

# 4

## CSR

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***Creating value via Corporate Social Responsibility*** is one of the cornerstones of Lar España's strategy. The company ensures it ***actively listens*** to its stakeholders, ***responsibly manages*** its assets and ***creates wealth*** in the communities that it operates in.



## CSR Introduction

### Corporate Social Responsibility

**Corporate social responsibility** permeates all of Lar España's operations and decision-making to ensure it goes about its business in an ethical, responsible and sustainable manner, making a positive contribution to society and the environment.

#### Approach and Policies

Lar España knows that its business activities have the scope to impact urban life and thus embraces the opportunity to improve the people's quality of living by **sparkling socio-economic progress** in Spain and **generating financial returns for investors in a sustainable manner**.

Its approach is framed by the desire to **create shared value**, as is set down in its Corporate Social Responsibility (CSR) Policy. In addition, Lar España is executing a Master CSR Plan so that these objectives materialise and the company engages more actively with its various stakeholders, framed by the most stringent general and sector-specific sustainability targets.

#### Responsible business model

Lar España's business model seeks to have a **positive impact on the environment and society**, while generating financial returns and alleviating environmental and social pressures deriving from its business activities.

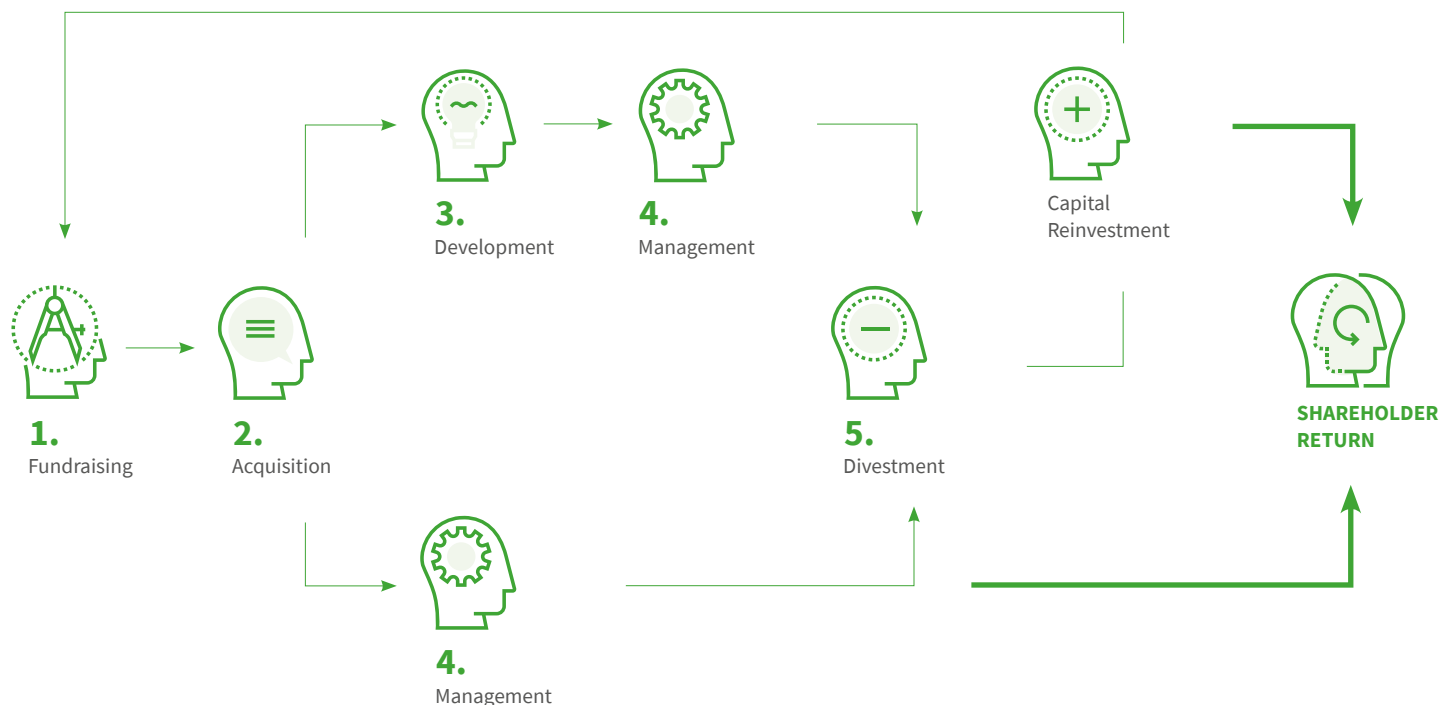
Its objective is to **create shared value** at every phase of its business chain such that it helps tackle social and environmental challenges. **'Doing business better'** not only generates returns for investors, it also adds real value for the society in which the organisation operates.

In order to create shared value, Lar España has committed to embedding **the Sustainable Development Goals (SDGs)** across the company. Due to the nature of the sector Lar España operates in and its business activities, it has identified and prioritised the following SDGs as the areas in which it can make the biggest difference:

#### Priority SDG for Lar España



Lar España creates jobs, as well as having a **broadier positive impact, in the vicinity** of each of its shopping centres and retail parks. On the environmental front, Lar España runs recycling campaigns at its centres, where it is also working to reduce emissions through facility enhancement. It is working towards the goal of having all of its establishments BREEAM-certified.



## 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.

## 3. Development

The development and improvement of sustainable and more efficient shopping centres. Innovation and adaptation to emerging technological, demographic and economic trends and to unanticipated social or climatic events.

## 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.



Lar España is a direct and indirect creator of employment through its activity with more than **21,684 jobs**

## Principles

Lar España relies on **four strategic cornerstones in its bid to build shared value** that translates into economic and social progress while generating a financial return for its shareholders and investors.

### A

#### Environment

Lar's business activities (planning and building) have a direct impact on its physical surroundings, which in turn are what enable the company to generate a financial return and build value:

- **Socio-economic impact:** Lar España creates jobs directly and indirectly through its business activities; it is responsible for **over 21,600 jobs**.
- **Responsible investment:** Framed by its desire to create a responsible business, Lar España's goal is to invest in sustainable assets. In 2019, the company lifted the number of assets over which it has full managerial control that are **BREEAM certified to 100%**.
- **Climate change resilience and mitigation:** In 2019 **Lar España reduced CO<sub>2</sub> emissions across its entire property portfolio by 45.9%**, mainly through the signing of renewable energy supply contracts.

### B

#### Corporate Governance

Corporate governance plays a pivotal role in Lar España's strategy for **doing business responsibly and creating shared value**. Governance is a cornerstone of the sustainable development strategy, CSR policy and related action plans and is similarly important to ensuring their effective implementation.

- **Good governance.** Awareness-raising activities targeted at the governing bodies addressing social and environmental issues and the initiatives undertaken to tackle them.
- **Ethics.** Resolution of and response to complaints and claims received in 2019, including labour-related lawsuits
- **Transparency.** Reporting on non-financial aspects in Lar España's 2019 Integrated Report.
- **Risk management.** Performance of environmental and social due diligence in respect of the various stages of the business model. In addition, the company has identified the universe of material risks and their potential consequences, including those related with climate change.

## C

### Social Capital

Execution of the CSR strategy relies to a significant extent on the social capital existing at the organisation, defined as that which will generate cohesion within the firm and enable Lar España to deliver its objectives while **conducting itself responsibly and ethically visa- vis its surroundings and stakeholders**. It is worth noting that talent is the basis of the economic model and value created by the organisation.

- **Partners.** Promoting transparency via financial background checks, references and cross-checks for monitoring foreign assets owned by partners and potential vendors.
- **Supply chain.** By means of fair, objective and transparent tendering processes which factor in CSR criteria.
- **Customers.** A communication channel is being designed to engage customers in the CSR Master Plan. Annual surveys are carried out to assess user satisfaction with the quality of the services received.
- **Employees.** Work-life and equal opportunities policies, training courses, talent retention programmes, among other initiatives.



## D

### Assets

- **Sustainability strategy.** **100%** of the real estate assets over which Lar España has full management autonomy have implemented environmental and/or social sustainability initiatives. **73%** of the portfolio has undergone energy audits. The assets newly acquired in 2019 that have yet to be subjected to an energy audit will be audited in the course of 2020.
- **Sustainability certification.** **100%** of the shopping centres over which Lar España has full managerial control are BREEAM® certified as year-end 2019. The company is working on obtaining certification for the newly acquired assets not yet BREEAM certified in 2020.
- **Innovation in the service of enhanced environmental management.** Investment in innovation. Collaboration with research and training centres. Use of ICT, management programmes, innovative filters, among other initiatives.

Additionally, group-wide, value creation is framed by:

- **Environmental and social innovation** applied to each phase of the business model.
- Maintenance of **open and ongoing dialogue** with the key stakeholders.

Lar España takes climate change mitigation into consideration, and to this end develops an emission reduction strategy based on four main lines:

- Calculation of the carbon footprint to identify its most relevant impacts.
- Emissions associated with building materials reduction.
- Establishment of energy efficiency measures during the use phase.
- Incorporation of digital energy consumption information management tools.



## 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



**CREATING SHARED VALUE FOR OUR  
SHAREHOLDERS AND INVESTORS AS  
WELL AS FOR THE ENVIRONMENT WE  
OPERATE IN**



## Social Capital

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



## Assets

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



## 4.1 Stakeholder Engagement



The sector in which Lar España operates is central to some of the **most important issues facing society at large**: urban development; the availability of living solutions; the design of sustainable cities; responses to demographic shifts; and resource scarcity. Lar España works to transparently and proactively to foster meaningful dialogue with the broad spectrum of stakeholders with which it engages.

It interacts with **economic, social and environmental stakeholders** and, by listening to their expectations and providing them with information that satisfies their demands, Lar España has built up a model for engaging with them.

Stakeholder communication is constant at Lar España. In 2019, the company **took a series of actions with a view to maintaining and enhancing its internal and external relations**. Good examples of that effort include the completion of its Customer Journey project carried out to understand user needs; the community work carried out at its shopping centres; the investments made in improving accessibility; and more intense investor engagement.



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

To manage relations with its stakeholders in a coordinated manner with a view to identifying opportunities that align corporate objectives and external expectations, the company uses a structured **stakeholder management model**, articulated around several phases:

- 1) Stakeholder identification
- 2) Alignment of internal and external expectations
- 3) Definition of shared strategic objectives
- 4) Responsive to stakeholder expectations
- 5) Review of the communication channels

Identification of the aspects of greatest importance to each of the stakeholders, which helps Lar España to work towards common objectives by **designing new dedicated communication channels**.

# I. Stakeholder identification

With the goal of aligning strategic and sustainability objectives and stakeholders’ legitimate interests, Lar España maps out the company’s internal and external stakeholders. Specifically, it conducted an **initial assessment which it updates annually** to track who its stakeholders are and what they expect from Lar España, analysing each group’s specific concerns. That analysis looks at four dimensions: governance, product, environment/community and employment, all of which from an internal (employees) and external (external stakeholders) perspective.

The stakeholder groups so identified are:



II.

## Stakeholder dialogue and responsiveness

Lar España responds actively to its stakeholders based on a clear and transparent model. Having duly identified all its stakeholders, it **establishes communication channels in order to understand their expectations**. Those expectations are collected and aligned with Lar España's objectives, such that the company's resulting actions take into account as many interests as possible and result in **equilibrium vis-a-vis the various segments of society and the environment**.

The table below, in keeping with the above methodology, sets out the expectations, communication channels, common objectives and responses formulated by Lar España to satisfy all of its stakeholders in a balanced manner along social, economic and environmental dimensions:

### Responses to social matters:

<i>Stakeholders groups</i>	<i>Communication/engagement channels</i>	<i>Expectations expressed by stakeholders</i>	<i>Shared objectives</i>	<i>Action/Response to stakeholders</i>
<b>Employees</b> (Employees of Lar España and the Manager, Grupo Lar)	<ul style="list-style-type: none"> <li>Open internal communication through personal contacts</li> <li>Whistle-Blowing Channel</li> <li>Career development monitoring meetings</li> </ul>	<ul style="list-style-type: none"> <li>Equal opportunities and non-discrimination</li> <li>Career development</li> <li>Safe and healthy environment</li> <li>Work-life balance</li> <li>Transparent remuneration policy</li> <li>Ethics, integrity and compliance</li> </ul>	<ul style="list-style-type: none"> <li>Talent retention</li> <li>Equality and non-discrimination</li> <li>Employee skill training</li> <li>Ethics-driven work climate</li> </ul>	<ul style="list-style-type: none"> <li>Employee training</li> <li>Remuneration policy based on duties and responsibilities</li> <li>Promotion of an ethics-driven work climate</li> </ul>
<b>Local community</b> (Citizens, companies, organisations, municipal authorities)	<ul style="list-style-type: none"> <li>Meetings with local organisations ahead of planning</li> <li>Opinion surveys at the shopping centres</li> <li>Deployment of technology to learn about local habits and preferences</li> </ul>	<ul style="list-style-type: none"> <li>Support for cultural activities</li> <li>Management of the indirect impact on local businesses</li> <li>Fostering of local employment</li> <li>Creation of shared value</li> </ul>	<ul style="list-style-type: none"> <li>Integration of assets in local culture and customs</li> <li>Creation of jobs locally</li> <li>Creation of companies locally</li> </ul>	<ul style="list-style-type: none"> <li>Asset planning with local culture and customs in mind</li> <li>Fostering of local start-ups and open innovation</li> <li>Purchasing from local suppliers</li> </ul>
<b>Users</b> (Customers, visitors)	<ul style="list-style-type: none"> <li>Opinion surveys</li> <li>Feedback channels at the shopping centres</li> <li>Satisfaction and quality audits</li> </ul>	<ul style="list-style-type: none"> <li>New experiences and services</li> <li>Connectivity and Accessibility</li> <li>Safe and healthy environment</li> <li>Modern and well-designed facilities</li> <li>Publicity of partner events and offers</li> </ul>	<ul style="list-style-type: none"> <li>Centres that offer unique experiences</li> <li>Attractive centres</li> <li>Accessible and adapted shopping centres</li> <li>Safe and comfortable venues</li> </ul>	<ul style="list-style-type: none"> <li>Digital tools for learning about trends and offering the best possible experience</li> <li>Universal Accessibility Certification being deployed across portfolio</li> <li>Hiring of persons with disabilities at shopping centres</li> <li>Use of design and architectural talent at centres</li> </ul>

