

ESG (Environmental, Social and Governance)

Cognisant of its role within its activity, Lar España is committed to contributing in an **ethical, responsible and sustainable manner** through its operations and decision-making, **generating a positive impact** on both society and the environment, while securing a financial return for investors.

Lar España considers **corporate investment and a commitment to the environment** as necessary elements for society, enabling it to harness opportunities such as improvements in energy efficiency, the development of new

digital tools and collaboration with suppliers that guarantee the best services. The company remains committed to **creating shared value**, maintaining fluid communication with identified stakeholders, making investments that promote sustainability in various aspects and improving asset performance every day.

To create shared value, it has defined four pillars based on the **Sustainability/ESG Policy** that structure the action model and shape the company's vision, focusing on:

1

Environment

Understood as both the physical and active environment that directly impacts financial returns and generates value for the Company.

2

Corporate governance

Business model that seeks a positive environmental and social impact, in addition to securing a financial return, alleviating the pressures arising from economic activity.

3

Social capital

Talent and people, the basis of the economic model and business value.

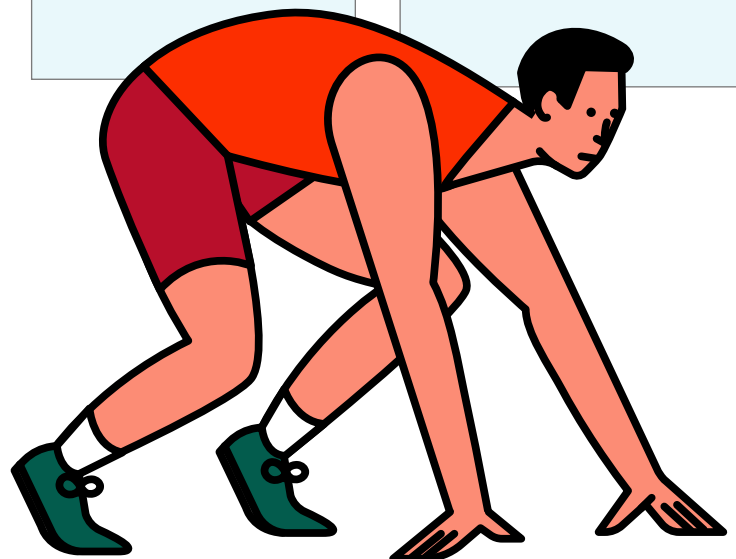
4

Asset

Properties that positively affect the urban environment and provide high returns to shareholders and investors.

These commitments were materialised in the **ESG Master Plan**, which lays out the lines of action to achieve the goals set following the most demanding general and sector-based standards. It also aims to fully integrate sustainability into all areas of the organisation.

→ [Click on the link for more information on the Company's commitments.](#)





ESG Master Plan

The Company's ESG Master Plan connects the purpose of investors with the tools necessary to solve social and environmental challenges. Uniting two visions that integrate ESG considerations into the business strategy not only provides a return to investors, but also **adds real value for society**.

The Company has established **seven strategic lines** necessary to comply with its vision of the environment, corporate governance and social and environmental capital:

1. **Establishment of ESG Master Plan foundations.**
2. **Socially responsible investing.**
3. **Commitment to the community.**
4. **User-centred.**
5. **Positive impact on the city and the land.**
6. **Climate change, resilience and circular economy.**
7. **Communication of social impact and action.**

Sustainability/ESG Committee

The Company has had an active **ESG Committee** since 2020 to promote sustainability from the main governing bodies.

This Committee comprises a **cross-functional upper management team with the heads of various company departments** involved in sustainability issues for the purpose of laying down a common sustainability strategy.

The Committee is responsible for supporting Lar España's commitment to issues related to:

- Environmental initiatives.
- Health and safety at our properties.
- Corporate social responsibility measures.
- Sustainability measures.
- Other matters of public order.

In 2021, three Committee meetings were successfully held, with **clear objectives and an open dialogue between all members**, in which the projects that the Company is carrying out at both asset and corporate level were monitored and the possibility of launching new initiatives was studied.



Sustainable Development Goals (SDGs)

In 2020 Lar España **joined the United Nations Global Compact and signed the letter of commitment**, thus showing its clear intention to align its sustainability strategy with the United Nations 2030 Agenda.

Strategy for contributing to the SDGs

In 2021, the Company went a step further by developing an **action plan** and identifying relevant issues and their contribution to the SDGs. To this end, **the value chain and related materiality matrix was mapped**, identifying both positive and negative impacts in order to mitigate them. Thereby, the SDGs are Lar España's roadmap for contributing to build a more equitable society.

This **brought about a reflection** with the main business areas and certain stakeholders to identify the most relevant issues and define the Company's priorities in terms of sustainability, in line with expectations and external requirements and best practices in ESG.

As a result of this analysis, **three strategic priorities and six goals** were identified, associated with the corporate and operational functions of the value chain of Lar España and its stakeholders. As a means to address the goals, **22 specific actions** have been proposed at **corporate and operational level**.

