in the area of purchases of non-productive goods and services exposes us to the possibility of conflicts of interest over the choice of a supplier or product.

We have reinforced the controls we have in place to prevent corruption and money laundering. The most recent version of our code of ethics defines in more detail prohibited behaviors.

Additionally, we have a procedure in place that lays out guidelines for reporting and prosecuting acts of corruption. This is incorporated into the training of the use of the code of ethics that is already established for all employees.

Our Principles and Corporate Values

Business Ethics



Sales Practices

At American Industries we establish a commitment to promote sales practices based on ethical and legal criteria, backed by the drafting of contracts, both in the Shelter Services and in the lease and purchase agreements in Real Estate.

We operate with honest and collaborative market practices with other companies in the sector.

Responsible Decision Making

All our business decisions take into account the impact they can have on our employees, their families, organizations and society in general, in the places where we have presence.

We seek to contribute to social, environmental and economic development through the generation of jobs, development of local suppliers and respect for the needs and culture of the communities.

Our processes of selection of sites where operations will be installed as well as the technologies and methods that will be used, are created taking into account the way in which these will promote development in the community.



Commitment to Our Customers

Operational Excellence

We become partners with our clients when looking for the consolidation and growth of their operations in the country, so the level of service we offer must be up to their needs and expectations.

To do this, we establish processes, objectives and goals that allow us to achieve the expected results. In the Shelter Area we have the ISO 9001: 2015 Certification.



Creation of Value for Our Clients

Our clients are the axis around which all our services are developed.

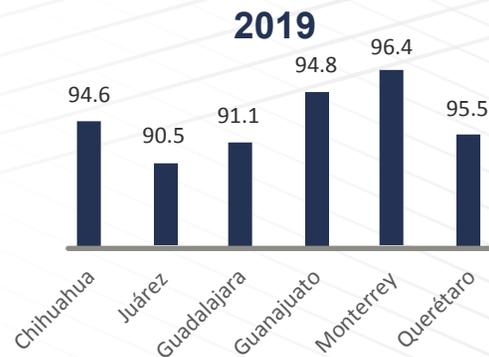
The design and implementation of the processes that sustain them is done under the value creation approach.

All our efforts are aimed at creating a support structure that facilitates the initiation and maintenance of a successful operation.

In the Shelter Business Area, we ensure that all processes are carried out in a consistent manner and achieve the results our customers need using a quality management system based on ISO Standard 9001: 2015.

In 2019, we presented and approved our second follow-up audit for this version of the standard.

Results of Customer Perception Surveys



For this reason, we also monitor the performance of our activities through the customer complaints indicator. This allows us to solve them and prevent their recurrence.

	Number of Customer Complaints	
	2018	2019
Complaints	8	2

Commitment to Our Customers

Operational Excellence

Mentoring to Our Clients

Recent changes in the national and global environment require a deep understanding in order to achieve the best results. For this reason, we mentor our clients so that they are prepared to face them, on issues such as:

- Optimization of operations in the fiscal area in compliance with new regulations for companies under the Shelter scheme
- Management of different alternative programs to NAFTA during and after its transition to T-MEC
- Determination of the best possible labor benefits according to the market conditions in each place so that they remain competitive

Supply Management

The purchasing processes for non-productive goods are part of the range of services offered by American Industries. During 2019, we handled purchasing transactions totaling more than \$2.270 billion pesos.

	Percentage of Spending on Suppliers	
	2018	2019
Nationals	77%	72%
International	23%	28%

As part of these processes and as much as possible, we seek to develop suppliers, preferably local, for the benefit of the communities.

We participate in savings initiatives or economies of scale in national and international purchases.

We certify suppliers to ensure they comply with all legal, fiscal and social responsibility requirements.

Responsible Productivity Increase

At **American Industries**® we use state-of-the-art technology that improves working conditions in a manner compatible with our customers' operations. We take into account the impact such technology will have on jobs during the vetting process. Its application increases productivity while maintaining the current staffing.

Focus of Services in Property Management and Real Estate

In 2013, the sale process of the existing real estate portfolio at Terrafina (BMV: TERR A13) was completed.

A portfolio management services scheme was agreed upon, which is not only maintained to date, but has also increased the buildings managed to 110 thanks to the level of quality achieved.

As of that date, we own and manage seven buildings in different regions, which are adapted to the particular characteristics of each client and place.