## Responses to economic matters:

<i>Stakeholders groups</i>	<i>Communication/engage- ment channels</i>	<i>Expectations expressed by stakeholders</i>	<i>Shared objectives</i>	<i>Action/Response to stake- holders</i>
<b>Investment community &amp; management company</b> (Shareholders, banks, analysts, regulators, management company, funds)	<ul style="list-style-type: none"> <li>One-on-one meetings</li> <li>Conference calls</li> <li>Roadshows</li> <li>Promotion of and participation in events</li> <li>Dedicated shareholder tab on the corporate website</li> <li>Annual General Meeting</li> <li>Whistle-blowing channel</li> </ul>	<ul style="list-style-type: none"> <li>Corporate governance and transparency</li> <li>Business ethics and compliance</li> <li>Risk management</li> <li>Return on investment and share price monitoring</li> <li>Anti-corruption and anti-money laundering</li> <li>ESG / CSR strategy</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with best practices in corporate governance</li> <li>Regulatory compliance</li> <li>Annual profitability</li> <li>Continual improvement of ESG performance</li> </ul>	<ul style="list-style-type: none"> <li>Code of Conduct</li> <li>Policy on Communication and Contact with Shareholders, Institutional Investors and Proxy Advisors</li> <li>Risk management and control</li> <li>Reports: Annual; corporate governance; director remuneration</li> <li>Portfolio appraisals published</li> </ul>
<b>Suppliers</b> (Asset managers, services, products, IT, innovation)	<ul style="list-style-type: none"> <li>Meetings with suppliers</li> <li>Contract monitoring meetings</li> <li>Attendance at supplier fairs</li> <li>Website contact details</li> </ul>	<ul style="list-style-type: none"> <li>Transparent business relations</li> <li>Long-term and safety-focused vision</li> <li>Risk management</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of long-term relationships with suppliers</li> <li>Continuous improvement of the shopping centres</li> <li>Technological innovation</li> </ul>	<ul style="list-style-type: none"> <li>Long-term contracts with suppliers</li> <li>Tendering based on transparent criteria</li> </ul>
<b>Partners</b> (Tenants, shopping centre employees, maintenance, safety, cleaning staff)	<ul style="list-style-type: none"> <li>Digital communication platforms</li> <li>Attendance at sector events by the various brands</li> <li>Contract monitoring meetings</li> </ul>	<ul style="list-style-type: none"> <li>Transparent business relations</li> <li>Nimble asset management</li> <li>Partner coordination and balancing</li> <li>Optimal operation of centres</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of sales growth strategies</li> <li>Centres run optimally</li> </ul>	<ul style="list-style-type: none"> <li>Digital tools for learning about customer trends</li> <li>Digital tool for asset manager-partner communication</li> <li>Web-based platform for showcasing centres to partners</li> </ul>
<b>Competitors</b> (REITs, investment funds, managers, developers)	<ul style="list-style-type: none"> <li>Promotion of sector events</li> <li>Participation in fairs and sector events</li> </ul>	<ul style="list-style-type: none"> <li>Corporate governance and transparency</li> <li>Promotion of sector image</li> <li>Fair competition and compliance</li> <li>Stable employment and training</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of sector reputation</li> <li>Talent attraction</li> <li>Promotion of sector employee training</li> </ul>	<ul style="list-style-type: none"> <li>Company and Grupo Lar employee training</li> <li>Social media campaigns highlighting sector contributions</li> </ul>

### Responses to environmental matters:

<i>Stakeholders groups</i>	<i>Communication/engagement channels</i>	<i>Expectations expressed by stakeholders</i>	<i>Shared objectives</i>	<i>Action/Response to stakeholders</i>
<b>Community and environmental organisations</b> (NGOs, charities, local organisations, sector associations)	<ul style="list-style-type: none"> <li>• Creation of events to get the community involved in life at the shopping centres</li> <li>• Surveys and information requests</li> <li>• Website contact details</li> </ul>	<ul style="list-style-type: none"> <li>• Developments with a low environmental impact</li> <li>• Standardised CSR report</li> <li>• Impact management and damage redress</li> <li>• Cooperation with other firms for the promotion of knowledge sharing</li> </ul>	<ul style="list-style-type: none"> <li>• Best practices in environmental design</li> <li>• Standardised reporting frameworks (GRI / EPRA)</li> </ul>	<ul style="list-style-type: none"> <li>• Independent certification</li> <li>• Verification of information by independent third parties</li> <li>• Integrated annual report with sustainability information</li> </ul>
<b>Regulators</b> (Control bodies)	<ul style="list-style-type: none"> <li>• Requests for feedback at the planning stages for compliance purposes</li> <li>• Diligent planning documentation and approval</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Governance and Transparency</li> <li>• Standardised CSR report</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with regulations</li> <li>• Compliance with procedures</li> </ul>	<ul style="list-style-type: none"> <li>• Analysis of and strict compliance with environmental legislation</li> <li>• Internal systems for the collection of environmental information</li> </ul>
<b>Authorities</b> (European Union, Spanish government at state, regional and local levels)	<ul style="list-style-type: none"> <li>• Engagement with governments via sector forums</li> <li>• Two-way communication with respect to sector expectations and possible partnerships</li> </ul>	<ul style="list-style-type: none"> <li>• Urban longevity</li> <li>• Property refurbishment and conservation</li> <li>• Environmental impact assessment</li> <li>• Climate change mitigation</li> <li>• Management of impact on biodiversity and nature</li> </ul>	<ul style="list-style-type: none"> <li>• Local environment enhancement</li> <li>• Satisfaction of local needs</li> <li>• Projects aligned with international and national Climate Change plans and other environmental aspects</li> </ul>	<ul style="list-style-type: none"> <li>• Assessment of the environmental impact of our property developments using internal benchmarks</li> <li>• Sustainability strategy that goes beyond prevailing legislation</li> </ul>





Lar España engaged with all of its stakeholders in 2019. The following initiatives stand out:

### Investors

The communication channels in place are designed to ensure that shareholders and investors have access to two-way information. To facilitate access to that information, Lar España publishes an **Investor Agenda** and performance reports on its website.

All channels for communicating and engaging with existing or prospective shareholders of Lar España are governed by the **Policy on Communication and Contact with Shareholders, Institutional Investors and Proxy Advisors**, as well as the Board Regulations. In 2019, it conducted the following activities with investors:

In order to reinforce transparency standards on ESG reporting, **Lar España participates in the GRESB Real Estate Assessment**. That ESG benchmark and reporting framework for listed property companies ranks Lar España as one of the best-performing REITs. Use of that tool to benchmark its ESG performance reduces risk and fosters impact investing.

It also applies the **EPRA Sustainability Best Practices Recommendations (sBPR)** to report comparable information. That information is published in the Corporate Social Responsibility section of this report.



**385**  
One on Ones



**91**  
Conference Calls



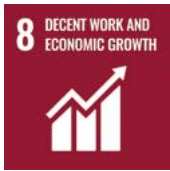
**22**  
Road Shows



**32**  
Market impacts



**12**  
Analyst recommendations



## Suppliers

Lar España works continuously on enhancing its relations with **suppliers**, a group of stakeholders of vital importance for the business. As a result, Lar España and its Management Company apply stringent controls so as to only collaborate with suppliers of renowned solvency, making sure that they have **internal control mechanisms and codes of conduct** that guarantee due diligence.

### Economic impact

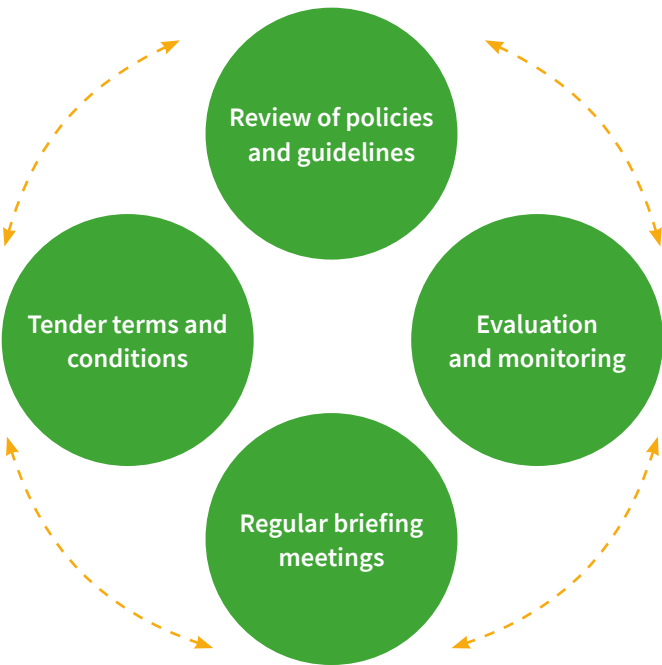
Lar España has strong ties with its business communities. The fact that **the majority of its 436 suppliers** are local firms reflects this bond. Lar España does business all over Spain, so that it generates wealth and sparks economic activity nationwide. In 2019, Lar España purchased **over €162 million** of goods and services from its suppliers.



Lar España purchased over €162 M of products and services from its suppliers, so **generating wealth in its business communities**

### Supplier certification mechanisms

Lar España is aware of the need to work with other organisations that pursue similar goals to it: **doing business responsibly for all groups, communities and society in general**. To that end, it strives to establish supplier controls in order to ensure they comply with prevailing regulations and conduct themselves in line with the values embraced by Lar España.



## Users and Customers

The process of **actively listening to and engaging in two-way communication with its customers** has been and remains essential to the company's business development. It uses several tools designed to foster the communication process:

- An **incident reporting protocol** with the asset managers in the form of a dedicated e-mail inbox, framed by the company's commitment to enhancing its communication and feedback channels.
- **Direct dialogue between the asset manager** assigned to each property and its tenants.
- **Customer service and audits** which Lar España uses as part of its committed effort to providing an excellent customer experience.

**With the aim of providing higher quality products and services**, the company attempts to anticipate its customers' needs **and demands, while ensuring the health and safe-**

**ty of those that visit its centres.** As a result, it pays special attention to compliance with basic health and safety regulations by duly coordinating its business activities, providing information about safety risks at work centres and correctly distributing the emergency evacuation protocols.

In 2019, the company completed implementation of its Customer Journey project **across its portfolio of shopping centres.** That project has enabled it to identify its customer archetypes and better understand its communities, which is in turn helping it to detect new opportunities and create a better customer experience. Thanks to its Customer Journey project, the company has been able to tap into its users' feelings and emotions to map out their 'ideal experience'. For further details about that project, readers are referred to the Innovation and Technology section of this report.

As a result of that effort, the company was able to post the following metrics in 2019:

Footfall 2019

**64.5 Million of visits**

**+1.9%<sup>(1)</sup>**  
vs 2018

**-1.9%**

Average Spanish Footfall <sup>(2)</sup>

Sales 2019

**815.2 <sup>(3)</sup> Million €**

**+4.4% <sup>(1)(4)</sup> / +2.1% <sup>(1)(5)</sup>**  
vs 2018

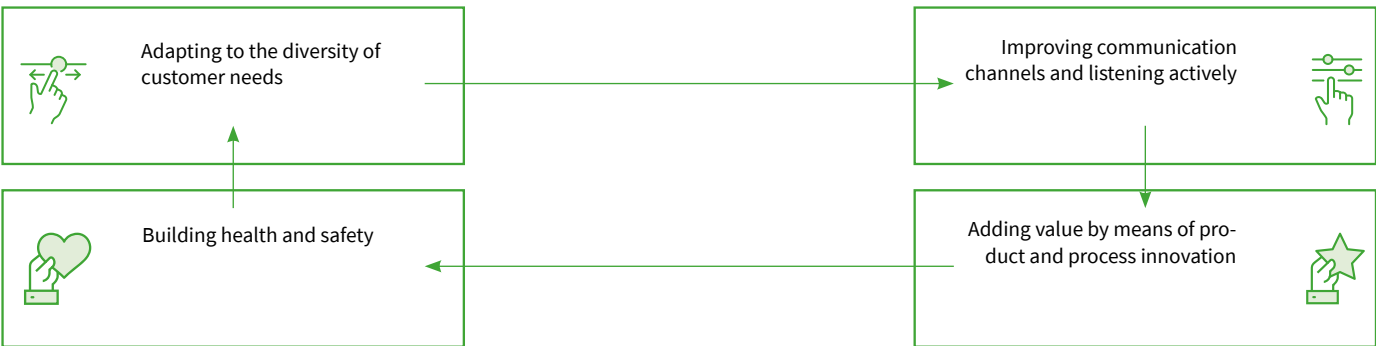
**+2.1%**

Big Surfaces Spain Sales Index <sup>(6)</sup>



(1) Anec Blau's data has not been taken into account because the asset is going through a comprehensive refurbishment project and either Albacenter's data due to the division of the hypermarket into four retail units/ (2) Shoppertrak Index / (3) Declared Sales / (4) Total Sales / (5) Comparable Sales / (6) National Statistics Institute (INE)

Lar España’s **philosophy for maximising customer satisfaction** is the following:



### Local Community and Society



Lar España’s business activities directly generate economic, business and social benefits for multiple players, including thousands of direct and indirect jobs. Its activities have a **considerable impact on the economy and employment in Spain in general** and in the communities in which its properties are located in particular. Specifically, in 2019, Lar España’s portfolio is estimated to have generated **21,684 direct jobs**.

