

## Good practice guide for retail spaces



We want to help you transform spaces  
to create **the sustainable retail of the future.**

## Lar España is working to bring the future closer

**Our mission is to inspire positive change across the retail sector**, thanks to our **high-quality properties, excellence in ethical, responsible and sustainable management and our relentless pursuit of innovation**. From the very beginning, we have built our strategy around the environmental, social and governance issues that shape our lives in society, as well as in business.

Our **Sustainability/ESG policy** has become the north star by which we set our course, while our broader strategy for sustainability is set out in our

**ESG Master Plan**: a comprehensive road map for action towards our ESG goals, grouped into four key areas:



Lar España is committed to a business and decision-making with a view to making a positive difference to society and the communities in which we work.

## ENVIRONMENT



**Environment**, understood as the physical environment.

### Lines of action

- › Environmental management
- › Urban biodiversity
- › Climate change mitigation and adaptation
- › Responsible use of resources
- › Energy efficiency
- › Circular economy
- › Health and well-being

## CORPORATE GOVERNANCE



**Corporate Governance**, to define and adopt a structure that creates a positive impact.

### Lines of action

- › Legal compliance
- › ESG commitments
- › Fiscal responsibility
- › Responsible and transparent communication
- › Equality and non-discrimination
- › Human rights
- › Market best practices
- › 2030 Agenda and SDGs

## SOCIAL CAPITAL



**Social Capital**, championing corporate talent and business value with our suppliers.

### Lines of action

- › Financial and sustainability strength
- › Human, economic and environmental development
- › Commercial relations
- › Talent retention
- › Communication and dialogue with stakeholders
- › Corporate volunteering
- › Social action

## ASSETS



**Assets**, innovation, along with continual and coordinated improvement of performance.

### Lines of action

- › Trends and best practices
- › ESG performance indicators
- › Sustainability policy compliance
- › Certifications
- › Universal Accessibility
- › Sustainable management systems

### International standards

We aim to align our approach with **leading international reporting frameworks and indices** in both the financial and real estate sectors:





We have also produced a **step-by-step action plan for decarbonisation**, setting targets for the short, medium and long term. Spanning the period **between 2024 and 2050**, the plan is informed by science and recognised international standards.



In 2023, our **Decarbonisation Strategy** was updated to reflect changes since the first study in 2021 and harmonise with global frameworks, such as the Science-Based Targets Initiative (SBTi); the revised objectives will be made available to all.

- **Short-term goals**, having resolved to **reduce Scope 1 and 2 emissions by 60% by 2030** compared with the 2019 baseline (calculated using the market-based method) to arrive at **carbon neutrality**.
- Lar España has raised its commitment to **Net-zero by 2050 (Scopes 1+2+3)**.
- Analyzing **investment opportunities in compensation projects** as an additional tool to achieve climate neutrality.
- We are **committed to advancing** methods for calculating and monitoring **Scope 3** emissions, with the aim of designing mitigation measures.

We joined the **Spanish UN Global Compact Network** in 2020, and our participation in various accelerator programmes has helped us embed sustainability more deeply into every aspect of the business.



Everything Lar España does is based on a set of principles, commitments, objectives and strategies established by the UN Global Compact, the OECD Principles for Corporate Governance, the UN Universal Declaration of Human Rights and the ILO Declaration.

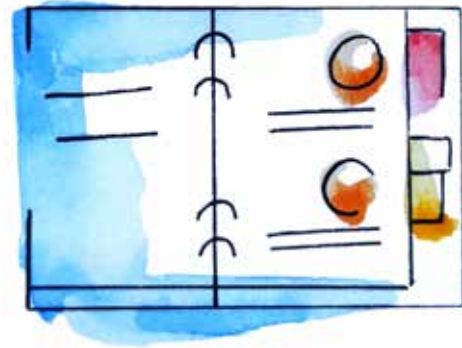
Furthermore, as of late 2023 we are a member of two national bodies leaders in the field of sustainability: **DIRSE** and **Forética**. These relationships are intended to set the stage for concerted efforts between associated companies and keep Lar España at the forefront of new trends and requirements.



