

A 22 de septiembre de 2022

H.E. António Guterres  
Secretario General  
Naciones Unidas  
New York, NY 10017 USA



Estimado Sr. Secretario General,

Me complace comunicarle que Lar España Real Estate SOCIMI apoya los diez principios del Pacto Mundial referente a los Derechos Humanos, los Derechos Laborales, el Medio Ambiente y la lucha contra la corrupción. Mediante esta comunicación, expresamos nuestra intención de seguir apoyando y desarrollando esos principios dentro de nuestra esfera de influencia.

Nos comprometemos a seguir haciendo del Pacto Mundial y sus principios parte de la estrategia, la cultura y las acciones cotidianas de nuestra compañía, así como en involucrarnos en proyectos cooperativos que contribuyan a los objetivos más amplios de Desarrollo de las Naciones Unidas, en particular los Objetivos de Desarrollo Sostenible. Lar España Real Estate SOCIMI continuará comunicando claramente este compromiso a nuestras partes interesadas y al público en general.

Reconocemos que un requisito clave para participar en el Pacto Mundial es el envío anual de una Comunicación sobre el Progreso (COP) que describa los esfuerzos de nuestra compañía por implementar los diez principios y apoyar cualquier plataforma especializada del Pacto Mundial a la que nuestra compañía pueda unirse posteriormente. Por lo que también adjuntamos a la vez que esta carta la Comunicación sobre el Progreso donde se describe lo mencionado con anterioridad.

Atentamente

A handwritten signature in black ink that reads 'Jon Armentia'. The signature is written in a cursive, flowing style.

D. Jon Armentia Mendaza  
Director Corporativo & CFO

# ESG (Environmental, Social and Governance)

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The Company remains committed to creating shared value, maintaining fluid communication with identified stakeholders, making investments that promote sustainability in various aspects and improving asset performance every day.



## ESG (Environmental, Social and Governance)

Cognisant of its role within its activity, Lar España is committed to contributing in an **ethical, responsible and sustainable manner** through its operations and decision-making, **generating a positive impact** on both society and the environment, while securing a financial return for investors.

Lar España considers **corporate investment and a commitment to the environment** as necessary elements for society, enabling it to harness opportunities such as improvements in energy efficiency, the development of new

digital tools and collaboration with suppliers that guarantee the best services. The company remains committed to **creating shared value**, maintaining fluid communication with identified stakeholders, making investments that promote sustainability in various aspects and improving asset performance every day.

To create shared value, it has defined four pillars based on the **Sustainability/ESG Policy** that structure the action model and shape the company's vision, focusing on:

1

### Environment

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

2

### Corporate governance

Business model that seeks a positive environmental and social impact, in addition to securing a financial return, alleviating the pressures arising from economic activity.

3

### Social capital

Talent and people, the basis of the economic model and business value.

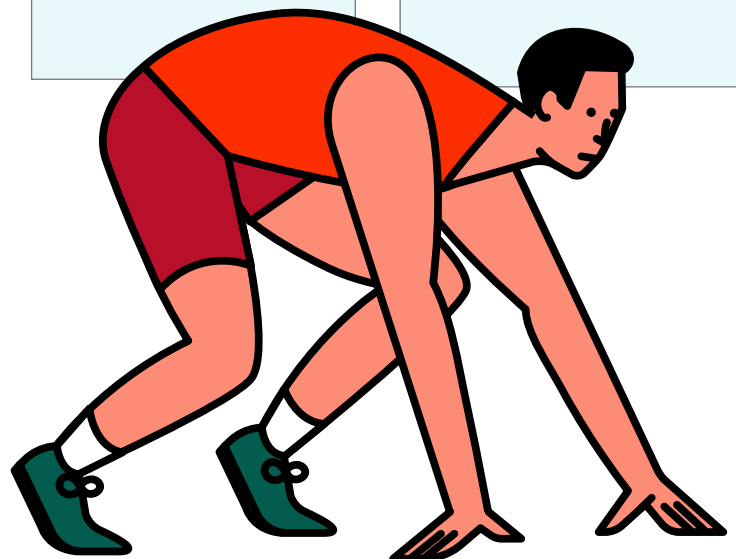
4

### Asset

Properties that positively affect the urban environment and provide high returns to shareholders and investors.