In maximising the value of its assets, city and citizens are an inseparable whole and end-to-end refurbishment and operation of the portfolio implicitly implies specific consideration of and engagement with the local populations where the company operates, looking out for their sustained progress.

Lar España’s portfolio assets generate social impacts that **transform and build shared value** in the communities in which they are located:



Lar España generates **21,684 direct jobs** between the centres already open and those under construction







## 8.4% of the indirect jobs at Lar España's shopping centres are done by persons with disabilities.

Lar España, as part of its attempt to have a positive impact on society, paid special attention in 2019 to improving **the integration of persons with disabilities into its shopping centres' workforces**. Lar España was able to pursue that goal thanks to the fact that it owns its properties outright.

Lar España's shopping centres are being adapted to high universal accessibility standards for all manner of disabilities and that is in turn making it possible for the shopping centres to fill vacancies from a pool of candidates with a broad range of backgrounds and different abilities. Lar España worked specifically with its asset managers to cover vacancies with persons of different abilities.

Thanks to that effort, **8.4% of the indirect jobs created at Lar España's shopping centres are being done by people with disabilities**. Spanish legislation on the rights of persons with disabilities and their integration, which does not apply directly to Lar España, stipulates that people with different abilities must account for at least 2% of companies with more than 50 employees.

Lar España has fostered a specific hiring policy at the shopping centres it operates. Lar España plans to continue to **actively pursue that workplace and social integration effort as part of its broader community commitment**.



## Lar España and its commitment to the 2030 Agenda

Lar España believes it has a duty to contribute to delivery of the United Nations Sustainable Development Goals (SDGs) and 2030 Agenda. In 2019, underpinned by the methodology recommended by the UN Global Compact for companies striving to help deliver the SDGs, Lar España analysed **which of the goals warrant its priority attention, in line with its business activities**. Further on in this section, the rest of the SDGs are related with the actions being undertaken in the pursuit of sustainable and balanced development.

Lar España's business in 2019 centred almost exclusively on the retail property business, specifically operation of its 10 shopping centres, four business parks and 22 supermarkets. **In light of its core business, the company is prioritising the following SDGs:**



Lar España is firmly **committed to driving gender equality** at the Company. For example, it is targeting female board representation of at least 30%. It also factors gender considerations into its shopping centre designs.



Lar España's business operations enable the creation of local jobs at all of its centres. Its partners and the asset managers themselves employ people from the immediate vicinity and also **purchase goods and services from local suppliers**.



Lar España is working to achieve **BREEAM certification** at all of its centres. In parallel, it fosters sustainable mobility via access to public transport and the placement of electric vehicle charging stations in its centres.



Lar España carries out **recycling and used-clothing collection** drives at its centres to foster a circular economy culture and best practices at its shopping centres and business parks.



Lar España is working to **reduce the emissions** from its shopping centres by upgrading its facilities, particularly its HVAC and lighting systems. It is also introducing technology at its centres in order to track and reduce energy usage



Lar España is working with its stakeholders towards delivery of shared objectives. Its shopping centres conduct **numerous community initiatives**. And the company actively gathers feedback about what each of its stakeholder groups needs. In that manner, it is fostering the pursuit of joint initiatives in support of sustainable development.

Below is a map of the initiatives undertaken at Lar España and their impacts on each SDG:



- Funding provided for projects organised by CODESPA and other foundations.
- Collection of clothing, footwear and toys.
- Donation of retail space to NGOs at all of its shopping centres (Red Cross, UNICEF, Save the children, ACNUR, etc.).
- Collection of school materials: Back-to-school drives for the neediest.



- Food collection drives.
- Campaigns with food banks.
- Collaboration with NGOs.
- Collaboration with Action Against Hunger: restaurant vouchers donated by employees. The full amount raised went to food.



- Donation of space for the installation of a blood donation bus.
- Collaboration with the Spanish cancer society and mental health and Down Syndrome associations.
- Collaboration with PROVIDA to collect products for mothers and children.
- Sponsorship of basketball, football teams, karate, etc.
- Collaboration with sports and fitness entities.
- Raising awareness of healthy lifestyle habits among shopping centre visitors to healthier lifestyles. Commitment to optimising air quality.



- Talent programme (sponsorships) in collaboration with the Altamira Foundation.
- Collaboration with the Norte Joven Foundation.
- Promotion of educational/awareness events with local communities in the environmental, social and labour arenas.



- Company promotion of gender diversity and equality.
- Target of having female boardroom representation of at least 30%.



- Collaboration with AUARA.
- Water savings policies at the shopping centres.
- Water-saving awareness campaigns in collaboration with AQUONA.
- Efficient watering systems.
- Reuse of treated wastewater.
- Indigenous plants.
- Taps fitted with presence detectors.



- CSR plan addressing energy consumption and use of clean energy.
- Increase in energy efficiency and promotion of renewable sources (e.g., solar panels).



- Job creation in local communities, thus contributing to local development.



- BREEAM certification and ESG reporting in accordance with the EPRA sBPR.
- Innovation designed to reduce the environmental impact of the company's buildings.



- Collaboration with NGOs.
- Hiring of persons with disabilities at the shopping centres



- Reduction in plastic consumption



- Participation in the Urban Land Institute.
- Electric vehicle charging stations.
- Reduction in water and electricity consumption (e.g. LED technology).
- Satisfaction of local community needs.
- Encouragement of public transport: use of municipal bikes.
- Tri-generation (CCHP): generates heat in winter and cold air in summer.



- Agreement between the Lagoh shopping centre and Seville University's research unit for the monitoring of the central lake and the associated biodiversity.



- Waste management policy.



- Participation in civilian associations.
- Corporate code of ethics.



- Emissions policy at the shopping centres.
- Installation of solar panels.
- Encouragement of public transport, electric vehicle charging points, etc.



- Internal communication of objectives, which are included in the CSR plan.
- Deployment of CSR policies at the company.

## 4.2

### Community Work

Lar España's **solid community engagement** effort seeks to reinforce social and economic vitality in the areas in which it operates. In 2019, it carried out a broad range of activities and initiatives in order to work and collaborate with its local communities, notable among which:



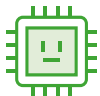
**Over 360 days** worth of community and environmental initiatives at our shopping centres



**Over 25 NGOs** and charities collaborated with



**Over €923,000** earmarked to community collaborations, sponsorships and initiatives



**Over 39,000kg** of clothing donated



**Over 54,000kg** of food collected in drives





## Community work undertaken in 2019



### AS TERMAS

#### Authorities and civil society

##### **Collaboration with the Lugo municipal authorities:**

- Sports council: sponsorship of charity races “Corre con Nós”.
- Donation of sweets for the Christmas parade.
- Advertising contribution for the institutional campaign run under the slogan “I’m from Lugo”.

##### **Regional government:**

- Regional health department: free loan of a unit for the installation of a blood donation bus.

##### **Lugo school network:**

Environmentally-themed drawing competition and prize ceremony.

##### **Project Wonderful:**

Fostering and promoting the most enterprising and innovative ideas.

##### **Collaboration with local entities:**

Breogán Basketball Club, Lugo Sports Club, Lugo Paddle Tennis Club, Lugo Motorcyclists Club, Dance School, Municipal Conservatory.

#### NGOs and charities

**Retail space donated to 10 NGOs** for 90 days: Raiolas Foundation, Children’s Villages, ACNUR, Aladina Foundation, Red Cross, ALCER, UNICEF and Action Against Hunger.

Collaboration with the advertising campaign for **World Pink Ribbon Day**.

Help with **fund-raising and toy collection** for the child cancer unit of Lugo Hospital.

**Food collection drive for the Lugo Food Bank:** 1,200 kilograms collected.

Food collection drive for the **Lugo Animal Shelter:** 1,260 kilograms collected.



## ÀNEC BLAU

### Authorities and civil society

#### **Project Wonderful:**

Fostering and promoting the most enterprising and innovative ideas.

**Sponsorship of Canal Olímpic** (€3,800).

**Sponsorship of ISTEA** (autism association) in the form of a charity race (€200).

**Sponsorship of the Castelldefels beach handball tournament** (€150).

#### **Collaboration with the town council:**

- Assistance with organisation of carnival celebrations (€100).
- Sponsorship of the Baix Llobregat business association (€300).
- Sponsorship of city charity races (€12,000).

#### **Giving back to the city:**

- Collaboration with institutions in the area for the provision of workshops advertised at Ànec Blau.
- All year round reading room.

### NGOs and charities

**Donation of retail space for charity purposes** to the ISTEA Association during the 'Blue Party' inaugurating Summer Quack.

**Winter clothing collection drive** for the Red Cross in Castelldefels.

Participation in the Dragon Boat **charity championship** organised at Canal Olímpic.

**Food collection** drive for animal shelter: 350 kilograms.

Monthly **animal care awareness and adoption** sessions: 20 animals adopted.

**Used clothing collection:** 21 tonnes.

Retail **space donated to 8 NGOs** (Red Cross, Josep Carreras Foundation, ACNUR, Salva 1 Huella, ISTEA, AHUCE Foundation, SOS Children's Villages, Neurofibromatosis Awareness).

**Charity events taking up 41 days of the year.**



## EL ROSAL

### Authorities and civil society

#### **Project Wonderful:**

Fostering and promoting the most enterprising and innovative ideas.

#### **Sponsorship of the local basketball team.**

#### **Collaborations with the Golf Club.**

**Collaboration with dance schools:** Coppelia and Creative Dance Studio.

#### **Collaboration with the town council:**

- Free loan of space for the citizen card machine.

**'Our Heroes' initiative,** in collaboration with the national police, the civil guard, ONCE and the Red Cross.

#### **Multiple charity collaborations:**

- Blood donation drives at the shopping centre in February and September.
- Virgen de la Encina High School: collaboration with the 'IESVE Mechanics' educational project.
- Collaboration with the 'We Safe' project: creation of a citizen safety app.
- Celebration of Pride Week: LGTBI exhibition.

### NGOs and charities

#### **Retail space loaned to 7 NGOs and 1 brotherhood.**

Premises loaned to artists for exhibitions.

Drives organised in conjunction with the **Food Bank** (loan of retail space and Smoothie Bike event).

Collaboration with the Red Cross on a **back-to-school drive to collect school materials.**

Collaboration with ADISBIER on a drive to collect toys and food.

Co-working space loaned for workshops organised by ADISBIER (an association which works with the disabled).

Agreement with ALFAEM under which its therapists can visit the HypeStation twice a month.



## ALBACENTER

## Authorities and civil society

**Project Wonderful:**

Fostering and promoting the most enterprising and innovative ideas.

Collaboration with the **Spanish Cancer Society - AECC - on World Cancer Awareness Day.**

Collaboration with entities on environmental, social, labour awareness campaigns, etc.

Collaboration with sports/fitness firms and clubs sending teams to the Tokyo Olympics (Junior Trampoline champion for Spain).

Collaboration with the third edition of charitable pilates event to raise money for **AFANION.**

Collaboration on the presentation of a book called 'Things that Happen Humans' to raise money for **AFEPA, the Parkinson's association.**

Presentation of the **'13 Women Project'** in collaboration with Concilia Albacete, a work-life balance focused non-profit.

## NGOs and charities

Collaboration with the **José Carreras Foundation** in support of bone marrow donations.

Customer service station and cleaning service outsourced to **EULEN**, a centre which hires people with special needs.

Collaboration with the **Spanish Cancer Society, AECC: charity tables.**

Collaboration with volunteers from the **Spanish Parkinson's Federation.**

Awareness and fund-raising campaign for children with leukaemia (Aladina Foundation).

Collaboration with Concilia: children's activities with donations for the Women's Institute aimed at facilitating female empowerment and workplace integration.

Awareness workshop and fund-raising event for **AMAC (women with cancer).**

**Retail space loaned to 15 NGOs/associations and 2 foundations.**

**Charity events taking up 202 days of the year.**

**Collaboration with the town council:**

Collaboration with the environmental education programme.



## LAS HUERTAS

### Authorities and civil society

Common areas loaned to the **Red Cross**.

Collaboration campaign with **San Pedro Cultural**.

Space in the car park donated to set up a **blood donation unit**.

**Awareness campaign about the rational consumption of water** promoted by Carrefour Property at all its centres, targeted at customers, retailers and employees alike.

Space loaned to the **Spanish Heart Foundation**.

Water tasting initiative conducted with **AQUONA**.

Collaboration with **WWF's global initiative, Earth Hour**.

Collaboration on the Act for Food campaign championed by Carrefour.

Celebration of the Women's International Handball Tournament in Palencia (Warriors of Spain).

Collaboration with the nationwide campaign to collect food for the **Food Bank Federation**.

