



RETAIL
in action!

Lar España Commitment with ESG

March 2019



What does CSR mean at Lar España?

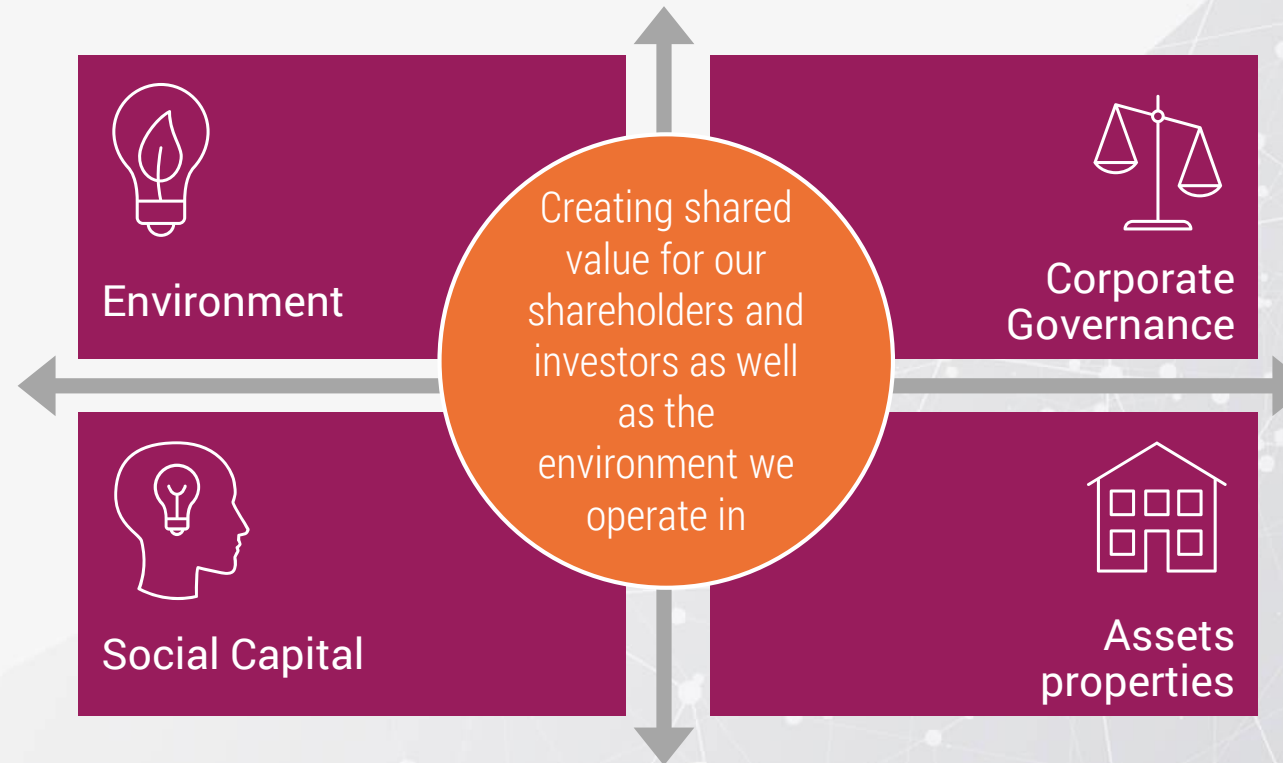
Value creation via Corporate Social Responsibility is one of Lar España's defining attributes, through the responsible management of its assets, the creation of wealth in the communities it operates in and the active listening to its Stakeholders.



Lar España's approach to CSR

Lar España's CSR principles to build **Shared Value**:

Doing
business
better



Lar España is currently in the process of implementing its **CSR Master Plan**.

Innovation to create shared value

E

Lar España promotes **sustainability certification measures** and adopts new technologies to improve the quality and management of its assets. In parallel, the Company safeguards the economic **viability and financial returns on its investments**, while striving to boost aspects that benefit society

S

Lar España's portfolio assets generate **social impacts** that transform and build **shared value** in the communities in which they are located. Taking into account existing problems, the Company implements measures designed to **enhance building accessibility**

G

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



Environmental

Lar España is taking action to preserve the environment



Environmental Innovation



Energy efficiency

Lighting
Climate control
Building systems



Water management

Presence detector
Watering systems
Cooling towers



Air quality

Complex control systems for ventilation
Air purifier systems



Solar power

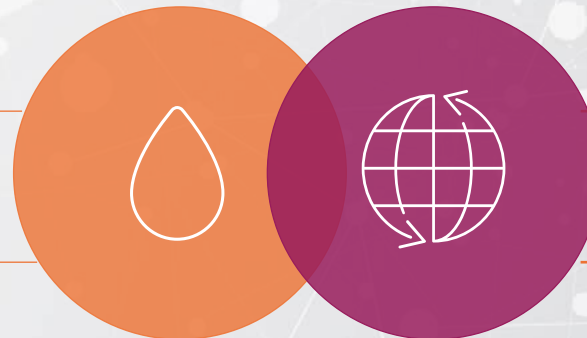
Alternative energy sources



Other lines of initiative

Tri-generation
Guided parking
Eco-friendly transportation

Reduce Expenditures
Become more environmentally friendly in its business communities