These commitments were materialised in the **ESG Master Plan**, which lays out the lines of action to achieve the goals set following the most demanding general and sector-based standards. It also aims to fully integrate sustainability into all areas of the organisation.

→ [Click on the link for more information on the Company's commitments.](#)





## ESG Master Plan

The Company's ESG Master Plan connects the purpose of investors with the tools necessary to solve social and environmental challenges. Uniting two visions that integrate ESG considerations into the business strategy not only provides a return to investors, but also **adds real value for society**.

The Company has established **seven strategic lines** necessary to comply with its vision of the environment, corporate governance and social and environmental capital:

1. Establishment of ESG Master Plan foundations.
2. Socially responsible investing.
3. Commitment to the community.
4. User-centred.
5. Positive impact on the city and the land.
6. Climate change, resilience and circular economy.
7. Communication of social impact and action.

## Sustainability/ESG Committee

The Company has had an active **ESG Committee** since 2020 to promote sustainability from the main governing bodies.

This Committee comprises a **cross-functional upper management team with the heads of various company departments** involved in sustainability issues for the purpose of laying down a common sustainability strategy.

The Committee is responsible for supporting Lar España's commitment to issues related to:

- Environmental initiatives.
- Health and safety at our properties.
- Corporate social responsibility measures.
- Sustainability measures.
- Other matters of public order.

In 2021, three Committee meetings were successfully held, with **clear objectives and an open dialogue between all members**, in which the projects that the Company is carrying out at both asset and corporate level were monitored and the possibility of launching new initiatives was studied.



## Sustainable Development Goals (SDGs)

In 2020 Lar España **joined the United Nations Global Compact and signed the letter of commitment**, thus showing its clear intention to align its sustainability strategy with the United Nations 2030 Agenda.

### Strategy for contributing to the SDGs

In 2021, the Company went a step further by developing an **action plan** and identifying relevant issues and their contribution to the SDGs. To this end, **the value chain and related materiality matrix was mapped**, identifying both positive and negative impacts in order to mitigate them. Thereby, the SDGs are Lar España's roadmap for contributing to build a more equitable society.

This **brought about a reflection** with the main business areas and certain stakeholders to identify the most relevant issues and define the Company's priorities in terms of sustainability, in line with expectations and external requirements and best practices in ESG.

As a result of this analysis, **three strategic priorities and six goals** were identified, associated with the corporate and operational functions of the value chain of Lar España and its stakeholders. As a means to address the goals, **22 specific actions** have been proposed at **corporate and operational level**.

↳ 9 corporate actions & 13 operational actions

**+50%**

Provide a robust framework for action








**+30%**

Correct negative impacts

**+17%**

Promote positive impacts

Thus, the Company has **identified the most relevant SDGs to its activity** and has defined the lines of action to **align the strategy and management model with the achievement of the eight defined SDGs and their corresponding targets:**

SDG	Strategic goals for 2022-2023	Target
	<ul style="list-style-type: none"> <li>› Environmental and social management.</li> <li>› Coordination with tenants.</li> </ul>	Target 6.4 Increase water-use efficiency.
	<ul style="list-style-type: none"> <li>› Environmental and social management.</li> </ul>	Target 7.2 Increase renewable energies. Target 7.3 Double the rate of energy efficiency.
	<ul style="list-style-type: none"> <li>› Environmental and social management.</li> <li>› Coordination with partners.</li> <li>› Coordination with tenants.</li> </ul>	Target 8.8 Protect labour rights and promote safe and secure working environments. Target 8.5 Achieve full employment and decent work. Meta 8.3 Promote small- and medium-sized enterprises. Meta 8.4 Improve efficient and respectful production and consumption.
	<ul style="list-style-type: none"> <li>› Adaptation of assets to global challenges.</li> </ul>	Target 9.1 Develop sustainable infrastructure. Target 9.A Support sustainable and resilient infrastructure.
	<ul style="list-style-type: none"> <li>› Coordination with tenants.</li> </ul>	Target 12.1 Implement sustainable consumption and production framework. Target 12.3 Reduce food waste.
	<ul style="list-style-type: none"> <li>› Adaptation of assets to global challenges.</li> </ul>	Target 13.1 Strengthen resilience and adaptive capacity.
	<ul style="list-style-type: none"> <li>› Coordination with Governing Bodies.</li> </ul>	Target 16.6 Develop effective and transparent institutions.
	<ul style="list-style-type: none"> <li>› Coordination with financial sector.</li> </ul>	Target 17.3 Mobilise additional financial resources.