Collaboration with the Spanish Cancer Society - **AECC** - on No Tobacco Day.

Space donated to Palencia's Mental Health Association (**FEASFES**).

Space donated to **Ayuda en Acción**.

Rollout of a special campaign - **REuse, REcycle, RESpect - to mark World Environment Day**.

Sponsorship of the charity race organised by the neighbourhood association.

Event organised to mark European Mobility Week.

Event organised to mark World Cleanup Day.

Space donated for **World Breastfeeding Week events**.

Space donated for the collection of food for dogs and cats for the **Palencia animal shelter**.

Space donated to **WWF**.

Space donated to the toy collection drive.





PORTAL DE LA MARINA

Authorities and civil society

- Sponsorship of sporting activities:**
- Peu La Marina Tour.
  - La Marina Cycling Tour.
  - Collaboration with Gayá Campus.

**Project Wonderful event** , with the presentation of 17 projects.

**Sponsorship of the Raquel Payá race**, in collaboration with a special needs school in Denia.

Collaboration with a **children’s centre in Denia** that organises excursions for students.

NGOs and charities

Space loaned to the **Red Cross and ACNUR**.

**Blood donation marathon** with the Alicante regional transfusion centre.

**Sponsorship of the Tronquet Rally** by bringing material to NGOs and foundations along the rally route (Africa).

Collaboration with **Amunt Contra el Càncer**, charity races to raise money for cancer awareness in Denia, Ondara and Benidoleig.



## GRAN VÍA DE VIGO

### Authorities and civil society

#### Collaboration with Vigo city council:

- Participation in the city's Christmas parade with a float. Parade before 150,000 people.
- Collaboration on street lighting in the vicinity of Gran Vía.

**Project Wonderful** in collaboration with Vigo city council. 18 projects.

- **Christmas street lighting:** collaboration with the paediatric unit of Álvaro Cunqueiro Hospital, to mark World Children's Day (20 November).

**Blood donation drive:** ADOS (Axencia Doazón Órganos y Sangre) - Galicia regional govt. - SERGAS.

**Sponsorship of the Barbeira Season Festival in collaboration with the regional government of Galicia - Xacobeo 2021:** direct involvement in the festival (plastic-free).

**Sponsorship of the Vigo half marathon.**

**Charity Carnival:** €1,200 donated to 3 associations.

**Sundays at Gran Vía in support of the Vigo Food Bank:** 3 events. Food donations by way of admission. Over 1,100 kilograms.

**Cooking demonstrations:** 5 organised in support of the Vigo Food Bank. Food donations by way of admission. Over 600 kilograms.

**Charity World Puddle Jumping:** €1,100 donated.

**Charity model casting for a magazine front cover:** €700 donated to 4 associations.  
Silent Party - charity event in support of AECC - in collaboration with Vigo authorities. €1,100 donated.

**Charity Smoothie Bike event:** 200 kilograms of fruit and vegetables donated to the Vigo Food Bank.

**GVV Scholarship - Esdemga - Vigo University:** €3,000.

### NGOs and charities

#### Retail space loaned to 30 NGOs and associations.

Collaboration with two **food bank drives** organised by the Food Bank in collaboration with Carrefour. More than 1,100 kg accomplished.

Collaboration with the Red Cross and the Carrefour Charity Foundation on a **back-to-school drive to collect school materials**.

Collaboration on a **Christmas toy collection drive:** over 2,000 toys collected.

Food collection in support of **animal shelters:** +1,100 kilograms of pet food donated.

**Awareness campaigns:** exhibitions by ASPACE and APAMP (work with people with cerebral palsy).

**Animal shelter associations.** Domestic violence. Breast cancer.



MEGAPARK

Authorities and civil society	<p>Collaboration with <b>WWF's global initiative, Earth Hour.</b></p> <p><b>Third edition of the Project Wonderful awards.</b></p> <p><b>Back to school drive:</b> free healthy habits activities.</p> <p>Sponsorship of the Jose Luis de Ugarte Sailing Club's 29th Trophy Regatta.</p> <p>Second edition of the MegaPark &amp; Fashion Outlet Job Fair.</p> <p><b>Toys and presents donated</b> for the children admitted to the paediatric ward of the Cruces Teaching Hospital.</p>
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TXINGUDI

NGOs and charities	<p><b>Shopping arcade area loaned to:</b></p> <ul style="list-style-type: none"><li>• Red Cross</li><li>• Josep Carreras Foundation</li><li>• AECC</li><li>• ACNUR</li><li>• Save the Children</li><li>• PROVIDA</li></ul> <p>Collaboration with the Irun town council, <b>giving out food vouchers.</b></p>
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## ABADÍA

NGOs and charities

### Retail space donated to:

- Josep Carreras Foundation.
- Save the Children
- ONCE Foundation (for the blind)
- ACNUR
- Red Cross
- ASPACE Toledo
- Médecins Sans Frontières

**Collaboration with Caritas:** Fourth Women's Festival.

**Collaboration with the Marsodeto Federation:** 43th charity walk for persons with disabilities in Toledo.

**Collaboration with Remar:** World AIDS Day.

**Collaboration with independent officials from Toledo city council:** presents for sick children hospitalised in Toledo.



## VIDANOVA PARC

Authorities and civil society

**Collaboration with the Fallera de Sagunto Board.**

### Sponsorship of sporting activities.

- Saguntino Athletics and Football Club.
- Sagunto Port Basketball Club.

**Project Wonderful event.**



#### R.P. VISTAHERMOSA

Authorities and civil society

**Project Wonderful**, event with the presentation of 8 projects.



#### R.P. RIVAS FUTURA

Authorities and civil society

**Project Wonderful**, event with the presentation of 12 projects.

**Pet-friendly park**, with participation of 15 premises.



#### LAGOH

Authorities and civil society

**Breast cancer awareness drive**: photocall and pink ball pool with photo opps in exchange for a €1 donation. The money raised, €538 in two days, was donated to the Spanish Cancer Society.

**Movember**: to raise awareness about prostate and testicle cancer and male depression, the Lagoh centre featured a moustache on its façade and all of its bathroom mirrors (male and female) for one week, encouraging shoppers to publish photos with the moustaches for virality.

**Blue Chair (Gancho Foundation)**: Lagoh donated retail space during the Christmas season to the Gancho Foundation, which is trying to raise money to improve local paediatric hospital facilities so that relatives accompanying their children can rest more comfortably.

**Andex**: also during the Christmas season, Lagoh loaned space to an association of parents with children with cancer to help raise awareness and funds for research.

**Pink Ribbon Gala**: Sponsorship of the Pink Ribbon Gala to raise awareness about breast cancer.





## Activities implemented by the Company

### Norte Joven Association



Assistance provided to this association's programme for the provision of scholarships, training and food to students by means of:

- Monthly charity lunches
- Assistance from Lar España employees to help the Foundation's youth members prepare for job interviews
- Regular financial donations
- Employment (administrative tasks) for Norte Joven students via 6-month long internships

### Action Against Hunger Foundation



- Lar España employees donated restaurant cheques. The total sum was earmarked entirely to therapeutic foods by this NGO, which tackles the causes and effects of hunger around the world.

### Aladina Foundation



- Christmas raffle to raise money for this charity.



## Collaboration agreement with AUARA

Lar España, framed by its commitment to society, has entered into a new agreement with **AUARA**, which earmarks 100% of its dividends to the **development of drinking water projects for the neediest**, raising money by selling uniquely designed and sustainable products. To date, they have brought safe drinking water and sanitation to more than 42,000 people, provided more than 34 million litres of water in developing countries and developed 70 infrastructures in 16 countries.

Lar España wants to help it do so, which is why from April 2019 it will install the company's water vending machines

in its shopping centres. All of the money collected from the sale of those products will be used to fund drinking water projects. The company will also place stickers on its doors to encourage its customers to feel involved by making them see they are buying more than just water.

The agreement places Lar España **at the forefront of a charitable initiative that fosters sustainable packaging while raising awareness** about the lack of drinking water in many places.



### Sustainability performance measures - Social

Below are the EPRA social sustainability performance measures for Lar España. They cover areas of great significance for the company such as **diversity, training, employee turnover, health and safety and community impact**.

Area of Impact	EPRA: Sustainability performance measures - Social		
	Code EPRA sBPR	Unit of measurement	Lar España 2019
Diversity	Diversity-Emp	Percentage of direct employees	Men: 67%; Women: 33%
Training and performance	Emp-Training	Average hours of training per direct employee	61 hours
	Emp-Dev	Percentage of direct employees	100%
Rotation	Emp-Turnover	Number and percentage of direct employees	0; 0%
Health and safety	H&S-Emp	Percentage of direct employees	0% across all categories
	H&S-Asset	Number of assets	16 out of 16
Local impact assessment	Compty-Eng	Percentage of assets	100% (16 out of 16)

Diversity-Emp: Percentage of male and female employees as of 31/12/2019.

Emp-Training: Average training hours in 2019.

Emp-Dev: Percentage of total employees who received regular performance and career development reviews during the reporting period.

Emp-Turnover: Total number and rate of new employee hires and employee turnover (employees who leave the organisation voluntarily or due to dismissal) during the reporting period.

H&S-Emp: Injury rate (IR); lost day rate (LDR); accident severity rate (ASR); absenteeism rate (AR) and work-related fatalities.

H&S-Asset: Proportion of assets controlled by the company for which health and safety impacts have been reviewed or assessed for compliance or improvement.

Compty-Eng: Percentage of assets under operational control that have implemented local community engagement, impact assessments and/or development programmes.





## 4.3 Environmental initiatives



Building projects have a significant impact on their natural surroundings. The building certifications Lar España is in the process of obtaining provide a roadmap for minimising their impact in the short, medium and long term. In parallel, the company safeguards the economic viability of and financial returns on its investments, while striving to boost aspects that benefit society.

Lar España continues to make active progress on the commitments assumed under the scope of its **Corporate Social Responsibility (CSR)** policies, specifically including those assumed along the environmental dimension.

Lar España is working on different aspects of environmental sustainability with the goal of reducing its impact, contributing to the development of a sustainable economy and adapting appropriately to the impacts of climate change. In 2019, Lar España participated in the **Global Real Estate Sustainability Benchmark (GRESB)** assessment, which in recent years has emerged as a benchmark framework for assessments of performance along environmental, social and governance (ESG) aspects in the real estate sector. In addition, aware of the importance of using technology astutely in this effort, Lar España has been rolling out energy efficiency measures to reduce its emissions and contribute to the effort to mitigate climate change.



In its property developments (both its shopping centres and its residential development - Lagasca99), the company is applying all of its know-how and the **latest technology to develop sustainable, environmentally and user-friendly buildings.**

In September 2019, Lar España obtained the **EPRA Gold Award** for the second year running for the quality of the disclosures provided about its **CSR and sustainability work.** That accolade represents a new milestone in the company's transparency effort. Lar España is currently in the process of implementing its **CSR Master Plan, which is articulated around the most stringent sustainability standards** (general and sector-specific), the recommendations made by the securities market regulator, its stakeholders' legitimate expectations, the **United Nations Sustainable Development Goals (SDGs)** and the priorities for the business for the years to come.

The **CSR Master Plan** defines the goals and methods that are allowing Lar España to continually improve its real estate business

Lar España is committed to using tools for rating and certifying its assets in order to improve the sustainability performance of its overall investment portfolio. 100% of the shopping centres owned by Lar España and operated since last year boast **BREEAM-In-Use** certification. The newly acquired assets that are not yet certified are being analysed for the purpose of planning their certification under that standard. The company's new shopping centre and leisure complex in Seville, Lagoh, is pursuing **BREEAM New Construction** certification with a performance rating of "Very Good". Its residential development, Lagasca99, is being developed in accordance with sustainability criteria designed to obtain **BREEAM New Homes** certification, similarly with a rating of "Very Good".





## I. Climate Change Commitment

Lar España is working actively to roll out **climate change mitigation measures**, including initiatives undertaken at its shopping centres, retail parks and residential buildings.

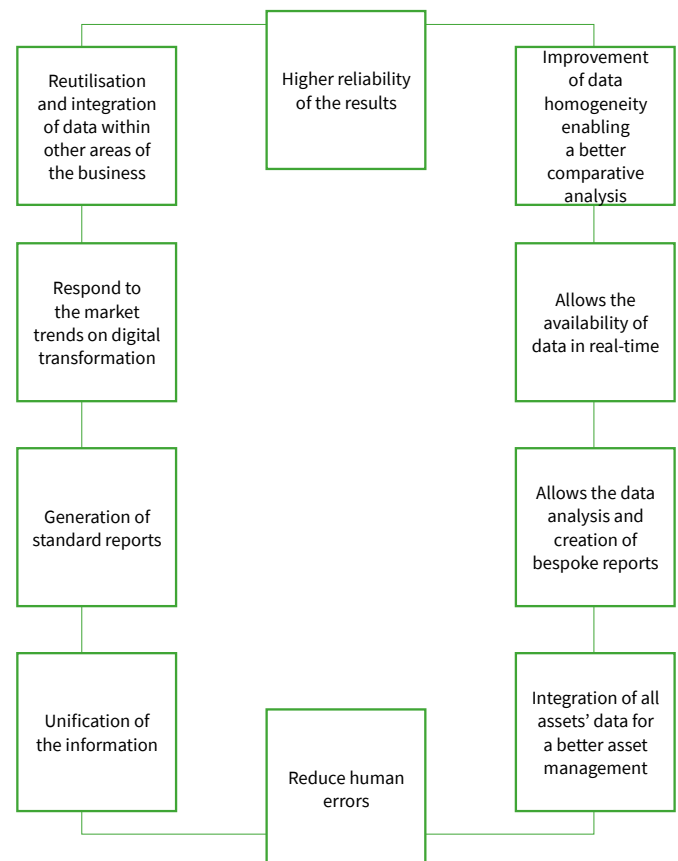
Most notably, it has deployed a **carbon footprint calculation** system which encompasses all of its activities. The main goal is to leverage sound methodology to define a greenhouse gas reduction plan, targeting the aspects that yield the highest potential savings per unit of capital invested. The GHG reduction plan will enable the company align its operations with the emissions-cutting objectives contained in the most favourable scenarios modelled by the Intergovernmental Panel on Climate Change (IPCC). The idea is to create an emissions reduction plan, aligned with the IPCC's work, which is effective at controlling the risks associated with climate change, most especially the so-called transition risks, such as price changes, material availability and regulatory and technological changes.

