



Lar España: ESG Políticas



The Spanish Retail Specialist

www.larespana.com

July 2018

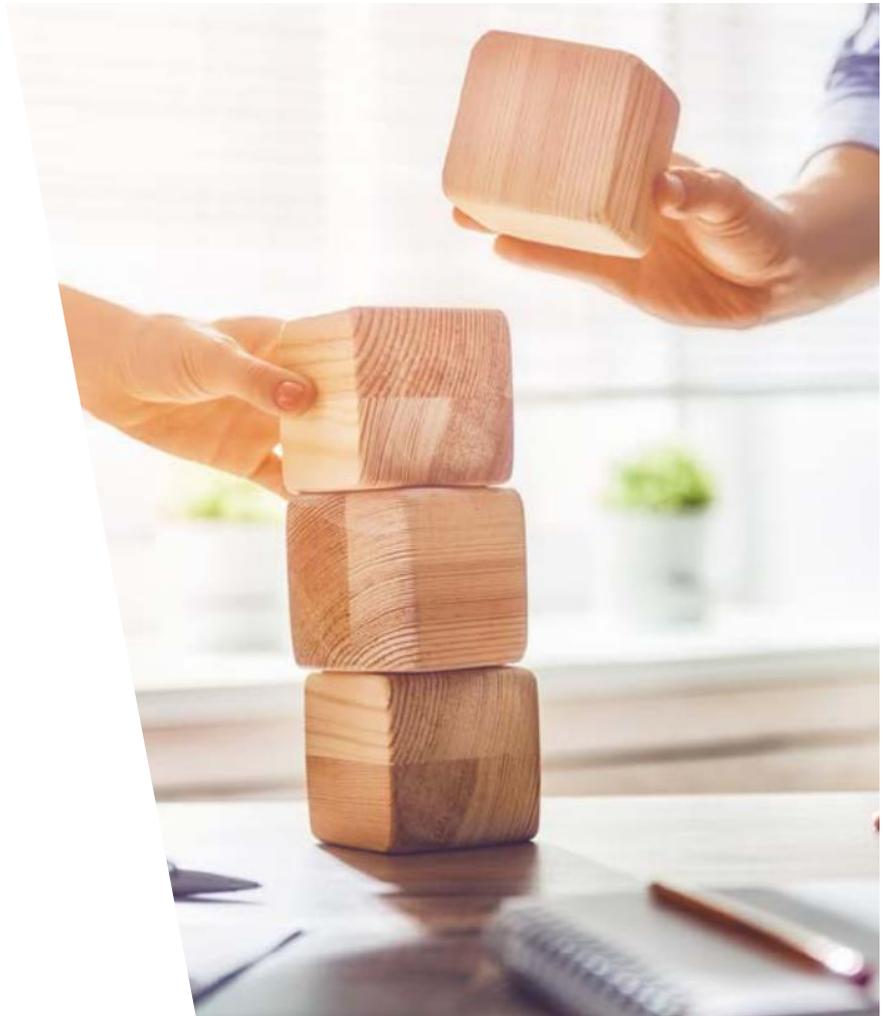
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01

Good Governance

Lar España continues to make great strides forward in terms of **transparency, ethics and regulatory compliance**, thereby guaranteeing **good governance** both in terms of the company and its governing bodies.



Governance Structure

BoD Composition (7 members, 5 independent)



Board & Committees



Critical Activities internalized



Key milestones

Action Plan

Enable the organization to comply with prevailing regulations and position it in line with international best practices in this field:

OBJECTIVES



Key milestones

Progress was made on the following fronts:

- 1 Amendments to the Board Regulations
- 2 Amendments to the Internal Securities Markets Code of Conduct
- 3 Approval of the Audit and Control Committee Regulations
- 4 Approval of the Policy on Communication and Contact with Shareholders, Institutional Investors and Proxy Advisors
- 5 Continuation of the implementation of the Corporate Governance Policy
- 6 Continuation of the implementation of the Director Selection Policy
- 7 Corporate Social Responsibility Policy roll out
- 8 Evaluation of the Board of Directors, its members and its committees
- 9 Directors training
- 10 Establishment of an Ethics Committee