*More detailed information can be found in the project update reports available on the [company website](#).*

## Lar España is here for you

Lar España manages its properties according to ESG principles, ensuring a sustainable approach in the short, medium and long term and fulfilling our stakeholders' expectations. **Tenants play a crucial role in our business**, and so we place enormous importance on working in tandem to help build a sustainable future for the retail sector.



**This guide invites you to join us on this path and see how it can amplify our mutual success.**

We have the power to spark a movement for sustainability in shopping centres and retail parks all over Spain. The recommendations contained in this guide are a great place to start:

## Social Responsibility



### Providing a healthy environment

- Nurture a **safe and healthy** workplace for all employees.
- Both customers and staff appreciate **modern, distinctive and sustainable design** that is also conducive to well-being and comfort (noise levels, lighting, air quality, temperature, etc.). When creating your design scheme, look for products that carry environmental and social certifications and incorporate natural greenery wherever possible.
- Aim to offer **products and services** that are socially respectful and environmentally sound.
- You can use your workspace to **encourage employees to adopt positive habits** for body and mind. For example, you might offer healthy snacks, promote physical exercise, foster a supportive working environment and practice active listening so that everyone feels heard.



### Valuing the people behind your success

- Committing to **equal opportunities for all employees** is key to a workplace where diversity — whether based on gender, culture, age or any other aspect of identity — is viewed as something to celebrate.
- **Encourage your team to join in your company's sustainability commitments:** they are the ultimate ambassadors for your brand values.
- Introduce measures to **ease the challenge of balancing work and family life.** This can be a good first step towards boosting productivity and satisfaction at work.
- Make sure you have the right **communication channels** in place to allow a fluid, continuous dialogue with your team.



## Supporting the community

### Social initiatives and corporate volunteering

- Give your staff opportunities to take part in positive social action through volunteering and involvement in company initiatives. These experiences are an excellent way to forge **stronger ties with the community** and **create shared value**.

### You are our top priority!

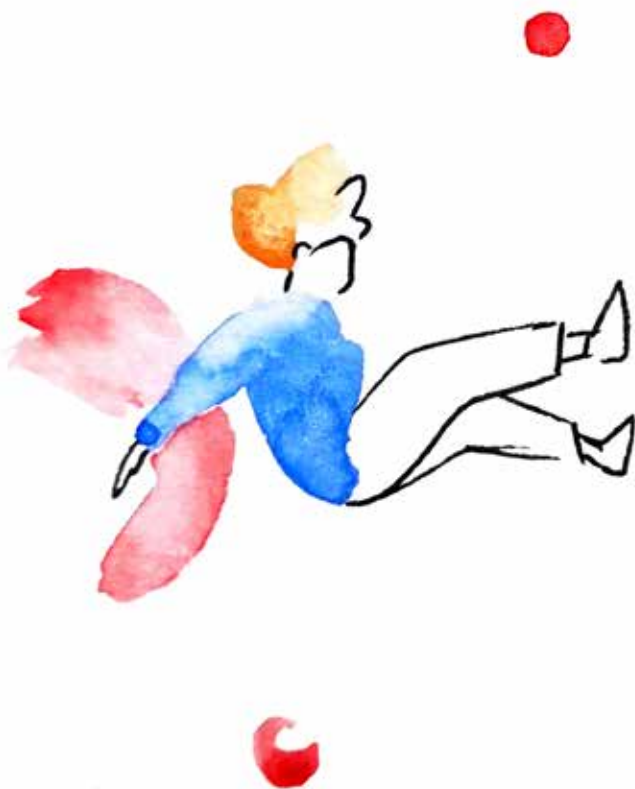
- Tenants are the bedrock of Lar España's business, and your happiness is paramount. That's why we invite you to complete our **satisfaction surveys** to see the world through your eyes. Why not run your own surveys with your customers and team?.

### Here for everyone

- People with physical disabilities or mobility challenges may struggle to access and navigate your store. We strongly advise all retailers to follow the recognised **Universal Accessibility** standards. Lar España, for instance, is focused on UNE-170001.
- Equally, offering employment opportunities to **people with disabilities** promotes inclusion and can be hugely beneficial for your business and team, contributing to a more positive working environment, dismantling stereotypes and adding value to the brand. Be the change you'd like to see!.

