




Lar España Commitment to ESG

October 2020

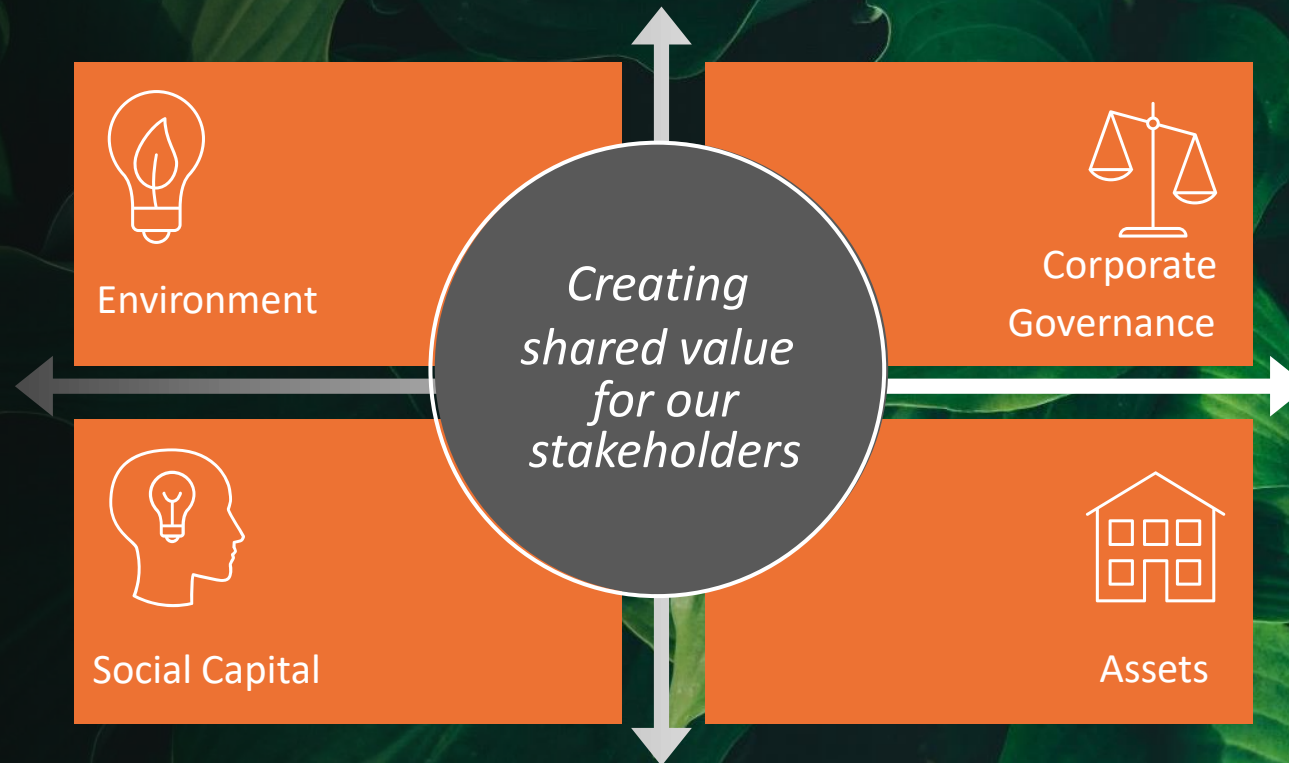


What does ESG mean at Lar España?

The company is committed to an inclusive dialogue with stakeholders, a responsible management of assets and the creation of wealth within the communities of operation

ESG at Lar España

Lar España's core ESG principles to build **Shared Value**:



*Doing
business
better*

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

Innovation to create shared value



Lar España encourages **sustainable certifications**, responsible management of assets and improvements in their ecological impact (environmental mitigation) while always safeguarding the **economic viability** and financial returns on its investments.



Lar España is committed to having a **positive social impact** in their communities. Implementing all necessary measures to ensure accessibility to all customers, engaging with local organizations and creating shared value are some of the priorities.