Ethics and compliance

In order to guarantee ethical conduct and enforce regulatory compliance, Lar España has established a number of control and supervision mechanisms to ensure that all employees and members of the Company's governing bodies behave in accordance with best ethics principles and moral standards:

Implementation of the behavior guidelines emanating from the **Code of Conduct** and oversight of the **Whistle-blowing Channel** by the Ethics Committee

It establishes the rules of conduct to be followed by all those who act in the name of Lar España and its subsidiaries

Implementation of the **Crime Prevention Model**

Lar España has defined and adopted an Organizational and Management Model for the Prevention of Crime

Approval and implementation of the **Anti-Money Laundering Manual + Procedures**

The real estate sector is subject to strict regulations designed to prevent money laundering and establish the rules of engagement with the Executive Branch of the Commission for the Prevention of Money Laundering and Monetary Infractions (SEPBLAC). Against this backdrop, Lar España has drawn up an Anti-Money Laundering Manual, which was in force throughout 2017.

Risk Control and Management System

As stipulated in the **Risk Control and Management Policy**, Lar España views risk management as a continuous and dynamic process which encompasses the following steps:



Risk Map

The risk map is the tool used by Lar España to identify and assess its risks.

All the risks contemplated, including tax risks, are evaluated considering various indicators of impact and likelihood.

The organisation's **most significant risks** have been duly identified:



02

Corporate Social Responsibility

Value creation via Corporate Social Responsibility is one of Lar España's defining attributes, via the responsible management of its assets, the creation of wealth in the communities it operates in and the active listening of its Stakeholders.



Lar España's approach to CSR - Creating shared value



Environment

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



Corporate Governance

Business model that aims to have a positive effect on the environment and society, as well as generate financial returns; easing environmental and social pressures generated by the business activity.



Social Capital

People's talent forms the cornerstone of the economic model and the company's value.

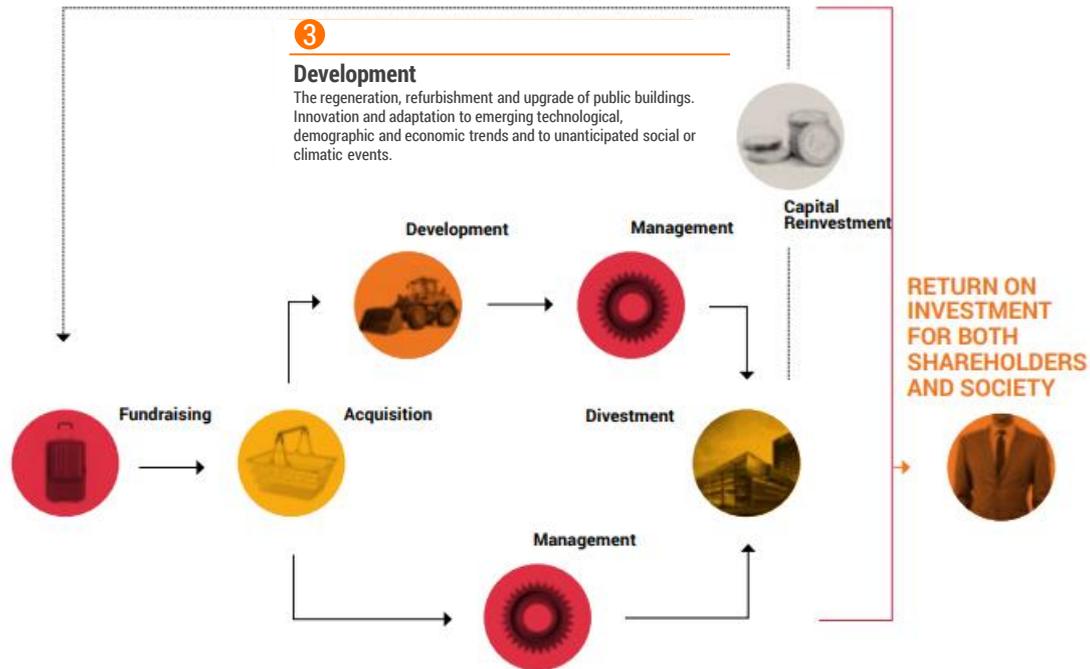
Creating Shared value for
our shareholders and
investors as well as for
the environment we
operate in



Assets

Properties that have a positive effect on their urban surroundings and generate a high return for our shareholders and investors.