We have also expanded the territorial reserve to 375 acres, which will allow us to provide a better response to our clients and create alliances with strategic partners

Attention and Effective Response to Tenants

We have institutionalized the processes that we developed in previous periods to consolidate the quality of customer service to our portfolio clients, both under the guidelines of Terrafina and those of American Industries.

We have achieved the consistent and homogeneous application of administration and maintenance policies of the buildings, allowing the same quality of service to all tenants.

Specialized Industrial Parks

We work hand in hand with the areas of development and urban planning of the municipalities to define the guidelines that allow planning industrial spaces according to international needs and requirements, from the point of view of urban infrastructure, sustainability and the regulatory framework applicable in Mexico. Based on the identification of the specific needs of an industrial sector, it is possible to develop a park designed to facilitate interconnection and services focused on a particular type of industry.

Commitment to The Community

Approach and Community Bonding

At *American Industries*® we contribute to improving the quality of life in the communities where we operate. We generate employment by facilitating the installation of international companies in domestic soil, and we support the training of people as potential candidates. This represents a greater economic activity that has a positive impact in many sectors of society.



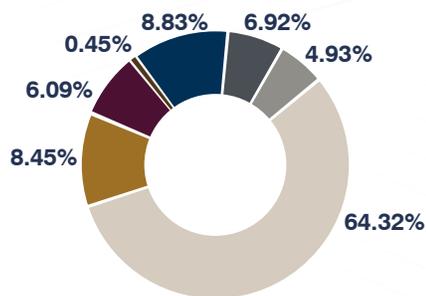
Social Investment

We contribute economically through the financing of social projects that have a positive impact on the community. These projects comply with legal requirements and have programs that meet basic needs. We currently support 32 civil society organizations (CSOs).

Among the objectives of the benefited organizations are:

- Providing home and care for vulnerable children and elderly people.
- Monitoring and denouncing corruption in the state of Chihuahua.
- Providing education and assistance to low-income children and youth.
- Supporting people with different abilities.
- Supporting people with addictions so they can overcome them and reintegrate into society.
- Supporting vulnerable pregnant women so they can have or give up their children.
- Encouraging entrepreneurship.
- Assisting migrants in vulnerable situations.
- We also changed our corporate gift purchase policies to give priority to providers that represent social benefit such as *Fundación Dibujando un Mañana A.C.*

Percentage Distribution of Social Investment in 2019



- Care for vulnerable children
- Support for vulnerable communities
- Promotion of entrepreneurship and education
- Support for people with different abilities
- Fight against insecurity and corruption
- Social reintegration and combating addictions
- Support for people with catastrophic illnesses

Commitment to The Community

Approach and Community Bonding



Corporate Volunteering

We encourage the participation of our collaborators in activities to improve our community. Among these are:

- Participation in Tapatón to collect recyclable material and use it to pay for treatments for children with cancer
- Sponsorship of children through the Lazos Foundation and Casa Hogar Angel Guardián .
- Entrepreneurship classes for elementary school children.

Hosting community events including celebrations for Children's Day and Christmas, among others. Visits and donations to the elderly in nursing home facilities.

Follow-up visits to institutions we have donated to including the Instituto José David, Granja Hogar, Fundación Vida Digna, and VIFAC, among others.

Opportunities for Young People

The future of our society lies with our youth. In order to support their education and incorporation into the workplace.

In order to achieve this we:

- Participate in recruiting fairs and events for university students who are nearing graduation.

- Hold periodic meetings with institutions such as CONALEP, ULSA and Tecnológico de Monterrey, among others, to give them feedback on the topics to be included in their curriculum, according to industry requirements.

- Work together with universities and technical schools to recruit interns, whom we subsequently hire according to their skills.

- We participate in meetings and recruitment fairs for university students who are about to graduate.

- We make financial and in-kind donations to schools, churches and universities. The latter mainly include furniture and computer equipment (computers, printers, servers, etc.).

- We have developed programs for providing opportunities to study with a scholarship at the University of Arkansas through ULSA in programs of study related to the maquila industry.

- We organize workshops on soft skills for students in their last semesters of undergraduate programs in mechatronics, business innovation development, industrial processes and industrial operations and maintenance engineering at the Universidad Tecnológica de Chihuahua.

- We provide English placement testing for students in international business, marketing, and business administration at the Universidad del Valle de México Campus Chihuahua to aid them in developing skills to work on our team as customer service representatives.