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



Governance

Wealth
creation in
communities

Accessibility

Responsible
management

Active
listening



INNOVATION

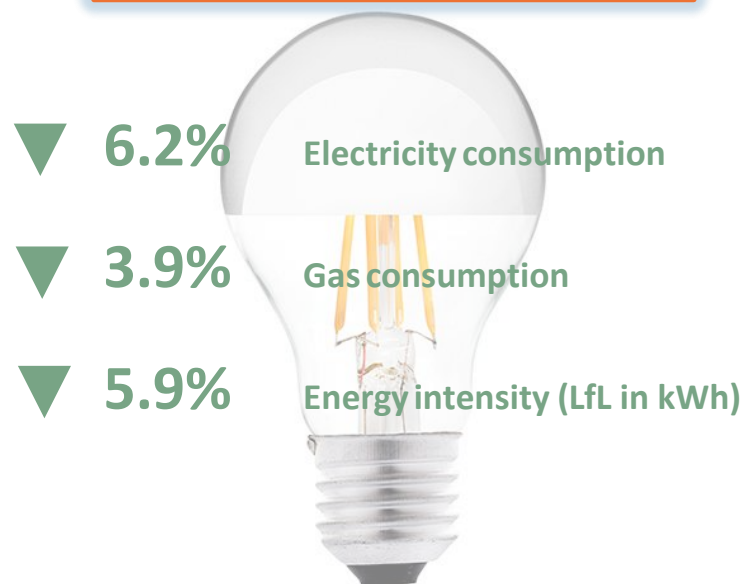
RESPONSIBLE MANAGEMENT



Environmental

Main achievements in 2019

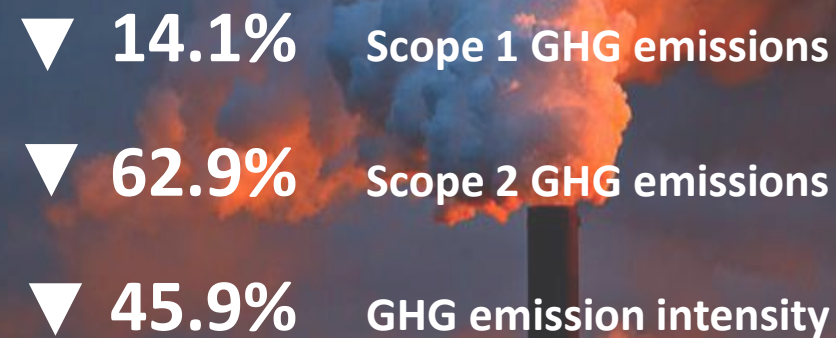
ENERGY CONSUMPTION



ASSET ANALYSIS BY CLIMATE ZONE

For the first time, we have analyzed energy and water consumption and emissions by climate zone, using Köppen-Geiger's climate classification for the Iberian Peninsula

GHG EMISSIONS (GREENHOUSE GAS)





Environmental

Main achievements in 2019

WATER CONSUMPTION

▼ **0.1%** Water consumption (LfL in m³)

Waste Management

+ 19.3% Waste recycled (LfL in tonnes)

+ 945,000 kg of recycled cardboard and paper

+ 288,000 kg of recycled plastic

1,000 kg of recycled lamps and fluorescents

+ 84,000 kg of recycled wood





Environmental

Certified assets



100%
Shopping Centres
Certified



Environmental

Ongoing projects

Data automation at the Shopping Centers

The goal is to **automate data collection on the use of natural resources** in our shopping centers to:

Scopes of action



GHG Emissions



Footfall and Sales



Air Quality



Water



Waste Management



Energy

- ✓ Improve the accuracy of information
- ✓ Optimize efficiency across all sectors
- ✓ Time saving processes
- ✓ Standardizing periodically reports

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 and register its carbon footprint in 2020, based on the 2019 emissions data.