Impact on the natural surroundings

Economic viability

Environmental performance

Energy Consumption

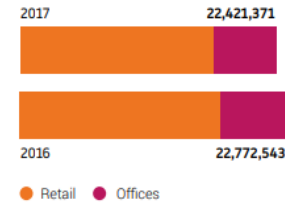
Variation in energy consumption in kWh/sqm

-3.5%
VS 2016



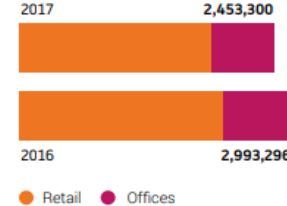
Electricity consumption in kWh

-1.5%
VS 2016



Gas consumption in kWh

-18%
VS 2016



+40%
Vs 2016

electricity consumption generated from renewable sources

Waste Management

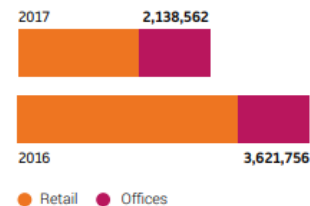
53%

Recycled waste

GHG Emissions

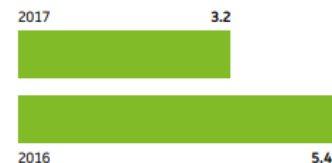
GHG emissions in kg CO₂ eq

-41%
VS 2016



GHG emissions in kg eq CO₂/sqm

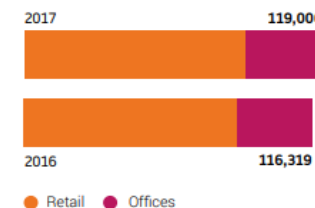
-41%
VS 2016



Water Consumption

Water consumption in m³

+2.3%
VS 2016



Variation of water consumption in litres/person

0%
VS 2016



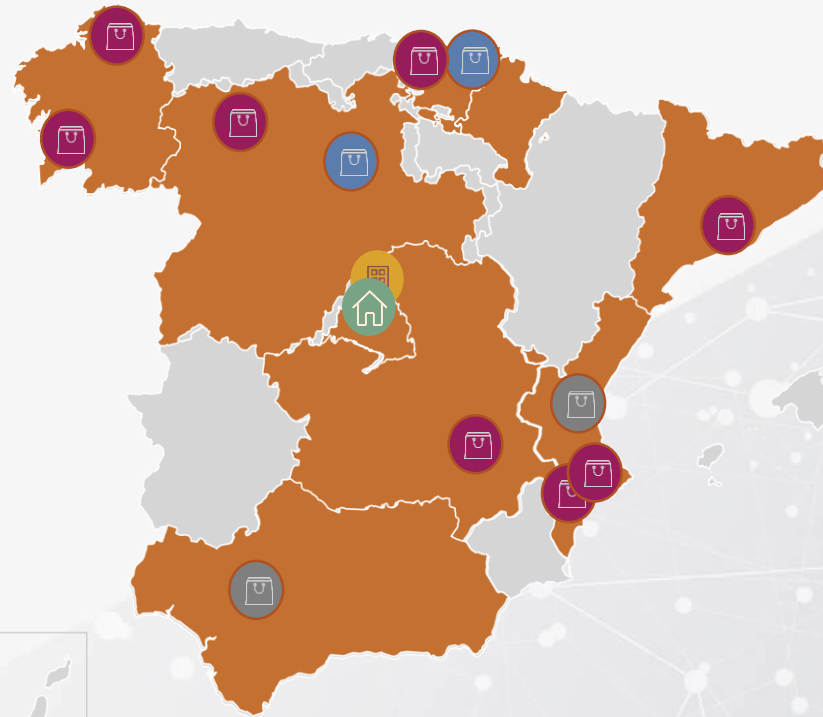
Environmental BREEAM® Certifications



Shopping
Centres

100%

are certified under
BREEAM®.