### Local supply chains and logistics

- It is always worth seeking out **local suppliers** if possible. Not only can this bring down costs and improve predictability of delivery times, it's also a way to support socioeconomic development in the community on your doorstep.



## 360° Management

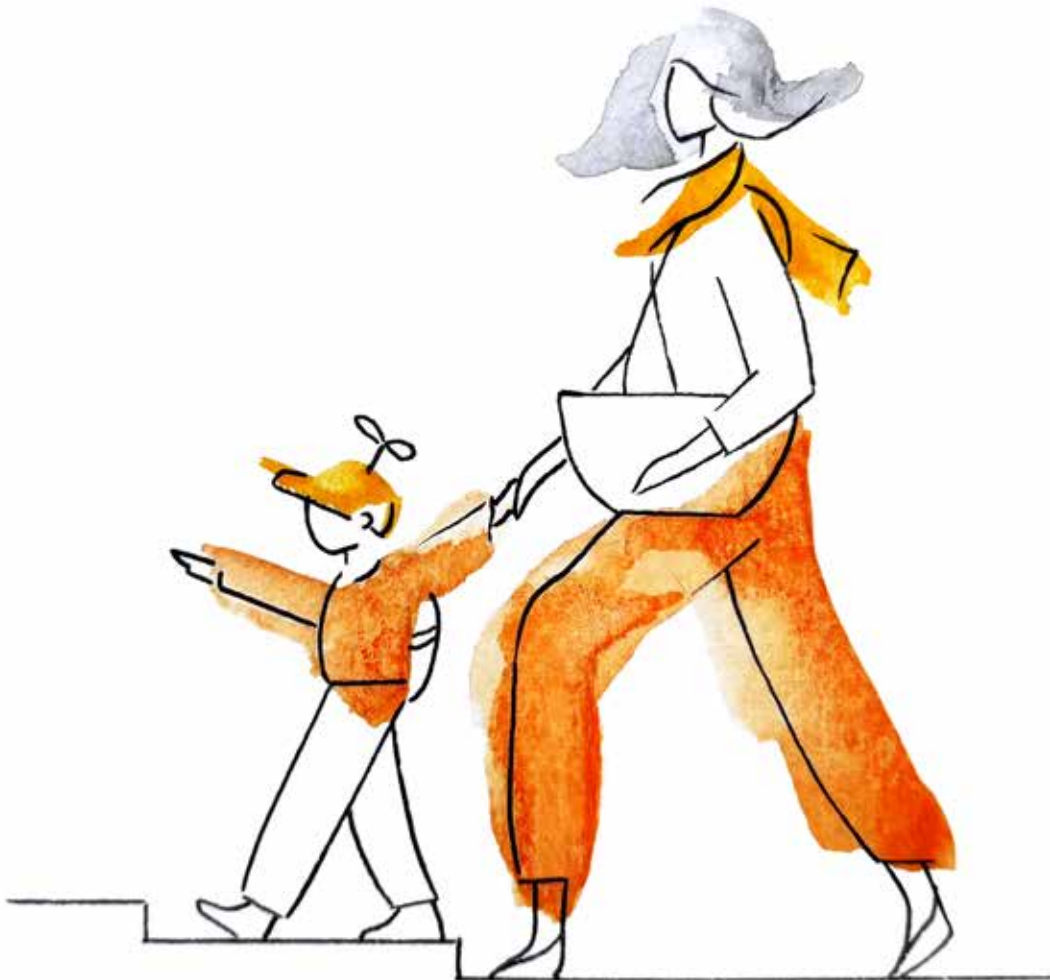


### Green Clauses: a catalyst for change

At Lar España, we're taking our ambitions for sustainability all the way. That's why we've chosen to incorporate **green clauses** in our contracts with both tenants and suppliers, drawing the entire value chain into our ESG mission.

To keep our properties running at their best, we have inaugurated **Environmental Management Systems** and **Occupational Health and Safety Management Systems** as defined under **ISO 14001**

and **ISO 45001<sup>(1)</sup>**. Aligning with these standards has allowed us to deepen our commitments to both sustainability (e.g., through monitoring resource consumption, sound management and ensuring regulatory compliance) and social responsibility (focusing our minds on human and worker's rights, health and safety and our employees' professional development, among others). As a tenant, you are encouraged to do the same for your own business.