**Ministerio para la Transición Ecológica
(MITECO)**





Environmental

Ongoing projects

Energy Efficiency Plan

To seek out **opportunities to reduce our energy consumption** and associated costs



To set our medium and long-term strategic goals

Waste Management Plan

Including **actions to optimize the collection, transport and treatment** of waste

The data collection will be part of the strategic plan in which the steps require to implement all measures will be furthered explained. The main goal is including Energy Efficiency & Waste Management as part of the business strategy.



TOWARDS A BETTER TOMORROW



Social

CUSTOMERS

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



Audit of services and customer support
Technical audits
Mobile app
Customer satisfaction surveys

SUPPLIERS

Review of policies
and guidelines

Evaluation and
monitoring

Tender terms and
conditions

Regularly briefing
meeting



€162 Mn



Lar España prioritizes business ties within their communities, therefore most of the **436** suppliers are local firms. As Lar España operates national wide, the generation of wealth and economic activity increase is reflected throughout the country.

In 2019, Lar España purchased over **€162 million** of goods and services from its suppliers.





Social

Main achievements in 2019

+21,600 Direct jobs generated during 2019

8.4% of the indirect labor force at Lar España have a disability

+54,000 Kg Of food received and distributed

+39,000 Kg Donated clothes

+€923,000 Earmarked to community collaborations, sponsorships and initiatives

+360 Days of social initiatives

+25 Partnerships with NGOs and charities



Social

Actions against COVID-19



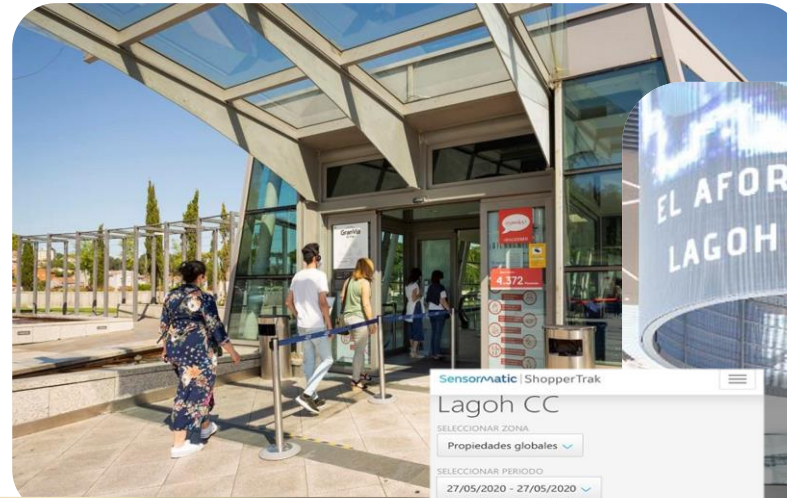
SGS

Performance Protocols certified by SGS

Certified Protocols

In response to the health crisis and with the aim of ensuring the opening of centers, Lar España has designed and carried out a specific action protocol. It complies with all health and safety requirements and it is to be implemented in all centers. It includes:

- ✓ **Specific cleaning** and disinfection against COVID-19
- ✓ **Limited capacity**
- ✓ **Continuous communication** to customers through posters, social media, light box
- ✓ **Click&Collect** or **Click&Car** installation services
- ✓ **Hygienic modules** and spaces with gel dispenser





Social

Initiatives at our shopping centers & retail parks COVID-19

Collaboration with the Military Emergencies Unit

The As Termas shopping center collaborated with Military Emergencies Unit **offering the shopping centre's facilities to the unit to set up a temporary base in Lugo.**



Collaborations:

- ✓ Red Cross and Lugo City council
- ✓ Lugo University Hospital's human welfare services
- ✓ Platform Coronavirus Makers Lugo

Shopping for families at risk of exclusion

Portal de la Marina in collaboration with Ondara Town Council (Social Welfare and Mayor's Office) has been made the custom **purchase for families of Ondara in difficult situation.**

Hope Museum in Lagoh

Lagoh has created the first ever Hope Museum, where the exhibits are literally priceless: collaboration with **Andalusian research into tackling COVID-19.** For every exhibit uploaded, Lagoh will donate €1 to the Andalusia Regional Government's Progress and Health Foundation for its research into finding an effective treatment for COVID-19.