Support to vulnerable communities

- We contribute to efforts of local associations in supporting migrants in vulnerable situations during their time in Mexico.

Promotion of Corporate Social Responsibility

- We promote and support the collecting of the ESR® Distinctive in other companies and clients.

Commitment to The Environment

Respect for Our Environment

We are aware of the relationship of our operations with our environment. For this reason, we plan our activities in a way that minimizes its environmental impact.

We strive to achieve an efficient use of resources both in our Shelter Services and in our portfolio of buildings, ensuring that we comply with applicable environmental regulations and with the requirements of our customers.

We know that the involvement of all is key to conservation, so we encourage the participation of our staff in activities in favor of the environment both in a work context and in their personal lives.



Energy

One of the main inputs to perform our daily activities is electricity.

In our main office in Chihuahua, we have two locations. One is called the Operational Building where we host all Shelter activities, and the other is the Business Center Building, where all the activities of the Real Estate area are located.

In both buildings the energy consumption is directly related to the quantity of equipment in operation, artificial climate systems and lighting of the work areas.

At the end of 2016, solar panels were installed in the Business Center building, reducing energy consumption by 94%, level we have maintained to date.

We have an electric power plant located in the Operational Building which provides electricity in the event of power outages to the building itself, as well as the nearby facilities inside the Las Américas Industrial Park.

As of 2010, all of the buildings that we build have at least 6% of their roof composed of domes which allow for natural lighting.

Water

The water used in the Operational and Business Center buildings is mainly used for toilets/restrooms, dining rooms and cooling systems.

We have used carried out awareness campaigns to reduce water waste and have implemented sensors and other devices in keyson faucets and toilets to optimize their minimize consumption.

We use treated water to irrigate green areas, avoiding the use of drinking water.

We also support the Fundación Vida Digna in building rainwater harvesting systems for communities in the Tarahumara mountain range.

Commitment to The Environment

Respect for Our Environment



Best Environmental Practices

In our Shelter Division, for 2019 we are in the process of applying for an Environmental Compliance and Environmental Best Practices for Waste issued by the Chihuahua municipal government through the Department of Urban Development and Ecology.

The project presented to obtain this certification includes reusing toner cartridges to ensure they don't end up in a landfill.

These types of practices have been shared with our other regions and clients, and have even been acknowledged by our suppliers, such as HP.

Environmental Management in Real Estate

As part of the responsibility that represents our position in the industrial real estate branch in Mexico, we consider key environmental issues when defining our business strategies, among which are climate change and sustainability.

In order to measure our environmental impact, the Measurable system was implemented in conjunction with PGIM Prudential, to evaluate each property's consumption of energy and water and to determine if it can be optimized. It also allows tracking of generated waste and its disposal (donation, recycling, final disposal, compost, etc.).

Currently it is in its first stage. 31 properties from the shared portfolio of AI and Prudential plus Chihuahua Shelter operations participate.

The impacts / consumption of the clients and the own operations are monitored.

The next stage is to increase the number of properties that report on the platform. This information is collected and shared in the GRESB.

Commitment Shared with Our Customers

We encourage the use of sustainable technologies and incentives by our customers. Our new buildings already incorporate them, and we support them to achieve their implementation in those that do not yet have them.

The contracts that we engage in with our clients include an annual amount allocated for improvements of the buildings. We promote the incorporation of clean technologies in order to reduce the environmental footprint.



Commitment to The Environment

Respect for Our Environment

Likewise, we guide them in their implementation to achieve the best results.

Among the actions in favor of sustainability carried out by our customers with support from **American Industries** are:

- Replacing regular interior luminaires with LED luminaires.
- Implementation of energy efficient climate equipment.

Green Industrial Park Certification

As part of our search for ways to reduce the environmental impact we generate, we extend our reach to the industrial parks under our responsibility.

To achieve this certification, actions were taken such as:

- Control of the engines used in the park (i.e., treatment plant), determining their age and efficiency to assess the technical feasibility to exchange them for more efficient ones when they fail. Five of the 23 installed motors were replaced.
- Measurement of gasoline consumption of utility vehicles in the park and their CO2 emissions.
- Capacitor bank project in the fire system room and treatment plant to improve the quality of energy (power factor).
- Installation of photocontrols in the exterior lighting of buildings, roads and outside of common areas to have better lighting and optimize energy consumption.