In parallel with and complementary to the carbon footprint calculation model, the company is currently working to on a **data automation system** for the collection and management of data from all of Lar España's centres. The data collection system will enable the company to track developments in its carbon footprint in a simple and nimble manner and pave the way for much faster response and decision times. The company's Environmental Information Management System is described in further detail next.

## II. Environmental Information Management System

Under the scope of an alliance with Big2Cloud (a consultancy focused on smart data and managed technology services specialised in the retail sector) and MSIN (a firm with 18 years' experience implementing systems, maintaining infrastructure and digitalising business processes) the company is working to **automate the collection of data tracking the assets' electricity, water and gas consumption, solid and liquid waste generation and air quality**.

The goal of the alliance is to deliver the following objectives:



**The project will run for 1 year.** Following the consultancy phase, yielding conclusions about the state of the existing systems and data collection effort at the centres, work will begin on developing the tool and gradually starting to connect up the various centres. Collaboration on the design of the reporting side of the development and establishment of the targeted KPIs.

The project will enable the company to import all data regarding the floor areas, visits, etc., paving the way for more accurate analytics.

To achieve those objectives, the initiative has been structured into **3 phases:**

Consultancy phase to diagnose each shopping centre's requirements and data.	Each centre visited to inspect the facilities and take note of the requirements
	Itemisation of hardware and software requirements
	Drafting of an action plan based on the data collected and estimation of the time needed to develop the solution
	Drafting of a final report for presentation to Lar España for approval
Already executed ✓	
Start-up of project.	Installation or creation of data capture platform
	Acquisition and installation of data reception hardware
	Creation of connections between the centres and Lar España to enable the automated dispatch of data
	Determination of the information dashboards, KPIs and report formats to be developed
In progress	Creation of a data warehouse within the hardware and extraction, transformation and loading (ETL) to ensure the information uploaded is verified, normalised and presented in a single language
	Purchases of licences for the visualisation of dashboards and dynamic tables
	Creation of the visualisations
	Testing of all technology layers. Implementation, drafting of the final report and end client training
System maintenance.	After the implementation of the program and adjustments according to the needs of Lar España's assets, the maintenance service will be launched, which consists of:
	<ul style="list-style-type: none"> <li>• System updates</li> </ul>
Pending	<ul style="list-style-type: none"> <li>• Operating settings and visualizations</li> </ul>
	<ul style="list-style-type: none"> <li>• Creation of new tables and reports</li> </ul>



## Main environmental actions

We highlight the following actions carried out in 2019 in our main shopping centers:



### AS TERMAS

- 108 tonnes of board recycled.
- 5 tonnes of plastic recycled.
- 118 kilograms of plastic collected.
- 3,230 kilograms of wood recycled.
- Energy savings of 25%.
- Collaboration with WWF's global initiative, Earth Hour.



### ÀNEC BLAU

- Collaboration with WWF's global initiative, Earth Hour.
- Water consumption down 23.99% and electricity consumption cut by 11.5%.
- Plastic, wood and other items recycled (141.89 tonnes).
- Bulbs and light fittings recycled (169 kilograms).
- Customer batteries recycled.
- Electric vehicle chargers.



### EL ROSAL

- Collaboration with WWF's global initiative, Earth Hour.
- Board/paper recycled: 175,433 kilograms.
- Plastic recycled: 42,038 kilograms.
- Water savings: 548m³.
- Electricity savings: 59,629 kW.



**Over 945,000 kg recycled cardboard and paper**

**Over 288,000 kg of recycled plastic**



ALBACENTER

- BREEAM certification.
- Collaboration with WWF's global initiative, Earth Hour.
- Electricity savings of 1.25%. 100% of energy consumed certified from renewable sources.
- 116,020 kilograms of board and paper recycled.
- 132,820 kilograms of plastic recycled.
- 127 kilograms of batteries recycled.
- 111 kilograms of fluorescent bulbs recycled.
- 122 kilograms of printer toners / cartridges recycled.
- 3 Tesla and 1 generic electric vehicle charging stations.



PORTAL DE LA MARINA

- Collaboration with WWF's global initiative, Earth Hour.
- The centre only used green energy in 2019.
- Water savings: 2,010m³.
- Used clothing recycled: 1,873 kilograms.
- Board and paper recycled: 161,000 kilograms.
- Plastic recycled: 760 kilograms.
- Wood recycled: 4,100 kilograms.



GRAN VÍA DE VIGO

- Collaboration with WWF's global initiative, Earth Hour.
- Water savings: 2.2%.
- Plastic recycled: over 37,000 kilograms.
- Board and paper recycled: over 218,000 kilograms
- Batteries and bulbs recycled: over 470 kilograms
- Other waste sorted: over 41,000 kilograms.
- 2 Tesla and 1 universal electric vehicle chargers.
- Dedicated environmentally responsible area: recycling of used batteries and bulbs (including fluorescent lights) and container for collecting used clothing for Caritas.

1,000 kg of recycled lamps and fluorescents



Over 84,000 kg of recycled wood



MEGAPARK

- Collaboration with WWF's global initiative, Earth Hour



ABADÍA

- Partnership with CW: World Environment Day.



VIDANOVA PARC

- Free electric vehicle chargers.
- Board and paper recycled: 87,780 kilograms.
- CSR recycled: 1,470 kilograms.



R.P. VISTAHERMOSA

- Collaboration with WWF's global initiative, Earth Hour.
- Water savings: 3,894m³.
- Board and paper recycled: 48,900 kilograms.



R.P. RIVAS FUTURA

- Water savings: 570m³.
- Board and paper recycled: 31,160 kilograms.
- Wood recycled: 5,760 kilograms.





## I. Environmental performance

Lar España continued to improve its environmental performance in 2019. It made significant progress with respect to prior years on the scope and methodology used and on the **classification of the assets by climate zones and asset categories within the retail spectrum**. Those advances are helping Lar España to monitor its assets' performance in terms of energy and water consumption, waste generation and GHG emissions.

### Methodology

With the goal of identifying, gathering and standardising to the extent possible the information needed to comply with the EPRA Sustainability Performance Measures, Lar España has used the **following sources of information and made the following assumptions**:

- **Floor areas considered:** For the purpose of calculating energy consumption and emissions intensities, **the assets' common parts areas are included**. The following are excluded: lettable areas and outdoors common parts areas (gardens, walkable rooftops, open-air car parks, etc.) as they are not strictly part of the developed floor areas.
- **Verification:** Total energy consumption is verified based on metered consumption and the documentary support **in the form of the invoices paid by Lar España to the power utilities; the nature of the renewable energy purchased by the landlord is also certified**. Similarly, the water consumption meter records are cross-checked against the invoices paid to the water suppliers. Lastly, **waste management** is verified by means of the corresponding recycling certificates.

- **Energy consumption:** The company reports the **total electric energy it consumes, distinguishing that generated from renewable sources**, in absolute and relative terms. It reports the energy generated from photovoltaic panels. It reports the energy consumed that derived from non-renewable fossil fuels (natural gas and diesel). None of Lar España's assets use district heating & cooling systems (DH&C-Abs). 100% of the data provided in the energy consumption chapter stems from metering and has been verified.

- **GHG emissions: Greenhouse gas emissions** were calculated in 2018 and 2019 by multiplying electricity consumption (kWh) by the corresponding emission factor, provided by the Spanish Ministry of Ecological Transition.

#### 2018<sup>(1)</sup>

0.331 kg CO<sub>2</sub> e / kWh of electricity

0.252 kg CO<sub>2</sub> e / kWh of gas

#### 2019<sup>(2)(3)</sup>

0.29025 kg CO<sub>2</sub> e / kWh of electricity

0.22535 kg CO<sub>2</sub> e / kWh of gas

0.26676 kg CO<sub>2</sub> e / kWh of diesel C

- **Water consumption:** The landlord does not provide HVAC services in its shopping centres or retail parks; however, in some instances, it does supply warm water for use in the tenants' HVAC systems and that water constitutes a substantial part of the centres' water consumption.

(1) [https://energia.gob.es/desarrollo/EficienciaEnergetica/RITE/Reconocidos/Reconocidos/Otros%20documentos/Factores\\_emision\\_CO2.pdf](https://energia.gob.es/desarrollo/EficienciaEnergetica/RITE/Reconocidos/Reconocidos/Otros%20documentos/Factores_emision_CO2.pdf) / (2) [https://www.miteco.gob.es/es/cambio-climatico/temas/mitigacion-politicas-y-medidas/factores\\_emision\\_tcm30-479095.pdf](https://www.miteco.gob.es/es/cambio-climatico/temas/mitigacion-politicas-y-medidas/factores_emision_tcm30-479095.pdf) / (3) In 2019, the Spanish Ministry of Ecological Transition is proposing certain electric energy conversion factors specific for each supplier which have yet to be updated. As a result, the company has decided to use the electric energy conversion factor published by the International Energy Agency (IAE) for Spain for 2019. For fuels (natural gas and diesel C), the Ministry's updated factors, which remain in effect for 2019.



In 2019, the company additionally reports the consumption of sub-metered water billed to tenants, albeit only for absolute consumption purposes. Here the criterion is the same as the one used in last year's report: "water paid for by the landlord" rather than "water obtained by the landlord", which the company will be in a position to use from 2020. As a result, the comparison between 2018 and 2019 is 'like-for-like'. **100% of the data provided stems from metering and has been verified.**

- **Energy consumption and GHG emission intensity:** The energy consumption intensity is reported divided by common areas (sqm) and year. The ration of GHG emissions is reported divided by common areas and year, as well as every 1,000 visitors and year.

$$\text{Intensity, energy consumption} = \frac{\text{Landlord-obtained energy}}{\text{Common parts area}}$$

$$\text{Intensity, GHG emissions (a)} = \frac{\text{GHG emissions from the landlord-obtained energy}}{\text{Common parts area}}$$

$$\text{Intensity, GHG Emissions (b)} = \frac{\text{GHG emissions from the landlord-obtained energy}}{1000 \text{ visitors}}$$

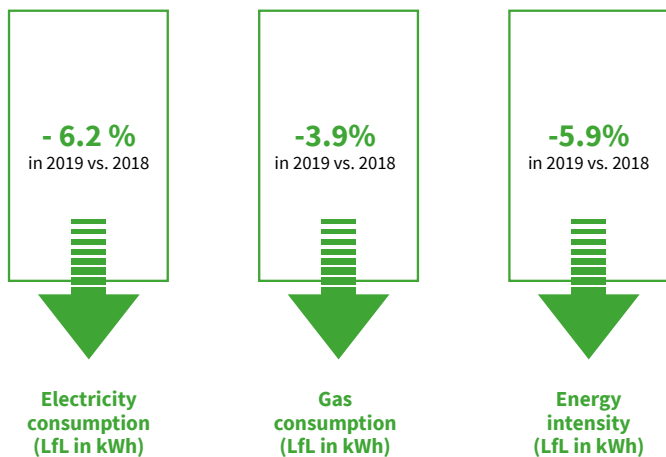
The water consumption intensity indicator is calculated by dividing the annual volume of "water obtained by the landlord" in litres (including that billed on to tenants) by total centre visitors. As explained above, and for **the purposes of the comparison between 2018 and 2019 only**, this year's report continues to use the criterion of dividing the "water paid for by the landlord" by the number of visitors" rather than the criteria to be implemented from 2020: "water obtained by the landlord"/no. of visitors".

$$\text{Intensity, water consumption} = \frac{\text{Landlord-obtained water consumption}}{\text{Number of visitors}}$$

- **Waste management:** Lar España is currently in the process of drafting its **Waste Management Master Plan** with the overriding purpose of embedding circular economy processes at the company. It is standardising its waste generation information in order to enable more accurate analysis. In the instances in which it does not yet have verifiable data about urban solid waste generation, the figures are estimated on the basis of the weighted average generation/recycling ratio for Lar España's portfolio. That implies the use of data estimates representing 34.18% of the total; those estimates are used to assess the waste generated in absolute terms in 2019 (Waste-Abs). For like-for-like comparative purposes only, we report on the performance of 8 out of the 15 assets, the same eight out of 12 that were reported on in 2018, using the same methodology as in 2018. **As the information continues to be standardised, more assets will join the comparison.**

## Energy consumption

In 2019, the like-for-like data point to a **6.2% decline** in electric energy consumption and a **3.9% decline** in fuel consumption (natural gas and diesel).