ESG - Responsible business model



1

Fundraising

Lar España promotes responsible investing.

2

Asset acquisition

The Company strives to minimise the environmental impact of its investments while safeguarding their economic viability and financial returns.

4

Management

User-focused, fostering interaction and favouring management employee cohesion. The management style attempts to encourage participation, communication and transparency and engage with the Company's customers and communities.

5

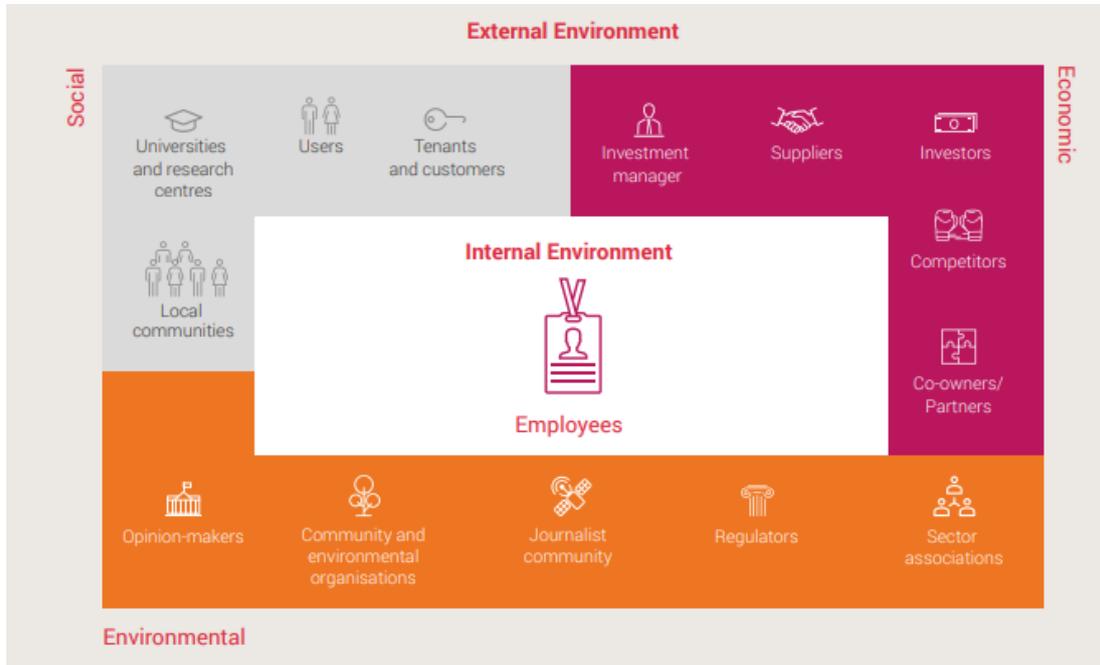
Divestment

Asset assessments take into consideration social and environmental criteria.

Our Stakeholders

Lar España strives to build stable and long-lasting relationships with its stakeholders, to which end it attempts to engage in smooth and constant dialogue with them.

As a result, Lar España can identify the most relevant areas of its corporate social responsibility effort.



Responsible Asset Management

Lar España encourages its solid and diversified base of tenants to pursue **sustainability certification measures** and adopt new technology to improve quality and management



Electricity

Negotiation of capacity charges and rates

Lighting: light sensors and LED technology

HVAC: Free-cooling technology

Process systematisation: BMS and SCADA

Power generation: installation of photovoltaic solar panels



Water

Watering: efficient systems and reuse of treated wastewater

Toilets and common areas: low-consumption devices

HVAC: water filling controls

Implemented in our shopping centres with the goal of enhancing environmental performance and raising user awareness



Gas/ Diesel

Electronic thermostats in gas boilers

Reuse of residual heat and use of clean fuels

Solar panels to heat domestic water



Additional environmental measures

Tri-generation for hot water, heating and air conditioning

Accessible siting: public transport, municipal bike schemes

Parking spaces and **charging stations** for electric vehicles

Waste management

2017 environmental performance

Energy consumption

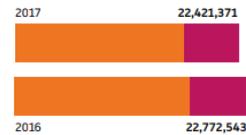
Variation in energy consumption in kWh/sqm