Charitable Donation to the Casa de la Caridad shelter in O Berbés

To this shelter, which provides support **to people at risk of social exclusion**, Gran Vía de Vigo has done a charitable shop, buying all the products that the shelter needs at its Carrefour supermarket in order to donate them. Besides Gran Vía de Vigo shopping center has joined the initiative launched by Carrefour, by reserving parking spaces for the sole use of healthcare professionals.



Preparation of Albergue Peregrinos (Pilgrims hostel)



Care for homeless people was included in the municipal contingency plan for the situation caused by the COVID-19 health crisis. Besides El Rosal is collaborating on a project to raise awareness regarding the use of face masks among children.



Social

Initiatives at our shopping centers & retail parks COVID-19

Disinfection of vehicles

Ever since the start of the crisis, **supermarket and pharmacy staff have been working on the front line**, and as such we wanted to offer them something in return by way of complementary services. For example in Anec Blau Shopping center, the car washing facilities offer **free vehicle disinfection for them**.

Free delivery Cáritas Castelldefels

During the state of emergency, Mercadona suspended its home-delivery service, however, thanks to an agreement between the management of Anecblau and Mercadona, **the supermarket is carrying out a weekly delivery of groceries for the charity Cáritas Castelldefels**.

City Council social services

Anec Blau contacted the city council to explore the possibilities of collaborating on various initiatives implemented, including the following:

- ✓ **Aid with educational and digital resources**, so that children can keep up with home schooling.
- ✓ **Child food grants**, to replace the lack of free school meals.

No child should miss their birthday

We don't want any child to miss out on celebrating their birthday during this difficult time, especially those who are in less fortunate situations. This is why we have decided to give away special birthday packs to four shelters around the city: **Fundación Meniños, Asociación de ayuda social Berce, Aldeas Infantiles and Arela Casas de Acogida**.

Donation & Financial support

Portal de la Marina in collaboration with Ondara Town Council (Social Welfare and Mayor's Office). Donation of tablets for "Nuestra Señora De La Soledad" care home, **to help the elderly stay in touch with their families**. Besides in Gran Vía de Vigo, To make COVID-19 patients' stay in hospital just that little bit better, will donate four tablets for their use. It will donate a further four tablets to the Bicos de Papel Association for children that have also been admitted to this hospital.

Moreover, **we want to help those families that need it the most, by donating money to buy healthcare equipment**.





Social

Accessibility

AENOR

*Working to achieve and maintain
high accessibility standards
through designs conceived of for
and by people*



100%

of the portfolio audited
in Universal
Accessibility

During 2019 the following activities were carried out:

- **67%** of the portfolio in process of certification in UNEEN170001.
- Lar España is in process to obtaining the AENOR Universal Accessibility seal in 10 of the 15 assets.
- **13%** of certified assets.



- **€834,000** of investment to improve accessibility in 2019.



Social

Green Clauses

Lar España has a rigorous partnership policy and works only with **suppliers known to be solvent** that have internal monitoring processes in place and a code of conduct to enforce due diligence at all stages.

All new agreements will be updated with clauses establishing social and **environmental commitments**.

Additionally, suppliers are tracked to comply the conditions established in the contract.

All of the new agreements have already been drafted to add clauses that require compliance with ESG criteria

Promotion of sustainable mobility in all our properties and in the cities in which Lar España operates

Sustainable Mobility

Electric car charging points
Shared transport (car, scooter, motorcycle..)
Cycle/walkways
Improved pedestrian access to shopping centres
Bus stops
Taxi ranks
Bicycle parking
Motorcycle parking
Guided parking
Vertical mobility: installation of lifts





Social

Air Quality

The health and wellbeing of visitors to our properties is a central consideration in our business model. We regard issues such as **optimising the air quality** in our shopping centres as key priorities for property management.

Improvement of filtered air quality

Energy savings

A pilot study at the Abadía retail park has already been completed.