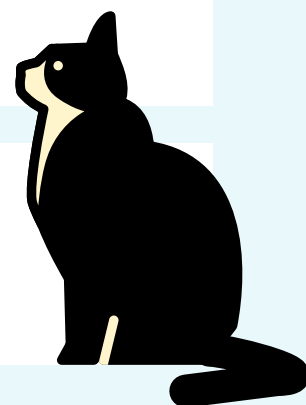
In order to ensure the proper implementation of the SDGs, the Company is promoting and raising awareness of the **adoption of the 2030 Agenda in its corporate governance and company policies.**

It is also monitoring the actions carried out as part of the Company's on-going activity to contribute to each of the SDGs identified.

To address the objectives, Lar España commits to the following actions:

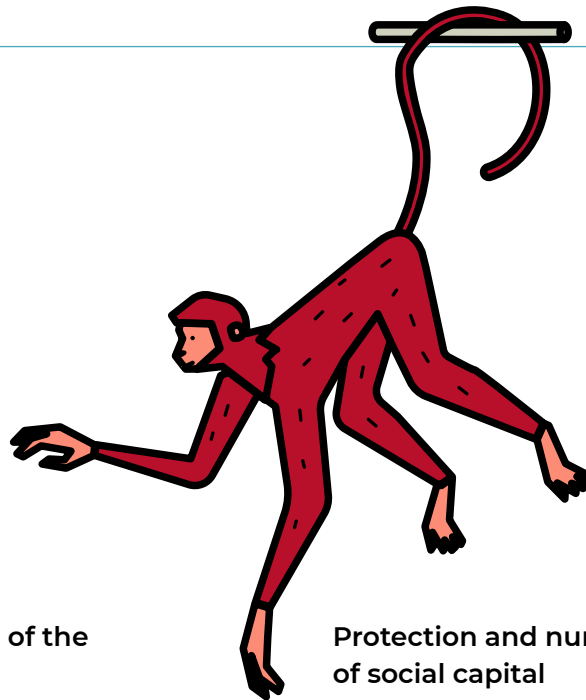


Supplier code of conduct	Tenant code of conduct	Green clauses	Draw up a decarbonisation plan
Multilateral discussion table	Focus groups	Progressive extension of green leases	Training programme
Water consumption minimisation plan	Asset-level operational reporting system	Combat food waste	On-site organic waste treatment
Expansion of the customer journey	Asset selection code	Awareness-raising programme for responsible consumption	TCFD (*) analysis of the entire portfolio
Penetration of consumption alternatives	Public-private partnership	Technical guidelines for construction	



(\*) Task Force on Climate-related Financial Disclosures (TCFD).





### Commitment to development of the surrounding area

The Company is **actively involved with the local communities** in the areas where its centres operate, through activities and events that foster the social and economic development of those areas.

Moreover, as part of its commitment to the development of the area in which it is located, the company promotes the creation of quality employment at its properties. As a result, Lar España generated **over 16,000 jobs** in 2021.

### The importance of good governance

Lar España's governing body is responsible for **overseeing and promoting the company's ESG strategies and practices**. Thus, the Company promotes good governance not only in investor relations, but also in its relationships with its employees and other stakeholders.

It also strives to reduce its risks and improve its regulatory and tax compliance at all times. To this end, Lar España has had an **Integrated Risk Management System** in place since 2015, with the aim of ensuring a reasonable level of assurance regarding the company's ability to achieve its strategic and operating objectives. Meanwhile, the members of Lar España's **ESG Committee** work to promote matters relating to health and safety at the company's properties, monitor non-financial risks, review the sustainability strategy and prepare the non-financial information statement.

### Protection and nurturing of social capital

Lar España focuses its efforts on **conveying the company's values and culture** to each of its employees, customers, shareholders and suppliers while being aware of the important role played by individuals in the performance of its activities.

### Respect for the environment

Lar España undertakes to **reduce energy consumption and GHG emissions** across its entire property portfolio to help achieve the global environmental objectives. As a result, it reduced its emission intensity by **20.5%** in 2021, based on a static denominator in respect of 2020. As part of its sustainability strategy, Lar España reinforces its mechanisms to prevent, manage and mitigate any environmental impact at its centres by encouraging the **implementation of sustainability actions and evaluations based on the highest environmental standards (BREEAM)**.