Retail assets

BREEAM® In-Use “Very Good” Certificated (8)



BREEAM® In-Use “Good” Certificated (2)



Our retail 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-Construction, “Very Good” rating



LAGASCA 99 RESIDENTIAL DEVELOPMENT

Certified with BREEAM® New-Construction, “Very Good” rating



Social

CUSTOMER RELATIONS

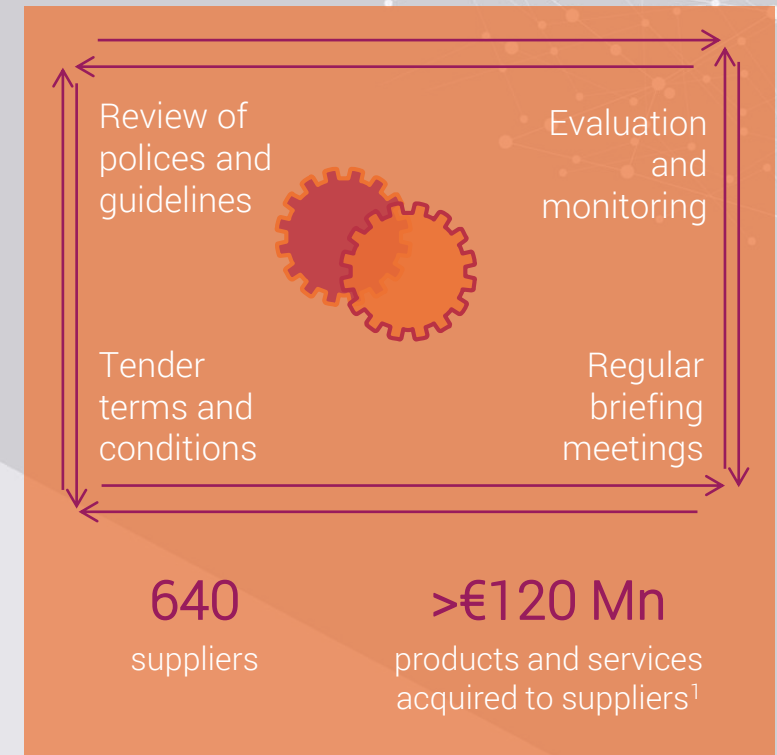
- Improving communication channels and active listening
- Adding value by means of product and process innovation
- Building health and safety
- Adapting to the diversity of customer needs

Ex:

- Audit of services and customer support
- Technical audits
- Mobile app
- Customer satisfaction surveys
- Provision of information about energy consumption and efficiency
- Provision of sustainability guides and manuals to tenants



SUPPLIER RELATIONS



Social Society-based initiatives

Business opportunities



Citizen participation



Social climate & values



Health and well-being



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

Activities/Partnerships implemented by the Company



Social Accessibility

Commitment to promoting social integration

Working to achieve and maintain high accessibility standards via a design that is conceived by and for people

87%

ACCESSIBILITY AUDITS
performed on 87% of our
retail assets

A diagnosis is being 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.

100%

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

Main achievements:



VidaNova retail park and 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

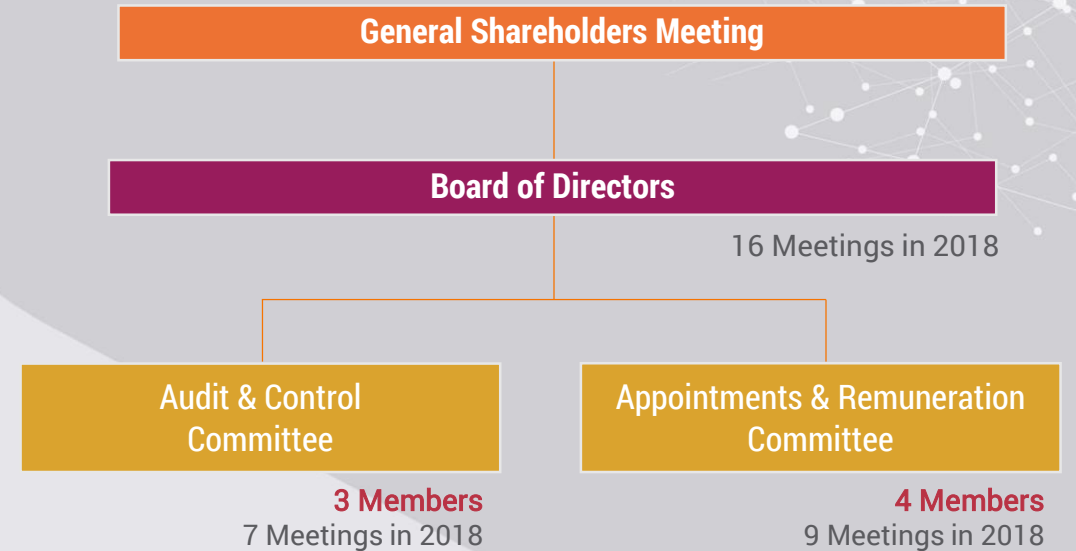
More profitable, healthy, safe and efficient buildings

Governance Structure

BoD Composition (7 members, 5 independent)