At present, Lagoh has already this type of filters and are fully operating.

Temperature policy: All of our properties comply with the Regulation on Thermal Installations in Buildings, (RITE).

GUARANTEEING GOOD GOVERNANCE



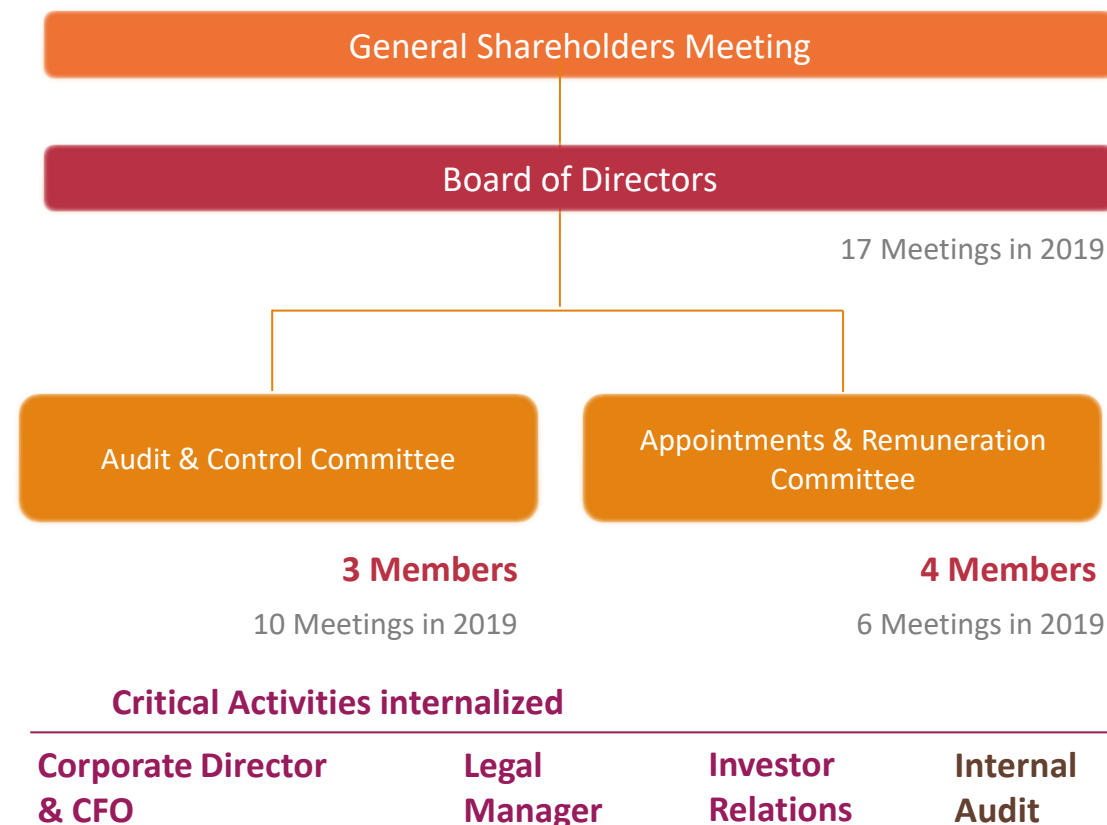


Governance

BoD Composition (7 members, 5 independent)



Board & Committees



Experienced and mostly independent Board of Directors (5 of 7 members)



Governance

Main achievements in 2019

6 Milestones

- ✓ Update of the rules of operation of the Board of Directors and the Committees in **keeping with the recommendations** contained in Technical Guide 1/2019 published by the CNMV, Spain's securities market regulator.
- ✓ Assessment of the **board's and senior executive team's performance** with the assistance of an external advisor.
- ✓ Formulation of a matrix of the **board's capabilities and expertise**.
- ✓ Continual **assessment of risks**, updated for the prevailing environment and business outlook.
- ✓ Advances in the environmental information management system, particularly the **automated data collection aspect**.
- ✓ Continuation of the process to gradually implement the policies and procedures included in the **ICFR* Manual**, with the aim of obtaining a **more efficient internal control system**.