-3.5%
vs 2016



Electricity consumption in kWh

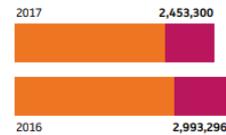
-1.5%
vs 2016



● Retail ● Offices

Gas consumption in kWh

-18%
vs 2016



● Retail ● Offices

+40%
VS 2016

electricity consumption generated from renewable sources

Waste Management

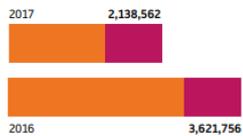
53%

Recycled Waste

GHG emissions

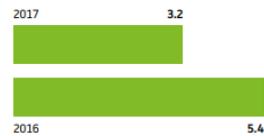
GHG emissions in kg CO₂ eq

-41%
vs 2016



● Retail ● Offices

GHG emissions in kg eq CO₂/sqm



Water consumption

Total water consumption increased by 2.3% from 2016 due to the growth in the number of visitors in our shopping centres. Water consumption per person stayed at the same level.

Water consumption in m³



● Retail ● Offices

Variation of water consumption in litres/person



BREEAM® Certifications

80%

of the operational assets for which Lar España has full autonomy, are certified in BREEAM® or are in the process of obtaining BREEAM certification

BREEAM® In-Use "Very Good" Certificated

EL ROSAL	SHOPPING CENTRE
VISTAHERMOSA	RETAIL COMPLEX
GRAN VÍA DE VIGO	SHOPPING CENTRE
ANECBLAU	SHOPPING CENTRE
MEGAPARK	RETAIL COMPLEX
AS TERMAS	SHOPPING CENTRE
ALBACENTER	SHOPPING CENTRE
PORTAL DE LA MARINA	SHOPPING CENTRE

BREEAM® In-Use "Good" Certificated

TXINGUDI	SHOPPING CENTRE
LAS HUERTAS	SHOPPING CENTRE

BREEAM® ES

el certificado de la construcción sostenible

Our developments

are designed and developed in line with the specifications required to obtain the prestigious BREEAM® quality and sustainability certification



Other Assets

ELOY GONZALO REFURBISHMENT PROJECT

Certified with BREEAM® New-Build, "Very Good" rating

MARCELO SPÍNOLA OFFICE BUILDING

Certified with BREEAM® New-Build, "Very Good" rating

LAGASCA 99 RESIDENTIAL DEVELOPMENT

In process of gaining BREEAM® certification



Accessibility

Commitment to integration

Via a design that is conceived by and for people, we are working to **achieve and maintain high accessibility standards** that will allow everyone to be able to access our properties correctly and comfortably, taking into account existing problems

70%

ACCESSIBILITY AUDITS performed on 70% of our assets

In 2017, a diagnosis was undertaken in collaboration with **ILUNION, ONCE and AENOR** (the Spanish Association for Standardization and Certification).

The audits highlight the level of compliance with prevailing regulations and make recommendations as to how to obtain universal accessibility certifications.

The main achievements in 2017 are as follows:

100%

RENOVATIONS in Lar España's assets, are taking into account accessibility requirements from the new building code



Eloy Gonzalo office building:
AENOR universal accessibility certification for the refurbishment work



In October 2017, **ILUNION** formally acknowledged **Lar España's efforts** to enhance universal accessibility at its properties and to accommodate persons with disabilities

Relations

Supplier Relations

Continuously working on enhancing relations with suppliers, a group of stakeholders of vital importance for the business:

Products and services acquired to **suppliers for more than €120 Mn** generating wealth in the communities where it operates

The total number of suppliers is **640** being most of them local companies

Customer Relations

Lar España's philosophy for maximizing customer satisfaction:

1. Improving communication channels and active listening
2. Adding value by means of product and process innovation
3. Building health and safety
4. Adapting to the diversity of customer needs

Society-based initiatives

+ 225 days of environmental initiatives at our shopping centres

+ 28 NGOs and charities collaborated with

+€212,000 earmarked to community collaborations and initiatives

+ 25,500 Kg of clothing donated

+ 25,000 Kg of food collected in several campaigns

Lar España's properties in operation and under construction create more than
25,000 jobs

FOUNDATIONS





Lar España: ESG Políticas

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info@larespana.com



Lar España App