Board & Committees



Critical Activities internalized



Governance

- ✓ Experienced and mostly independent Board of Directors (5 of 7 members): 16 meetings in 2018
- ✓ Action Plan main objectives:



Strong governance

Transparency, business ethics, corporate social responsibility and regulatory compliance



More advanced management and enhanced transparency

Director activities selection, remuneration and training



Furthering the process of evaluating and improving the Board's performance

Complying with the best practices in the corporate governance field



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**

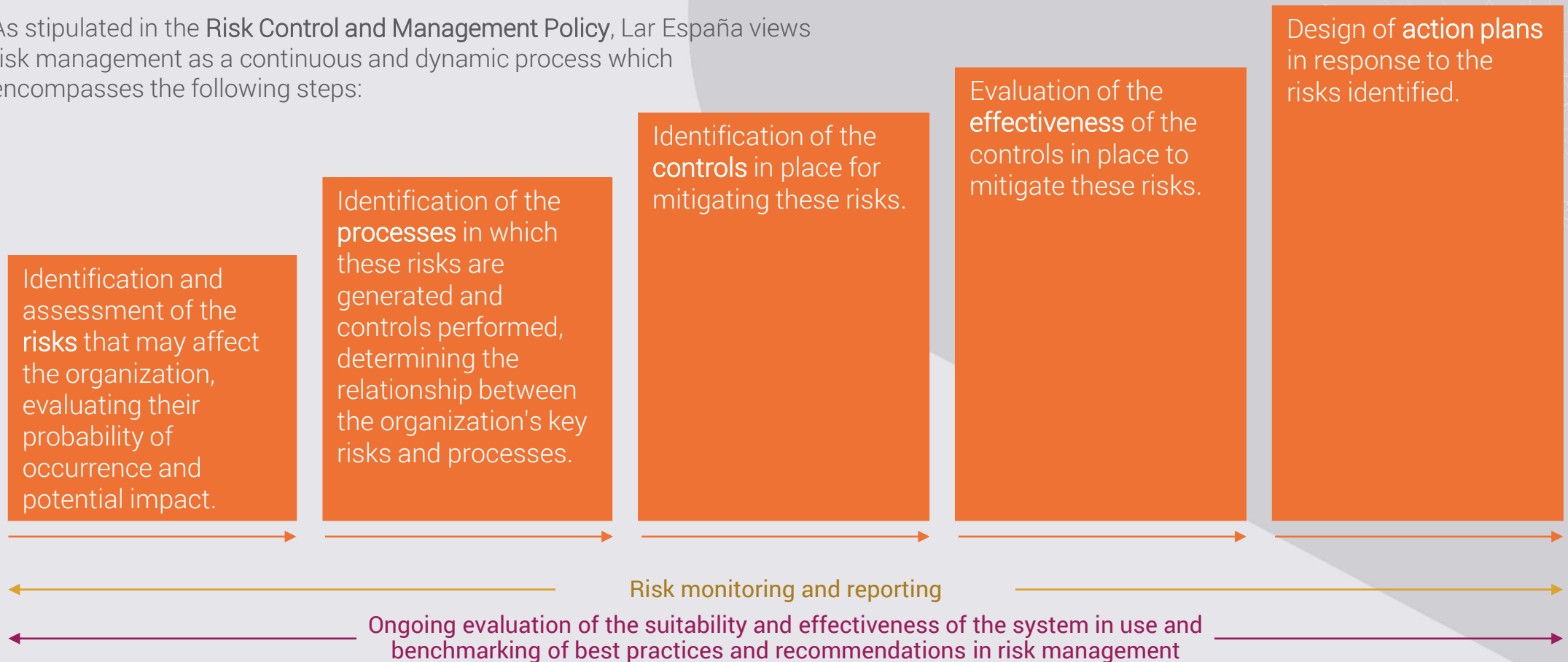
Lar España has defined and adopted an Organizational and Management Model for the Prevention of Crime

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 2018

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:



ESG

International recognitions and initiatives

International standards



Financial and non-financial information included in the Annual Report follow **GRI standards and EPRA recommendations**



ESG information has been reviewed by an **external third party (EY)**



Lar España collaborates with the main associations that are the frame of reference for the evaluation of **environmental, social and governance (ESG) issues in the real estate sector**

International recognitions



EPRA Award for Sustainability (Gold)
EPRA Award for Financial Reporting (Gold)

Closing Remarks

Environmental

Responsible management
Sustainability certifications
Environmental awareness
Innovation

100%
shopping centres
BREEAM® ES
el certificado de la construcción sostenible

Energy efficiency Solar power Air quality
Water management New lines of initiative

Social

Active listening
Social initiatives
Accessibility
Wealth creation



87%
retail assets audited

Governance

Ethics and Integrity
Independent Board
Risk Management
Transparency



CSR
Master Plan

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in action!