It is important to highlight that in Spain, 2019 was the year with the third highest average daily maximum temperatures in the series, which dates back to 1965; temperatures were higher only in 2015 and 2017. On the other hand, the daily minimum temperatures were only 0.3°C higher than average, so that the daily variation in temperature was 0.9°C larger than usual. That context makes the **reduction in consumption all the more noteworthy and points to better building performances than implied by the percentages reported.**

The energy efficiency audits undertaken between 2016 and 2018 have led to the **implementation of energy efficiency measures that have required little investment yet proven highly effective in reducing consumption:** fine-tuning of the building management systems, fine-tuning of thermostats, implementation of protocols for switching on as a function of outside conditions and occupancy parameters, to mention just a few of the actions that have translated into reduce energy consumption even in adverse weather conditions. **Energy consumption intensity per square metre declined by 5.9%.**





Energy consumption figures for 2019:

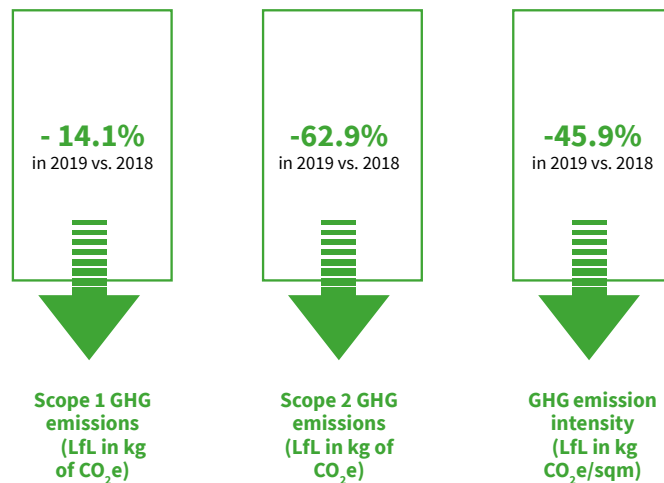
Area of Impact				EPRA Sustainability Performance Measures				LAR ESPAÑA ASSETS						TOTAL LAR ESPAÑA RETAIL						TOTAL LAR ESPAÑA OFFICES			
EPRA code		Unit of measurement	Indicator	ABSOLUTE MEASURES (Abs)		CHANGE (Lfl)			ABSOLUTE MEASURES (Abs)		CHANGE (Lfl)			ABSOLUTE MEASURES (Abs)		CHANGE (Lfl)							
				2018	2019	2018	2019	Like-for-like change (%)	2018	2019	2018	2019	Like-for-like change (%)	2018	2019	Like-for-like change (%)							
Elec-Abs, Elec-LfL	kWh	Electricity	Consumption of electricity from non-renewable sources	4,732,263	2,185,663	2,593,609	1,098,185	-57.7%	3,553,614	2,168,261	2,593,609	1,098,185	-57.7%	608,102	17,402	-							
			Consumption of electricity from renewable sources	17,351,296	19,384,909	17,351,196	17,617,049	1.5%	17,351,196	19,384,909	17,351,196	17,617,049	1.5%	0	0	-							
			% of common areas electricity consumption from renewable sources	79%	90%	87%	94%	7.1%	83%	90%	87%	94%	7.1%	0%	0%	-							
			Consumption sub-metered to tenants	No data			No data			No data			No data										
			Electricity generated and dispatched to the grid	220,202	237,327	229,202	237,327	3.5%	229,202	237,327	229,202	237,327	3.5%	0	0	-							
			Total landlord electricity consumption	22,083,559	21,570,572	19,944,805	18,715,234	-6.2%	20,904,810	21,553,170	19,944,805	18,715,234	-6.2%	608,102	17,402	-							
EPRA-DH&C-Abs	kWh	Energy	Total district heating & cooling consumption	Not applicable. None of Lar España's assets have district heating & cooling systems (DH&C-Abs)																			
Fuels-Abs, Fuels-LfL	kWh	Fuel	Total landlord fuel consumption	1,936,433	2,099,787	1,813,015	1,742,098	-3.9%	1,900,262	2,098,015	1,813,015	1,742,098	-3.9%	0	1,773	-							
Energy -Int	kWh/sqm/year	Building energy intensity per square metre		43.6	33.1	40.5	38.1	-5.9%	42.5	33.5	40.5	38.1	-5.9%	42.2	27.1	-							
Number of assets within boundary				12 out of 12	16 out of 16	10 out of 12	10 out of 16	-	10 out of 10	15 out of 15	10 out of 10	10 out of 15	-	2 out of 2	1 out of 1	-							
Proportion of disclosed data estimated				0.0%	0.0%	0.0%	0.0%	-	0.0%	0.0%	0.0%	0.0%	-	0.0%	0.0%	-							

Below is a description of the **measures being taken at Lar España's buildings** with the aim of enhancing their energy management and reducing consumption:

- **Negotiation** of contracted capacity, tariffs and green energy contracts.
- **Lighting:** light and presence sensors and LED technology.
- **HVAC:** free-cooling systems and energy audits to fine-tune performance.
- **Process systematisation:** Building management systems (BMS) and Scada.
- **Production of electricity** from renewable energy systems; installation of photovoltaic solar panels; solar collectors for heating sanitary water; geothermal HVAC.
- **Electronic thermostats** in gas boilers.
- **Tri-generation** for hot water, heating and air conditioning.

### GHG Emissions (Greenhouse Gas)

**One of the manager's biggest achievements in 2019 was the fact that over 90% of the energy consumed by Lar España's assets was generated from renewable sources.** That milestone, coupled with a drop in the consumption of fossil fuels (natural gas and diesel) of nearly 4%, **contributed to a 45.9% year-on-year reduction in GHG emissions across Lar España's portfolio.**



In addition, continuing its policy of purchasing energy of certified renewable origin, Lar España is ensuring that its GHG emissions drop year after year. In 2019, **one of the highest-consuming assets, MegaPark, entered into an agreement under which 100% of the energy it consumes will be certified as renewable.** In addition, at the Lagoh shopping centre in Seville, **35% of the energy consumed is clean**, specifically geothermal, driving growth of 7% in the consumption of energy generated using that technology.



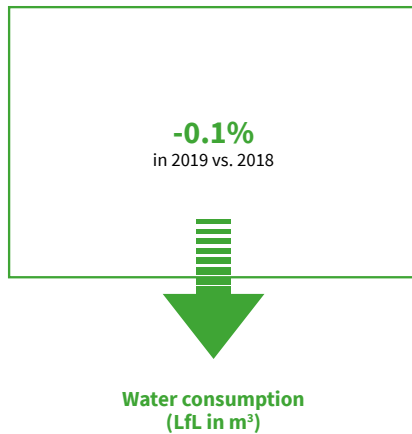
## GHG emissions figures for 2019:

Area of Impact	EPRA Sustainability Performance Measures			TOTAL LAR ESPAÑA ASSETS					TOTAL LAR ESPAÑA RETAIL					TOTAL LAR ESPAÑA OFFICES			
	EPRA code	Unit of measurement	Indicator	ABSOLUTE MEASURES (Abs)		CHANGE (LfL)			ABSOLUTE MEASURES (Abs)		CHANGE (LfL)			ABSOLUTE MEASURES (Abs)		CHANGE (LfL)	
				2018	2019	2018	2019	Like-for-like change (%)	2018	2019	2018	2019	Like-for-like change (%)	2018	2019	Like-for-like change (%)	
Greenhouse gas emission allowances	GHG-Dir-Abs, GHG-Dir-LfL	kg eq CO <sub>2</sub>	Direct emissions	Scope 1 (fuel)	487,981	476,297	456,880	392,582	-14.1%	478,866	475,897	456,880	395,235	-13.5%	0	400	-
	Indirect emissions		Scope 2 (electricity)	1,566,379	634,389	858,485	318,748	-62.9%	895,511	629,338	858,485	318,748	-62.9%	201,282	5,051	-	
	Indirect emissions		Scope 3	No data	No data	No data	No data	No data	No data	No data	No data	No data	No data	No data	No data	-	
	Total		Scope 1 + 2	2,054,360	1,110,686	1,315,364	711,330	-45.9%	1,374,377	1,105,235	1,315,364	713,983	-45.7%	201,282	5,451	-	
	GHG-Int	kg eq CO <sub>2</sub> /sqm/year	GHG emissions intensity per square metre	3.7	1.6	2.5	1.3	-45.9%	2.6	1.6	2.5	1.3	-45.7%	No data	0.6	-	
		kg eq CO <sub>2</sub> /1000 pers./year	Emission intensity per 1,000 visitors in the retail segment and per employee in office segment	38.5	15.4	24.7	14.5	-41.2%	25.8	15.3	24.7	14.6	-40.9%	227.0	5.2	-	
	Number of assets within boundary				12 out of 12	16 out of 16	10 out of 12	10 out of 16	-	10 out of 10	15 out of 15	10 out of 10	10 out of 15	2 out of 2	1 out of 1	-	
	Proportion of disclosed data estimated				1.00%	0.00%	1.00%	0.00%	-	0.00%	0.00%	0.00%	0.00%	36.00%	0.00%	-	



### Water consumption

As already noted, 2019 was not an easy year weather-wise. Nevertheless, water consumption was flat (Water-LfL), declining a slight **0.1% on comparative terms between 2018 and 2019**. As the 2019 numbers include consumption metered and billed on to tenants for the first time, the figures show a very significant and artificial increase in consumption in absolute terms (Water-Abs), attributable to the change in methodology. Turning to water consumption intensity (Water-Int), the numbers reveal growth on a like-for-like basis of 8.7% (litres/visitor/year), correlated with the weather conditions and occupancy figures in 2019 compared to 2018.



Water consumption figures for 2019:

Area of Impact	EPRA Sustainability Performance Measures			TOTAL LAR ESPAÑA ASSETS					TOTAL LAR ESPAÑA RETAIL					TOTAL LAR ESPAÑA OFFICES		
	EPRA code	Unit of measurement	Indicator	ABSOLUTE MEASURES (Abs)		CHANGE (Lfl)			ABSOLUTE MEASURES (Abs)		CHANGE (Lfl)			ABSOLUTE MEASURES (Abs)		CHANGE (Lfl)
				2018	2019	2018	2019	Like-for-like change (%)	2018	2019	2018	2019	Like-for-like change (%)	2018	2019	Like-for-like change (%)
Water	Water-Abs, Water-LfL	m³	Water consumption in common parts areas	122,162	219,565	106,563	106,420	-0.1%	117,134	106,420	106,563	106,420	-0.1%	4,176	145	-
			Consumption sub-metered to tenants	No data	81,419	No data	55,158	-	No data	81,419	No data	55,158	-	No data	No data	-
	Water-Int	Litres/person/year	Water consumption intensity per visitor in the retail segment and per employee in office segment	2.3	3.0	2.0	2.2	8.7%	2.2	1.5	2.0	1.5	-26.2%	4,709	1,649	-
	Number of assets within boundary			12 out of 12	16 out of 16	10 out of 12	10 out of 16	-	10 out of 10	15 out of 15	10 out of 10	10 out of 15		2 out of 2	1 out of 1	-
	Proportion of disclosed data estimated			0.0%	0.0%	0.0%	0.0%	-	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	-

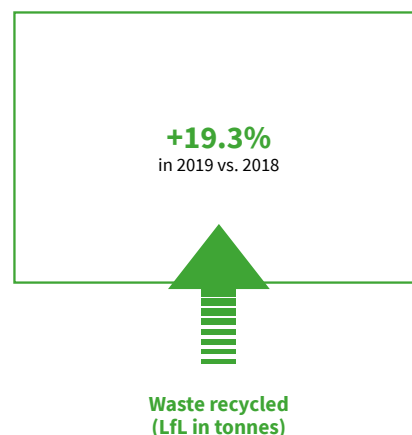


Lar España is implementing a number of initiatives at its properties in an attempt to reduce water consumption. Specifically, it has taken the following measures:

- **Watering:** efficient systems and reuse of treated wastewater.
- **Toilets and common parts areas:** fitting of low-consumption devices.
- **HVAC:** water filling controls.

### Waste management

**Waste generation increased by 19.8% in 2019; in tandem the volume recycled increased by 19.3%**, so that the like-for-like recycling percentage was flat at around 55%. Lar España is currently in the process of drafting its Waste Management Master Plan with the overriding purpose of **embedding circular economy processes at the company**. That Master plan, coupled with the Big2Cloud tool being developed, will enable more concerted action with respect to the treatment of the waste generated at the asset level. For now, we are disclosing absolute waste generation volumes and the volume that lends itself to recovery on the basis of estimates. Implementation of the Master Plan is expected to generate detailed information about the various waste transformation, recovery and elimination pathways.