**Are you ready to be a part of a sustainable retail future?**

*(1) Applies to 100% of properties under our operational control.*



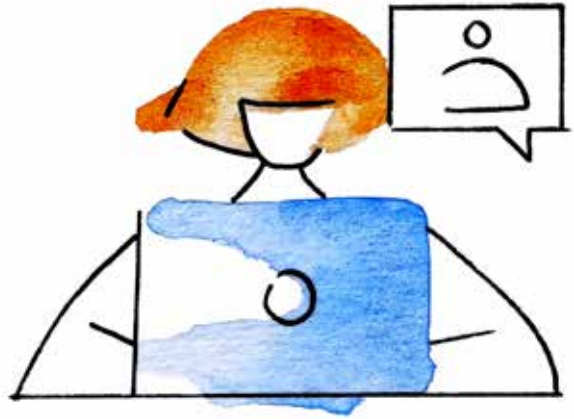
## Environmental sustainability



### Boosting your store's energy performance

A great lighting design and pleasant temperature are key to a comfortable shopping and working environment, but giving some extra thought to the ambiance of your store can also help you save energy. Here are some guidelines that we follow at Lar España to get the most out of every kWh:

- Don't put off investing in infrastructure and equipment that could modernise your business and improve its energy performance. The **right technology for you** will depend on the climate in your region and the possibilities of your particular location.
- Configure your **HVAC system** (temperature, humidity, air purification and distribution) based on the number of customers you typically see in a day, aiming for the ideal **balance between comfort and efficiency**.
- **Install LED or energy-efficient lighting systems.** This is the only way to achieve substantial energy savings and lower your costs.
- Appliances and equipment should be switched on and off, and their settings configured, by those authorised and trained to do so. **Appoint specific individuals to be in charge of equipment and systems.** Give them clear guidance, establishing the appropriate schedule and operating parameters, and guard against oversights and carelessness resulting in waste.
- **Keep an eye on energy use** at your unit to identify areas for improvement and deal with any major inefficiencies. One way to do this is to monitor billing, using data gathering and analysis software that works in the background. Alternatively, you could install a meter that breaks down energy consumption by each individual use.
- We recommend **carrying out periodic energy audits or hiring an energy advisor** to help you fine-tune your unit's performance and find the best price plan for your needs.
- If your location allows, in milder seasons you might try "free cooling" your unit with a ventilation system, bypassing the need to power up your air conditioning.
- Always make the most of the available **natural light**. For maximum visual comfort, adjust the number of lumens according to the season, time of day and other ambient conditions.
- Make sure that **display lighting is timed efficiently**, for example by reducing lighting levels after closing time. You can also buy smart systems to automate this task.
- Shore up **peripheral insulation**, especially for units that face the outdoors or common spaces that are not climate controlled.
- **Proper maintenance** is vital to extend the life of your appliances and keep them running efficiently. You can also support optimum energy performance through simple actions, like keeping light fixtures clean, oiling and calibrating mechanical components and regularly cleaning and replacing air filters.





## Conserving water

At Lar España, we want to help you reduce your business's water consumption. As a society, we need to be much more aware of how we are using and conserving this increasingly precious resource. Here are some suggestions to get you started:

- **Monitor water consumption** at your premises, so you can make savings and address any major inefficiencies. One way to do this is to monitor billing, using data gathering and analysis software that works in the background. Alternatively, you could install a meter that breaks down energy consumption by each individual use.
- Check your **cooling system** to ensure an efficient use of water to avoid excess consumption.
- If your **HVAC system** uses a condensed water loop, be sure to keep it **clean and well maintained**. This will help keep the shopping centre's cooling towers running efficiently at a lower rate of water consumption.
- **Look out for leaks** and check any fixtures, such as taps and cisterns, that could potentially waste water if not properly maintained. Good maintenance is essential to get the most out of any piece of equipment.
- Choosing taps that work on a timer or motion detector will prevent excessive use. **Thermostatic taps** can heat domestic water instantly, so there is no need to run the tap while you wait.
- Try not to use the dishwasher or washing machine until you have a **full load**.
- Avoid **water-intensive cleaning methods**, such as sluicing with buckets, and use waterless solutions where possible.
- Fit toilets and urinals with **water-saving cisterns** or opt for a waterless chemical system.