- Installation of sensors in office restrooms of the park to improve energy use.
- Processing of residual water from the park in the treatment plant.
- Installation of saving keys and ecological toilets in the restrooms of the security booths.
- Awareness campaign for water care.
- Sending informative water care emails to clients, external personnel and park employees.
- Training for operation and treatment of wastewater.
- Analysis of discharges from the treatment plant every 3 months by a certified laboratory.
- Implementation of a procedure for remediation due to soil contamination.
- The waste management plan of the park is being obtained.



Our Contribution to The Future

Sustainability

As a company and as a people, we are committed to responsibly using current resources in such a way that will benefit future generations.

For this reason, American Industries includes the key elements of sustainability in its business model and decision-making process.



Our Commitments

Economic sustainability: ensure that we have the resources to give continuity to the company.

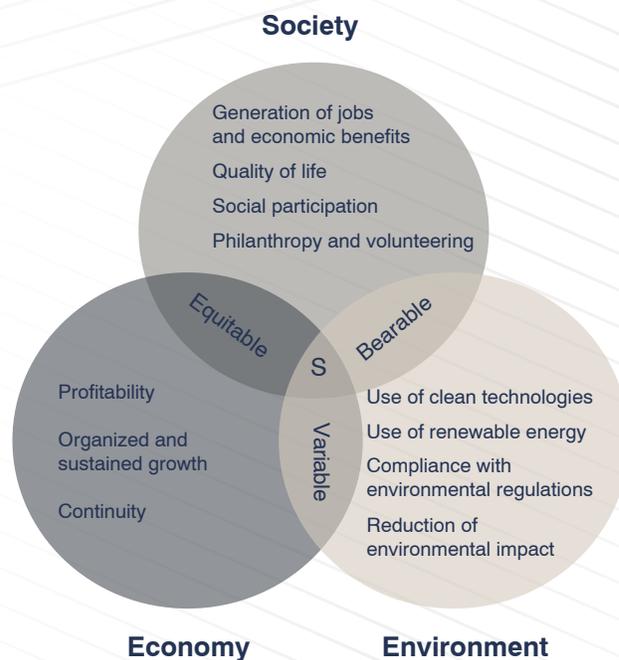
Ecological sustainability: optimize the use of natural resources to preserve the ecosystems in the areas where we operate.

Energy Sustainability: promote the use of clean technologies that consume the same or less energy than they produce, both in our internal operations and in those of our customers.

Social Sustainability: generate fair employment and development opportunities in the communities where we have a presence.

Cultural Sustainability: respect and favor local, regional, national and international cultural events to enrich the life of the communities.

Our Sustainability Model (S)



Recognitions and Certifications



This year we obtained our socially responsible company badge for eleven twelve consecutive years. Through the process established by CEMEFI (Mexican Center for Philanthropy) to obtain this distinction, the actions we have implemented to respond to our stakeholders in the areas of quality of life, business ethics, and community bonding are evaluated and recognized.



Named a Responsible Family Business Familiarly Responsible Company of by the Ministry of Labor (STPS) Distinctive



In 2017 we again obtained the distinction for being a Responsible Family Business from the STPS. We ranked 38 out of 441 companies given this award. In 2019, we continued to uphold the same guidelines and were granted the award again.

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AAA VAT-IEPS Certification by SAT (Tax Administration Service) IVA-IEPS for Exporting Companies

We reaffirm our commitment to legality and accountability by having this certification aimed at companies that introduce goods to the temporary import customs regimes for processing, processing or repair in maquila programs, or export among others and that requires to be at current fiscal and customs obligations.

OAS (Authorized Economic Operator)



We maintain this certificate established by the SAT as a way to implement our fight against insecurity and corruption, which we permeate towards our clients.

ISO 9001:2015



This year we presented and approved the first second follow-up audit to maintain our quality management system in compliance with the requirements of ISO 9001. In this way, we ensure that our processes are consistent and standard in all our locations.

UN Global Compact



In 2018/2019, we celebrated our five-year anniversary by maintaining **American Industries Groups'** adherence to the UN Global Compact, aligning its operations with its principles in the areas of human rights, labor rights, the environment and the fight against corruption.

Distinction of a Company Committed to Human Rights



In 2019 our efforts aimed at protecting and respecting human rights were acknowledged with the granting of this distinction from the Chihuahua State Human Rights Commission.