Waste generation figures for 2019:

Area of Impact	EPRA Sustainability Performance Measures			TOTAL LAR ESPAÑA ASSETS					TOTAL LAR ESPAÑA RETAIL					TOTAL LAR ESPAÑA OFFICES		
	EPRA code	Unit of measurement	Indicator	ABSOLUTE MEASURES (Abs)		CHANGE (Lfl)			ABSOLUTE MEASURES (Abs)		CHANGE (Lfl)			ABSOLUTE MEASURES (Abs)		CHANGE (Lfl)
				2018	2019	2018	2019	Like-for-like-change (%)	2018	2019	2018	2019	Like-for-like-change (%)	2018	2019	Like-for-like-change (%)
Waste	Waste-Abs, Waste-Lfl	Tonnes	Waste generation	2,122.8	4,589.8	2,107.9	2,524.6	19.8%	2,107.9	3,145.3	2,107.9	2,524.6	19.8%	14.90	No data	-
		Tonnes	Waste recycled	1,159.9	1,541.2	1,159.2	1,383.5	19.3%	1,159.2	1,541.2	1,159.2	1,383.5	19.3%	No data	No data	-
		%	Waste to landfills	45%	66%	45%	45%	0%	45%	51%	45%	45%	0%	No data	No data	-
		%	Waste recycled	55%	34%	55%	55%	0%	55%	49%	55%	55%	0%	12.0%	No data	-
		No.	Number of assets within boundary	8 out of 14	11 out of 16	8 out of 14	8 out of 16	-	8 out of 10	8 out of 15	8 out of 10	8 out of 15	-	0 out of 1		
		%	Proportion of disclosed data estimated	0.0%	34.2%	0.0%	0.0%	-	0.0%	34.2%	0.0%	38.5%	-	0.0%	0.0%	-



Certifications

In 2018, of the **12 assets owned by Lar España that were potentially BREEAM certifiable, 11 (92%)** were certified. Following the asset disposals, acquisitions and inaugurations during the year, of the 16 assets owned by Lar España that are **potentially BREEAM certifiable in 2019, 12 were certified (75%)**. Two of the recently opened assets are in the course of obtaining certification; after two years in service they will be apt for BREEAM In Use certification.

Lastly, the procedure is underway for certifying another two recently-acquired assets.



BREEAM-certified buildings

Certification figures for 2019:

Area of Impact EPRA Sustainability Performance Measures				TOTAL LAR ESPAÑA ASSETS					TOTAL LAR ESPAÑA RETAIL					TOTAL LAR ESPAÑA OFFICES		
	EPRA code	Unit of measurement	Indicator	ABSOLUTE MEASURES (Abs)		CHANGE (Lfl)			ABSOLUTE MEASURES (Abs)		CHANGE (Lfl)			ABSOLUTE MEASURES (Abs)		CHANGE (Lfl)
				2018	2019	2018	2019	Like-for-like change (%)	2018	2019	2018	2019	Like-for-like change (%)	2018	2019	Like-for-like change (%)
Certifications	Cert-Tot	Number	Number of assets within boundary	12 out of 12	16 out of 16	10 out of 12	10 out of 16	-	12 out of 12	15 out of 15	10 out of 12	10 out of 15	-	2 out of 2	1 out of 1	-
		sqm	BREEAM certification	393,826	396,311	388,024	387,525	0%	388,024	387,525	388,024	387,525	0%	5,803	8,786	-
		%	Percentage of assets with BREEAM certifications	92%	75%	100%	100%	0%	83%	67%	100%	100%	0%	50%	100%	-







### Asset analysis by climate zone

For the first time this year, we analyse energy and water consumption and emissions by climate zone, using Köppen-Geiger's climate classification for the Iberian Peninsula (as published by the national meteorology agency, AEMET).

The analysis conducted reveals a **correlation between energy consumption intensity per sqm in the more arid, continental climates**: Csb (temperate - dry) and Bsk (arid - dry), where the readings are above the average (33.5 kWh/sqm/year), relative to energy consumption intensity in the maritime climates: Cfb (Atlantic) and Csa (Mediterranean).

As for water consumption, water consumption intensity per visitor is below the average at the assets located in wetter climates (Cfb), whereas the readings in the continental and Mediterranean climates were above the 2019 average (3.04 litres/visitor/year), using the new methodology slated for 2020. The Bsk climate (arid - dry) is an outlier: water consumption intensity is lower than anticipated; the explanation is found in the analysis performed by asset type.

### AEMET - KÖPPEN CLIMATE CLASSIFICATION (1981-2010)



Area of Impact	EPRA Sustainability Performance Measures INFORMATION BY CLIMATE ZONE				Cfb	Csb	Csa	Bsk
	EPRA code	Unit of measure- ment	Indicator	2019	Partial climate zone	Partial climate zone	Partial climate zone	Partial climate zone
Energy	Energy-Int		Building energy intensity per square metre	33.5	31.7	49.2	25.9	33.8
			Building energy intensity per visitor	0.33	0.34	0.52	0.29	0.29
GHG emissions	GHG-Int	kg eq CO <sub>2</sub> /sqm/year	GHG emissions intensity per square metre	1.6	1.3	2.7	0.4	2.5
		kg eq CO <sub>2</sub> /1000 pers. / year	Emissions intensity per 1,000 visitors	15.31	14.51	28.92	4.86	17.35
Water		litres/person/year	Water consumption intensity per visitor	3.04	2.27	3.67	4.44	2.39

### Analysis by asset type

The analysis is rounded out by **looking at the figures by type of asset, distinguishing between the shopping centres**, with large indoor areas that need to be heated and cooled, and the retail parks, with much smaller common areas, which are largely outdoors. The analysis reveals, with respect to Lar España's assets, that energy consumption intensity per sqm at the retail parks (12.4 kWh/sqm/year) is less than 25% of that of the shopping centres (52.3 kWh/sqm/year). That proportionality drops even further, to 20%, measured in terms of energy consumption per visitor: 0.1 (kWh/visitor/year) at the retail parks, compared to 0.5 (kWh/visitor/year) at the shopping centres.

The retail parks water consumption intensity (1.47 litres/visitor/year) is virtually one-third of that of the shopping centres (4.24 litres/visitor/year). Therein lies the explanation for the fact that the assets in the Bsk climate zone, where the Abadía (Toledo) and Rivas (Madrid) retail parks are located, report lower water consumption readings than would be expected for assets in a Bsk climate zone.

### Type figures:

Area of Impact		EPRA Sustainability Performance Measures			INFORMATION BY ASSET TYPE	
	EPRA code	Unit of measurement	Indicator	2019	Shopping Centre	Retail Park
<b>Energy</b>	Energy -Int	kWh/sqm/year	Building energy intensity per square metre	33.50	52.30	12.40
		kWh/visitor/year	Building energy intensity per visitor	0.33	0.50	0.10
<b>GHG emissions</b>	GHG-Int	kg CO <sub>2</sub> e/sqm/year	GHG emissions intensity per square metre	1.60	1.97	0.83
		kg CO <sub>2</sub> e/1,000 person/year	Emissions intensity per 1,000 visitors	15.31	21.89	6.69
<b>Water</b>		Litres/person/year	Water consumption intensity per visitor	3.04	4.24	1.47







## Analysis at the corporate level

Below are the energy consumption, GHG emissions, water consumption and waste generation performance measure calculations at the corporate level:

### Type figures

Area of Impact	EPRA Sustainability Performance Measures				
	EPRA code	Unit of measurement	Indicator		Coverage
Energy	Elec-Abs, Elec-LfL	kWh	Electricity	Landlord electricity consumption - shared utilities	1 out of 1
				Consumption sub-metered to tenants	
				Electricity generated and dispatched to the grid	
				Total landlord electricity consumption	
	EPRA-DH&C-Abs	kWh	Energy	Total district heating & cooling consumption	1 out of 1
	Fuels-Abs, Fuels-LfL	kWh	Fuel	Total landlord fuel consumption	1 out of 1
	Energy-Int	kWh / sqm / year	Building energy intensity per square metre		1 out of 1
kWh / employee / year		Building energy intensity per employee		1 out of 1	
Greenhouse gas emission allowances	GHG-Dir-Abs, GHG-Dir-LfL	kg eq CO2	Direct emissions	Scope 1	1 out of 1
	GHG-Indir-Abs, GHG-Indir-LfL		Indirect emissions	Scope 2	
			Indirect emissions	Scope 3	
			Total	Scope 1 + 2	
	GHG-Int	kg eq CO <sub>2</sub> /sqm/year	Emissions intensity per square meter		1 out of 1
		kg eq CO <sub>2</sub> / employee / year	Emissions intensity per employee		1 out of 1
Agua	Water-Abs, Water-LfL	m³	Water consumption		1 out of 1
	Water-Int	litres / sqm / year	Water consumption intensity per square metre		1 out of 1
		litres / employee / year	Water consumption intensity per employee		1 out of 1
Residuos	Waste-Abs, Waste-LfL	Ton	Waste generation		0 out of 1
		%	Recycled waste		
		%	Proportion of disclosed data estimated		

ut of 1

## Limits and coverage

The analysis covers all of the assets that were under Lar España's management in 2019. With respect to the boundary, it is important to note the following: The only asset falling within the office category (office building Cardenal Marcelo Spínola, 42) was sold on January 31, 2019. The disclosures include the environmental performance of the new Lagoh shopping centre in Seville during the three months in which it was open in 2019; the asset newly opened in 2018 (VidaNova Parc) and the assets acquired in 2019 (Rivas Futura and Parque Abadía). The latter assets are included in the environmental performance coverage for 2019 in the absolute measures (Abs). However, the like-for-like measures and tables, comparing the assets' performance between 2018 and 2019, only include the assets that were fully operational in 2018, were included in the 2018 annual report and remained under Lar España's management in 2019.

New this year is the **disclosure of the environmental performance measures by climate zones**. To do so the company relied on Köppen–Geiger's climate classification for the Iberian Peninsula, as published by the Spanish government's meteorological agency. In addition, to analyse the assets' performance as function of their starkly differing architectural characteristics, the assets have been classified this year into two categories: **shopping centres and retail parks**.

By ownership regime, we distinguish between:

### a) Properties 100%-owned by Lar España

Lar España reports on the energy and water consumption in its capacity as the owner of **10 shopping centres and retail parks, fully operational and fully owned**. This report does not include the energy consumption that is purchased directly by the tenants as the company does not yet meter their consumption. It continues to work, however, on obtaining that data.

### b) Properties co-owned by Lar España

The environmental performance of the assets co-owned by Lar España (5 shopping centres and retail parks: Las Huertas, Txingudi, the two centres in Abadía and Rivas Futura), in which Lar España does not have full authority to introduce and apply its sustainability policies, due to the existence of jointly-owned areas, is reported on in the same manner as outlined above. Lar España does, however, **directly influence the adoption of sustainability and energy efficiency measures** at these properties.

### c) Lar España properties in planning or under construction

Lar España includes the environmental performance of the **retail properties inaugurated in 2019** - the Lagoh shopping centre in Palmas Altas (Seville) and the shopping centre and leisure park VidaNova Parc (Sagunto) - in this report. **The report does not include the residential development, Lagasca99 (Madrid), completed in 2019 and fully sold, as it is not an asset under operation.**

### d) Corporate office

At the corporate level, Lar España leases **two storeys of an office building** that is not part of its property portfolio (it shares its offices with the Management Company's employees). Therefore, the environmental policies outlined in this report can only be applied to a limited extent. In this instance the data are reported as a corporate expense and are therefore excluded from the Company's environmental performance calculations.

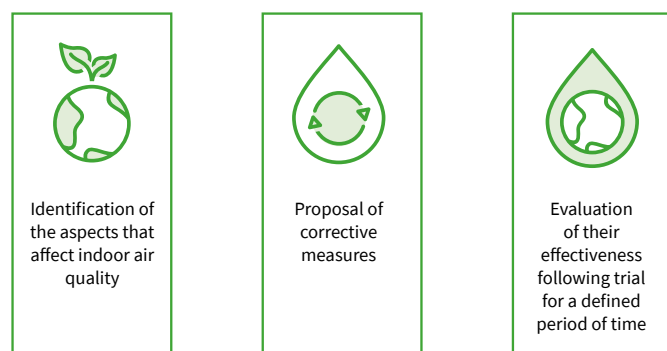


## Indoor air quality: Anlysis and Control

Based on estimates published by the US Environmental Protection Agency (EPA), concentrations of air pollutants can be as much as 10 to 100 times higher indoors than outdoors. Indeed, improving indoor air quality, particularly in large cities and urban areas, is a priority line of initiative for the World Health Organization (WHO).

Lar España is striving to enhance the experience and quality it offers at its centres in every respect, to which end it rolled out an initiative in 2019 **to analyse, control and improve air quality where needed.**

Specifically by means of an indoor air control system which enables it to track contamination levels and reduce them via different strategies. **The procedure followed by Lar España** to implement its air quality improvement strategies was the following:



Retail buildings can be home to a large quantity of pollutants that affect indoor air quality. When analysing indoor air quality, the following parameters, at a minimum, need to be considered:

- Suspended particles (e.g. PM10 and PM2.5)
- Ozone
- Volatile organic compounds (COVs)
- Carbon monoxide
- Nitrogen oxide (NOx)
- Formaldehyde
- Asbestos
- Tobacco smoke
- Micro organisms
- Odour levels
- Relative temperature and humidity

Together with an expert outside firm, Aire Limpio (which means 'clean air'), Lar España conducted a study in 2019 of new air filtering technology in order to evaluate whether the new systems were viable for use in its centres. The two air purification technologies it is looking at are active polarisation and photocatalysis, each of which is effective at tackling different aspects, as detailed below:

### ACTIVE POLARISATION (SIPAP)

#### Reduction in power consumption

Treatment of suspended particles (which are already being filtered by the conventional systems Lar España is currently using in its centres)

### PHOTOCATALYSIS (SFEG)

#### Air purification system which also breaks down pollutants

Treatment of micro organisms, VOCs and NOx

Following the procedure outlined above, Lar España is planning to implement one of these systems in a section of the Abadía retail park in order to analyse the results after a two-month trial. During that period the company will analyse the new filtering system being tested against the traditional system which will continue to function in the rest of the centre. The method stipulates the **analysis of the air quality before and after filtering in both instances** in order to test the elimination of compounds and resulting air quality; electricity consumption will also be tracked. The result will be comparative information along two dimensions: **improvement of filtered air quality at the centres and energy savings.**



In addition to improving indoor air quality, use of these systems **saves money in terms of building maintenance.** There are two main reasons for the maintenance savings:

- 1. Lower-maintenance filters
- 2. A more energy-efficient ventilation system via reduced resistance to air on account of its morphology.