## Make sure that all waste is managed appropriately

Clearly identify all categories of waste produced by your business (cardboard, plastic, organic waste, oils and fats, textiles, etc.), then keep the 5Rs in mind as you go about your day: **reduce, recycle, reuse, repair and recover.**

- Switch to a **paperless payment system**, or at least ask your customers if they need a receipt before printing.
- **Take stock of the quantities of waste produced by your business**; in many cases, tackling waste and optimising inputs can have a significant upside for the environment and your bottom line. If the asset does not provide this service, find a **professional management firm** that knows how to get maximum mileage out of your waste, helping you move towards a closed-loop life cycle with full traceability.
- **Make good use of the shopping centre's separate collection points** to recycle as much as possible.
- Allocate a **specific area for storing and separating waste**, so each category can be disposed of correctly. If using the shopping centre's waste management services, remember to separate each type of material and place it in the appropriate container.
- Seek out reusable or **low-waste packaging** for your products. Ask suppliers to explore more sustainable ways of presenting and dispatching products.

**We are working on enhancing our shared responsibility within the proper treatment of the waste generated in our portfolio, as well as its traceability within the circular model that our legislation aspires to.**



- Stock up on **reusable tea and coffee cups** for the staff kitchen. Employees can use the same cup throughout the day to cut down on waste and dishwasher cycles.
- Encourage customers to bring a **reusable or recyclable bag** when shopping with you.
- The retail sector generates many different categories of waste, beyond the obvious plastic, paper and packaging. We also need to consider expired or withdrawn products, those with damaged packaging, etc. **Try to find out if these items could be put to good use elsewhere**, a second-hand retailer or food bank, for example.



### Together in the fight against climate change.

It is necessary for the retail sector to also have specific strategies that adapt to and mitigate the effects of climate change. This great challenge, which affects all aspects of our daily lives, also includes our properties and the value chain we form with tenants like you.

In addition to the positive climate impact that most of the aforementioned environmental recommendations may have, and in accordance with what has been outlined in the Paris Agreement and the 2030 Agenda, we consider the following as key elements in the planning and design of commercial spaces:

- Account for your direct emissions produced by refrigerant leaks and fuel consumption (**Scope 1**) and your indirect emissions generated by consumed electricity (**Scope 2**). In addition, we urge you to work in the medium term to progress in measuring the indirect emissions linked to your supply chain (**Scope 3**).
- Check if your corporate brand has its own **decarbonization strategy** according to its activity and value chain to be able to implement it in your units.
- Calculate the **embedded carbon** of your projects (such as major refurbishments and/or repairs), which includes emissions from the extraction of raw materials, their transportation, construction, and maintenance operation. In this way, you will have a more comprehensive carbon footprint, encompassing data beyond operational carbon.
- In the case that you offer not only a physical experience but also an **online purchasing process**, rely on **responsible logistics and shipping** (electric vehicle fleets, avoiding express shipments, etc.) or even on collection points (lockers) offered by the asset to minimize transport emissions.
- In the case that you have a **dining space** as a restaurant, bar or cafeteria, prioritize a menu based on **seasonal and local foods**. The origin of the product is crucial for reducing the carbon footprint of your ingredients.



## We'd love to hear from you

We want to know more about what really matters to you, and why. Our on-site teams are always here to help, but we also want to support our tenants' ESG journey at the corporate and operational levels.

- What goals and commitments are on the cards for your business and sector in the coming years?
- What kind of projects could we support you with?
- Are you planning any major refurbishment works that will help you meet your sustainability goals?
- Are you looking for partners to help set up a corporate volunteering initiative/campaign?

We always encourage retailers to share their data on resource consumption, carbon emissions and waste production with us, so we can offer advice and work together to find the best strategies.



Let us know at [esglarespana@larespana.com](mailto:esglarespana@larespana.com)!