↳ 9 corporate actions & 13 operational actions

+50%

Provide a robust framework for action


+30%

Correct negative impacts

+17%

Promote positive impacts

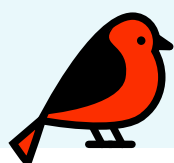
Thus, the Company has **identified the most relevant SDGs to its activity** and has defined the lines of action to **align the strategy and management model with the achievement of the eight defined SDGs and their corresponding targets:**

SDG	Strategic goals for 2022-2023	Target
	<ul style="list-style-type: none"> › Environmental and social management. › Coordination with tenants. 	Target 6.4 Increase water-use efficiency.
	<ul style="list-style-type: none"> › Environmental and social management. 	Target 7.2 Increase renewable energies. Target 7.3 Double the rate of energy efficiency.
	<ul style="list-style-type: none"> › Environmental and social management. › Coordination with partners. › Coordination with tenants. 	Target 8.8 Protect labour rights and promote safe and secure working environments. Target 8.5 Achieve full employment and decent work. Meta 8.3 Promote small- and medium-sized enterprises. Meta 8.4 Improve efficient and respectful production and consumption.
	<ul style="list-style-type: none"> › Adaptation of assets to global challenges. 	Target 9.1 Develop sustainable infrastructure. Target 9.A Support sustainable and resilient infrastructure.
	<ul style="list-style-type: none"> › Coordination with tenants. 	Target 12.1 Implement sustainable consumption and production framework. Target 12.3 Reduce food waste.
	<ul style="list-style-type: none"> › Adaptation of assets to global challenges. 	Target 13.1 Strengthen resilience and adaptive capacity.
	<ul style="list-style-type: none"> › Coordination with Governing Bodies. 	Target 16.6 Develop effective and transparent institutions.
	<ul style="list-style-type: none"> › Coordination with financial sector. 	Target 17.3 Mobilise additional financial resources.

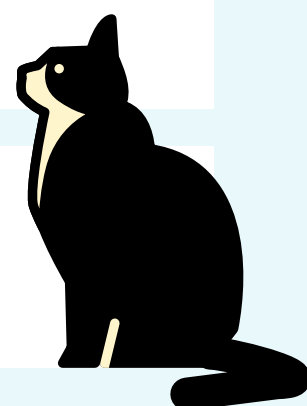
In order to ensure the proper implementation of the SDGs, the Company is promoting and raising awareness of the **adoption of the 2030 Agenda in its corporate governance and company policies.**

It is also monitoring the actions carried out as part of the Company's on-going activity to contribute to each of the SDGs identified.

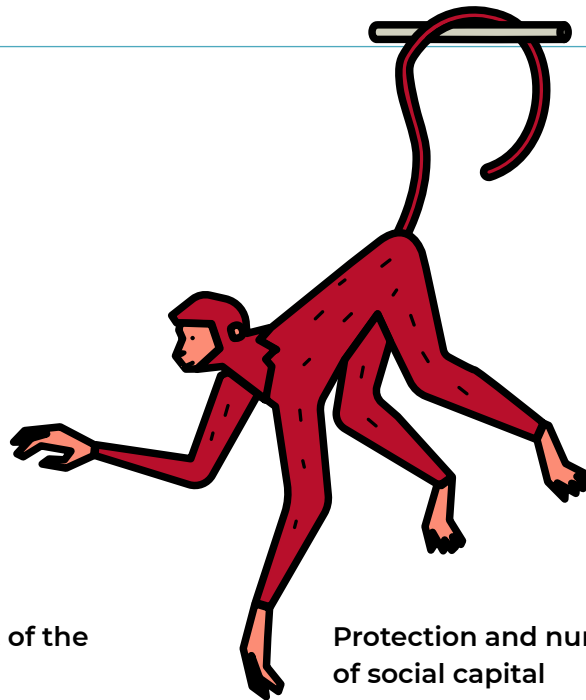
To address the objectives, Lar España commits to the following actions:



Supplier code of conduct	Tenant code of conduct	Green clauses	Draw up a decarbonisation plan
Multilateral discussion table	Focus groups	Progressive extension of green leases	Training programme
Water consumption minimisation plan	Asset-level operational reporting system	Combat food waste	On-site organic waste treatment
Expansion of the customer journey	Asset selection code	Awareness-raising programme for responsible consumption	TCFD (*) analysis of the entire portfolio
Penetration of consumption alternatives	Public-private partnership	Technical guidelines for construction	



(*) Task Force on Climate-related Financial Disclosures (TCFD).



Commitment to development of the surrounding area

The Company is **actively involved with the local communities** in the areas where its centres operate, through activities and events that foster the social and economic development of those areas.

Moreover, as part of its commitment to the development of the area in which it is located, the company promotes the creation of quality employment at its properties. As a result, Lar España generated **over 16,000 jobs** in 2021.

The importance of good governance

Lar España's governing body is responsible for **overseeing and promoting the company's ESG strategies and practices**. Thus, the Company promotes good governance not only in investor relations, but also in its relationships with its employees and other stakeholders.

It also strives to reduce its risks and improve its regulatory and tax compliance at all times. To this end, Lar España has had an **Integrated Risk Management System** in place since 2015, with the aim of ensuring a reasonable level of assurance regarding the company's ability to achieve its strategic and operating objectives. Meanwhile, the members of Lar España's **ESG Committee** work to promote matters relating to health and safety at the company's properties, monitor non-financial risks, review the sustainability strategy and prepare the non-financial information statement.

Protection and nurturing of social capital

Lar España focuses its efforts on **conveying the company's values and culture** to each of its employees, customers, shareholders and suppliers while being aware of the important role played by individuals in the performance of its activities.

Respect for the environment

Lar España undertakes to **reduce energy consumption and GHG emissions** across its entire property portfolio to help achieve the global environmental objectives. As a result, it reduced its emission intensity by **20.5%** in 2021, based on a static denominator in respect of 2020. As part of its sustainability strategy, Lar España reinforces its mechanisms to prevent, manage and mitigate any environmental impact at its centres by encouraging the **implementation of sustainability actions and evaluations based on the highest environmental standards (BREEAM)**.

In parallel, the Company invests in innovative solutions to reduce its environmental impact. The company has also received various accolades such as the **GRESB** assessment, the **EPRA Gold Award** and inclusion on the **FTSE4Good** index.