Thanks to those aspects **the total annual cost of the system would be an estimated 20% cheaper** than the current air purification system.

The analysis will enable the company to understand its impact at the centre where it will be trialled and more precisely assess its implementation at other centres, generating the following benefits:









## 4.4 Accessibility



In 2019, Lar España continued to work hard to improve and adapt all of its shopping centres in an attempt to enhance how everyone experiences its facilities. The company's aim is to **obtain AENOR's universal accessibility seal** at all shopping centres not undergoing refurbishment in 2020. It will pursue the seal at the centres being done up as soon as the ongoing work is finished.

In recent years, Lar España has been working on obtaining ISO 21542 certification (accessibility and usability of the built environment) and on meeting the UNE-EN 170001 standard (universal accessibility), thus demonstrating its **commitment to inclusion**.



Lar España is firmly committed to **fostering social integration**: it is working to achieve and maintain high accessibility standards through designs conceived of for and by people

During 2019 the following activities were carried out:

### 100% of the portfolio audited in Universal Accessibility

The 15 shopping centers and parks that constitute the Lar España portfolio have been audited by ILUNION in Universal Accessibility.

### 67% of the portfolio in process of certification in UNE-EN170001

Currently, Lar España is in process and processing to obtain the AENOR Universal Accessibility seal in **10 of the 15 assets**: El Rosal, Gran Vía de Vigo, Rivas Futura, Abadía Gallery, Abadía Park, Albacenter, Ànec Blau, As Termas, Megapark, Portal de la Marina, Vistahermosa. The figure of the consultant has been hired to guide everything indicated in the IL-UNION report, making practical adjustments to achieve the objective.

### 13% of certified assets

In 2019, the **Aenor Universal Accessibility certificate for the Vistahermosa retail park** has been obtained, which adds to the one already achieved during 2018 for the VidaNova Parc retail park. This demonstrates Lar España's commitment to accessibility that allows adequate and comfortable access of all people to their shopping centers and parks, considering existing problems.

### €834,000 of investment in accessibility improvement in 2019.

During 2019, Lar España has continued to develop the **work plan** carried out in 2017, where priorities were established and the way to intervene in buildings was **to make them more profitable, healthy, safe and efficient**.

The result has been to differentiate between **urgent, necessary and recommended measures** in order to undertake in the centers where Lar España is the majority owner of carrying out the maximum urgent and necessary measures. In 2019 Lar España has provisioned and invested in accessibility a total amount of **€834,000** for different centers, which is added to the €113,000 invested during the years 2017 and 2018, since the accessibility plan and audits in this area began.

In addition, within the accessibility plan, the figure contemplated within the business plan to continue the improvement of all centers amounts to **€332,000**. The programming of these investments within the business plan shows the

ability to continue adding value to the assets and to establish the conditions for the continued increase in visitors to the centers.

The data relating to the investment of Lar España were the result of the diagnosis made in collaboration with **ILUNION Technology and Accessibility**, the **ONCE Group and AENOR** (Spanish Association for Standardization and Certification whose accessibility audits reflect the compliance status of current regulations and propose the necessary actions to obtain **Universal Accessibility certifications**. These audits will report three levels of action:



1.

Lowering risks for building users where there are existing accessibility deficiencies in the buildings.



2.

Compliance with current regulations in the buildings under construction and in the buildings in use by adopting reasonable adjustments that allow these regulations to be met (TBC and other regulations).



3.

Evaluate the possibilities and costs of being certified via the Universal Accessibility Standards a step that would require reaching excellence in this regard.

## 4.5 Outlook

To achieve its goal of continuing to create shared value, Lar España is **firmly committed to continually adopting best practices** in corporate social responsibility (CSR) and environmental, social and governance ESG (Environmental, Social & Governance) matters.

That commitment will materialise in specific actions planned for 2020:

### GRESB

2019 GRESB assessment: **for the second year in a row, Lar España participated in the Global Real Estate Sustainability Benchmark (GRESB) assessment**, which has emerged as the yardstick for measuring progress on ESG matters in the real estate sector.

- In 2019, Lar España obtained an **improvement of 20% over the prior-year score**, in the GRESB evaluation.
- Management then analysed the company's performance in 2019 compared to the year before, identifying a series of key areas for improvement.
- A number of meetings were held with EY, who came up with an action plan for 2020.
- The company expects to post a significant improvement in 2020 thanks to a wide-ranging universe of projects: **energy-efficiency plan; waste management plan; and an automated data collection plan for the shopping centres.**

### EPRA

**For the fifth year running**, in September 2019, Lar España received the **EPRA Gold Award** in acknowledgement of the quality of the financial information reported by the company.

In addition, for the second year in a row, Lar España received EPRA's most prestigious accolade, the **Gold Award**, for the **corporate social responsibility** reports provided to its investors, evidencing international recognition for the quality of the reports Lar España makes available to all of its stakeholders.

In association with EY, Lar España is currently working on an internal analysis in order to expand on the areas for improvement identified by EPRA and updates to be introduced into our upcoming suite of reports.



## ESG Benchmarking study

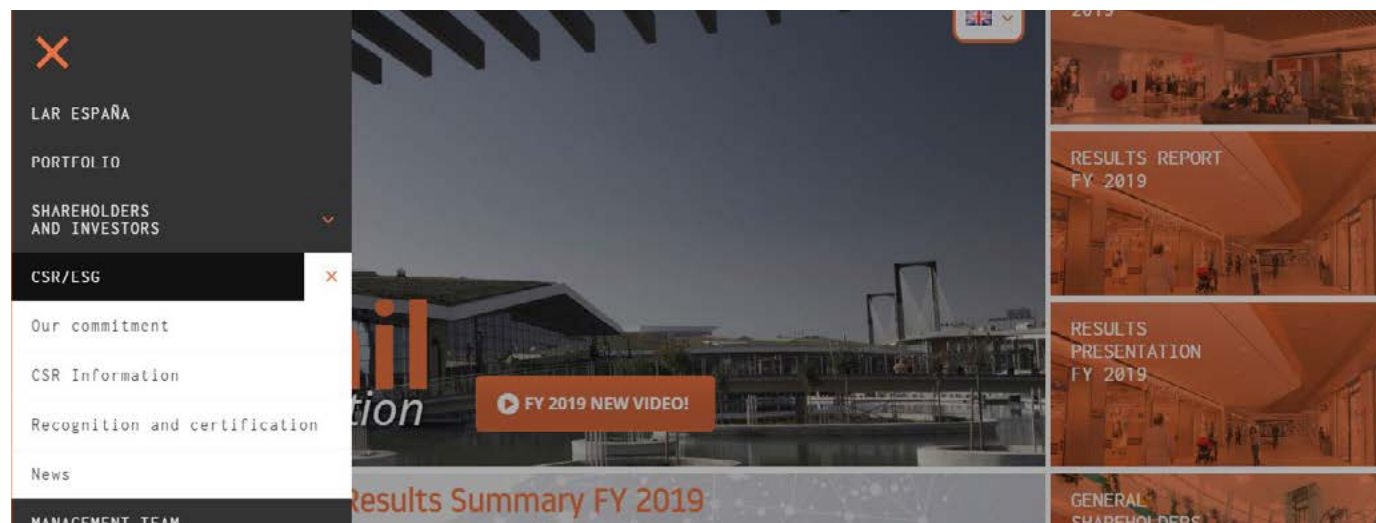
In July and August, Lar España participated in an ESG report benchmarking study along with another 13 real estate firms. The main objective was to measure the general panorama in the real estate sector and identify ways in which **Lar España can improve its reporting effort**. Lar España drew the following conclusions:

- The non-financial information reported is quite complete and in line with that reported by its peers.
- There is room for improvement in the quality of its CSR reporting, particularly in relation to environmental aspects.
- Having externalised management to Grupo Lar, there are not many company initiatives to highlight, particularly initiatives related with employees.
- It is necessary to create a CSR section on your website (already created in 2019).

## Sustainable Development Goals

Lar España has adopted a firm stance on the sustainable development goals (SDGs) and is working to follow the recommendations contained in the UN Global Compact in this respect:

- **Identification of the SDGs** which are particularly relevant to Lar España.
- The universe of activities and initiatives which Lar España is carrying out in support of each SDG **and in order to integrate them into the company**.
- Lar España's 2019 Annual Report will be the first to present its **commitment to the SDGs and its progress towards contributing to their delivery**, providing examples of the activities carried out during the year.





### BREEAM certification

Lar España is committed to **participating in green building assessments and certifications** to guarantee that all of its buildings are operated as sustainably as possible.

- **100% of its shopping centres** are BREEAM certified with ratings of “Good” or “Very good”.
- The certifications obtained will begin to come due for renewal in December 2020 (each is valid for three years). **Lar España has a dedicated certification renewal plan.**
- Following a recommendation by LKS, the company has devised a certification plan for its retail parks.
- The company’s developments have been designed and built in accordance with the specific BREEAM certification quality and sustainability criteria.
- The Lagoh shopping centre currently boasts a provisional BREEAM rating of “Very good” for its green construction. The company expects to receive full certification in March 2020.

### Accessibility

Lar España is firmly committed to integration and is working to achieve and maintain **high accessibility standards via people-centred design.**

- Lar España’s end goal is to earn the universal accessibility seal at each and every one of its centres.
- In association with ILUNION and AENOR, accessibility audits have been conducted at each property in the portfolio in order to **identify urgent and necessary actions.**
- In December 2018, VidaNova Parc became the first property to receive the universal accessibility seal. The hope is to have that same seal in place at the Vistahermosa retail park by the end of 2019. **The goal is to have all of the properties certified in 2020**, except for those currently undergoing refurbishment.
- All of the refurbishment projects **are being conducted in accordance with the most stringent standards and best practices in the accessibility field.**
- The Lagoh shopping centre will launch its AENOR certification process in January 2020.



### Data automation at the shopping centres

The goal is to **automate the collection of data tracking resource consumption at the shopping centres** (water, energy, waste generation and GHG emissions) to feed a dynamic dashboard designed to facilitate data analysis and generate customisable asset management reports. The result will be **more reliable data**, eliminating human errors, and **more frequent and standardised reports, so saving time**. That will in turn enable the company to take corrective action to optimise efficiency across the portfolio assets and evaluate with far greater objectivity the investments and initiatives to be rolled out.

In 2019, the company completed the consultancy phase, analysing each shopping centre's needs in terms of system implementation and customisation. At the time of publishing this report, work had begun on the **development phase, based on the conclusions drawn from the consultancy work**. As a result, Lar España expects to have an automated system for the collection of operating data for all of its shopping centres in place by the end of 2020.

### Implementation of an Energy Efficiency Plan

The goal is to identify opportunities for **reducing energy consumption and the associated costs** and to use that information to develop a strategic action plan which, in addition to establishing the roadmap for implementing the identified measures in line with the business strategy, will pave the way for **integration of energy efficiency into Lar España's business culture**.

### Implementation of a Waste Management Plan

This plan includes **actions for enhancing the collection, transportation and treatment of waste** thanks to internal and external analysis so as to establish a roadmap for achieving for the goals set in this area.

### Indoor Air Quality Plan

**Measures for improving indoor air quality and temperature control:** the health and wellbeing of its visitors is a cornerstone of Lar España's business model.

- A study is underway with a view to establishing a partnership with a firm called "Aire Limpio" (which means 'clean air') in order to improve indoor air quality across the portfolio.
- A pilot test at the Abadía retail park has already been conducted.
- **Temperature policy:** all of Lar España's properties comply with Spain's building heating regulations (RITE for its acronym in Spanish).





### Carbon footprint analysis

Lar España is aware of the need to **reduce the greenhouse gases (GHG)** generated by its activities and is firmly committed to climate change mitigation. To that end, Lar España is planning to calculate its carbon footprint in 2020, based on the 2019 emissions data. Lar España wants to become **carbon neutral (zero net CO2 emissions)**.

### Sustainable mobility

Lar España is strategically committed to fostering sustainability mobility in the cities in which it operates. **The key measures it implements** at its shopping centres, in association with the local communities, are:

- Electric vehicle charging stations
- Shared transport (car-sharing, scooters, motorbikes, etc.)
- Bike lanes
- Enhanced pedestrian access to the shopping centres
- Enhanced pedestrian access from commuter stations to the shopping centres
- Campaigns encouraging the use of public transport
- Bus stops
- Taxi stations
- Bicycle parking
- Scooter parking
- Motorbike parking
- Parking spaces designated for families and emergency vehicles located close to the main entrances
- Guided parking
- Vertical mobility: fitting of elevators

### Green clauses in leases

Lar España extends its CSR commitments to its suppliers and tenants:

- Lar España applies rigorous selection policies and only works with renowned suppliers that can certify the existence of **internal monitoring processes** and codes of conduct to ensure compliance with due diligence requirements along the value chain

In 2019, the company began to include new clauses in its contracts which stipulate compliance with certain ESG and CSR criteria (at present, 91.43% of all lease agreements at Lagoh include a BREEAM appendix).

- In 2020, the company will organise a tender for the cleaning, security and maintenance services provided at all of its centres. All of the new agreements have already been drafted to add clauses that require compliance with CSR and ESG criteria.