Keeping up with the recommendations



Governance

Action Plan

In keeping with that pledge and in response to growing demand for disclosures about corporate governance practices, Lar España has rolled out an **Action Plan** which enables it to comply with prevailing regulations and position it in line with best practice in this field at a national and international level.



Ensuring **strong governance** by means of transparency, business ethics, corporate social responsibility and regulatory compliance.



Leveraging director activities, selection, remuneration and training to pursue a more advanced management and **enhance transparency**.



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



Complying with the best practices in the corporate governance field



Governance

Risk Control and Management Systems

Lar España views risk management as a continuous and dynamic process which encompasses the following steps:

Identification and assessment of the risks that may affect the organization, evaluating their probability of occurrence and potential impact

Identification of the processes in which these risks are generated and controls performed, determining the relationship between the organization's key risks and processes

Identification of the controls in place for mitigating these risks

Evaluation of the effectiveness of the controls in place to mitigate these risks

Design of action plans in response to the risks identified

Risks monitoring and reporting

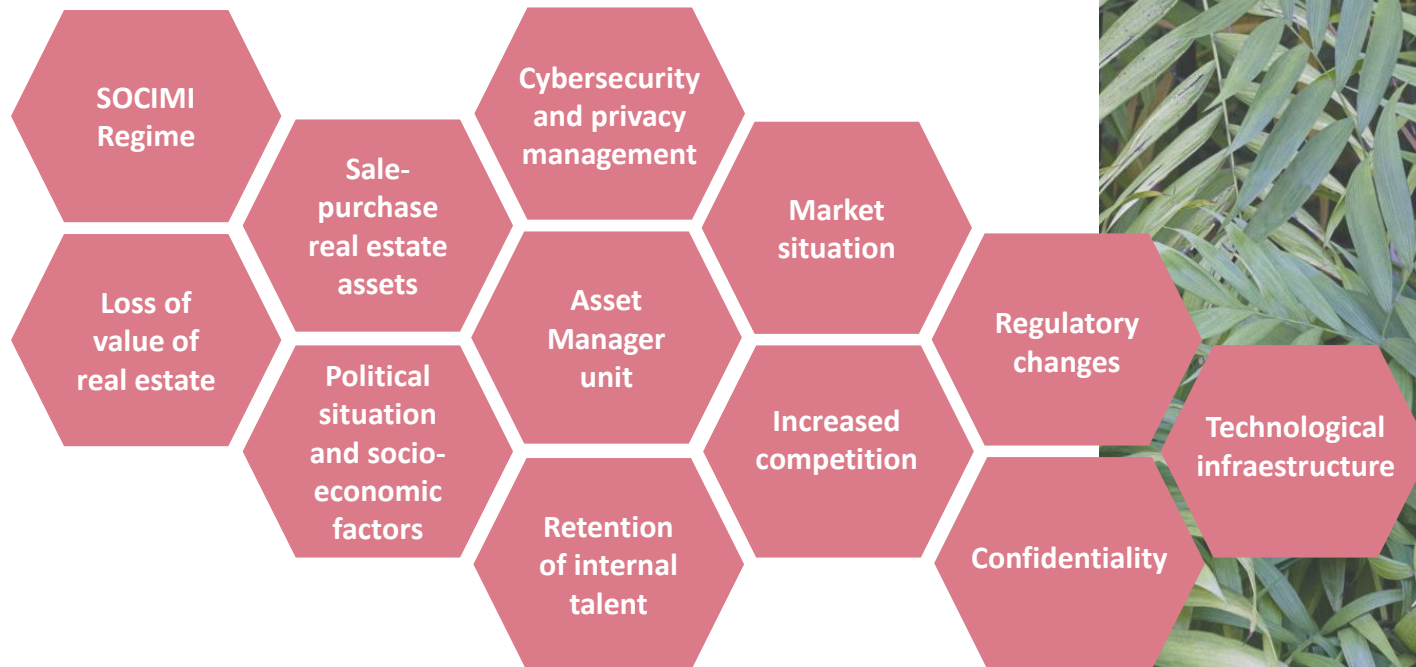
Ongoing evaluation of the suitability and effectiveness of the system in use and benchmarking of best practices and recommendations in risk management



Governance

Risk Map 2019

- ❖ Lar España has an updated Risk Map illustrating the universe of risks that could affect the Company.



- ❖ It should be noted that Lar España is committed to environmental issues, as shown by the fact that among the main risks considered for drawing up the Risk Map, **those relating to adaptation to climate change have also been taken into account.**





Governance

Ethics and Compliance

Ethics and compliance are core values for Lar España and provide a correct guidance for its business activities. To that end, the company has developed a range of policies and procedures to ensure ethical job performance and business activities and materialization of the commitments assumed under the principles set down in the company's body of internal rules and regulations.

Code of conduct & whistleblowing channel

Implementation of the behavior guidelines emanating from the **Code of Conduct** and oversight of the **Whistleblowing Channel** by the Ethics Committee. It establishes the rules of conduct to be followed by all those who act in the name of Lar España and its subsidiaries.

White – Collar crime prevention model

Framed by **its commitment to strict compliance with prevailing legislation and the prevention of illicit practices** which could harm company's reputation, Lar España has defined and adopted an Organizational and Management Model for the Prevention of Crime.

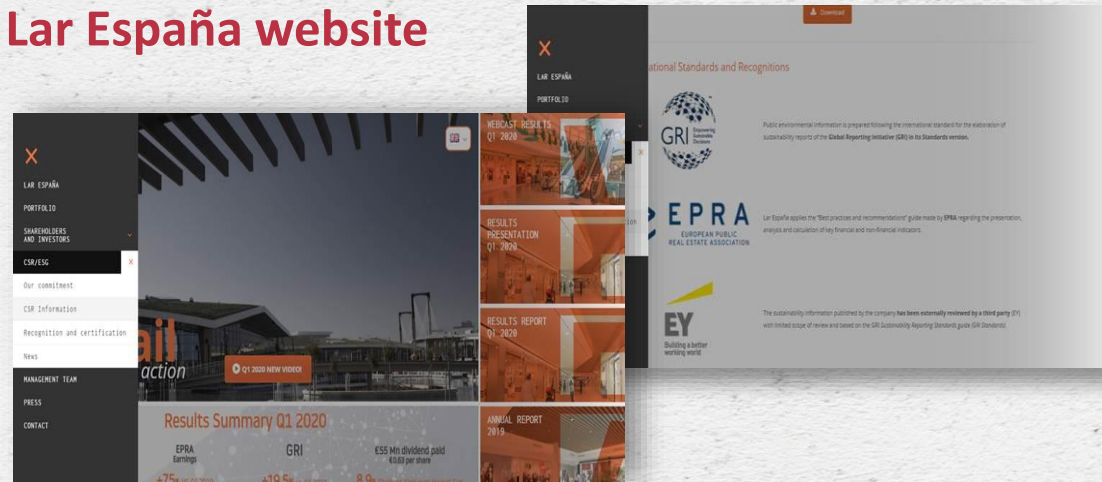
Anti-Money laundering manual

The real estate sector is subject to strict regulations designed to prevent money laundering and establish the rules of engagement with the Executive Branch of the Commission for the Prevention of Money Laundering and Monetary Infractions (SEPBLAC). Lar España has drawn up an Anti-Money Laundering Manual, which was formally approved by the Board of Directors in 2016, **prioritizing ethical and transparent conduct and the abolishment of any form of fraudulent or illicit activity.**



ESG global achievements

New ESG Section in Lar España website



Transparency



+20% Improvement vs prior year Score





ESG International recognitions

International standards



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



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



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



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

International recognitions



EPRA Gold Award for ESG Reporting, 3 years in a row



EPRA Gold Award for Financial Reporting, 6 years in a row