In parallel, the Company invests in innovative solutions to reduce its environmental impact. The company has also received various accolades such as the **GRESB** assessment, the **EPRA Gold Award** and inclusion on the **FTSE4Good** index.

## 2.1 Lar España: Corporate Governance



### 2.1.1 Corporate Governance

Lar España is committed to a corporate governance model that promotes **best practices** both at national and international level while offering a **stable and consistent oversight framework** that addresses the increasing demands of regulators, investors and shareholders.

Lar España's commitments are reflected in its **Corporate Governance Policy**, which sets out the core aspects of, and the Company's commitments regarding, corporate governance. This policy forms an essential part of its internal regulations. It has been drawn up having regard to prevailing applicable legislation and the recommendations laid down in the Good Governance Code for listed companies approved by the Spanish National Securities Market Commission (CNMV). The general principles enshrined therein apply to the entire organisation.

Lar España is currently working on the roll-out of an **Action Plan** for 2021 and 2022 that ensures compliance with prevailing regulations and puts the Company on a par with the main Spanish and international benchmarks with regard to corporate governance.

The Action Plan is articulated around the following **objectives**:

Among the principal **measures set out in the Action Plan** for 2021 and 2022, the following are particularly worthy of note:

- **Analysis of the size, structure and composition** of the Board of Directors in general terms, and of present and future needs.
- Adaptation to the new **good governance guidelines and trends**, particularly on gender diversity matters.
- Analysis and preparation of the **succession plan**.
- Improvement of the **directors' ESG knowledge**.
- **Ongoing adaptation and improvement** with respect to ESG.

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

**Improving** the activities, selection, remuneration and training of directors in terms of **management and transparency**.

**Making progress on evaluating** and improving the performance of the Board of Directors.

Lar España's commitment to following best practices in the field of corporate governance is reflected in its alignment with the CNMV's Good Governance Code. The Company **complies fully with 98.4% of the applicable recommendations** set down in the Code, and partially with the rest (1.6%). The above figures reflect a considerable improvement in the level of compliance with the recommendations set out in the Code of Good Governance, as now there is just one of the 64 points with which the Company only complies partially.

The Lar España **Annual Corporate Governance Report (ACGR)** includes detailed information on the structure and functioning of its governing bodies, as well as the oversight of corporate governance best practices and recommendations.

### Oversight of ESG matters

Elsewhere, the Board of Directors of Lar España places great importance on **ongoing adaptation and improvement with respect to ESG matters** at the Company. In 2021, the Board reviewed the Company's progress with respect to ESG and has overseen each of the steps taken by Lar España in this connection, as well as its achievements and work in progress.

It is also tasked with supervising the Company's **sustainability policies and strategies**. Its duties are delegated to the Appointments, Remuneration and Sustainability Committee, which is responsible for compliance with the ESG policy, monitoring the ESG strategy and practices and assessing the level of compliance before reporting to the Board of Directors.





## 2.1.2 Internal Rules on Governance

The **good governance system**, understood as the suite of rules, principles and procedures that regulate the structure and functioning of the governing bodies in a company, establishes relationships between the different members and determines the rules for decision-making.

Lar España's Internal Governance Rules are the **backbone of the Company** and reflect the commitments undertaken by management and the culture of the organisation as a whole.

### Regulatory framework at Lar España

#### Articles of Association

Last amended in December 2021. The articles of association set out essential information governing the **running of and decision-making** at Lar España, and regulate the functioning of the Board of Directors and its Committees.

#### General Shareholders Meeting Regulations

Last amended in April 2021. These regulations govern the **calling, preparation and conduct** of the General Shareholders Meeting, the information relating thereto and attendance of its meetings, as well as the exercise of the shareholders' voting rights.

#### Board of Directors' Regulations

These regulations set out the principles governing the activities of the Board of Directors, and the basic rules regarding its organisation and operation, as well as the **rules on the selection, appointment, reappointment, removal and conduct** of its members.

Their most recent amendment in November 2021 takes into account all of the aspects that must necessarily be included within the regulations in light of the amendment to the Spanish Companies Act introduced by Law 5/2021, which highlights, inter alia, the inclusion of the responsibilities and competencies of the Board of Directors with respect to related-party transactions and the setting of the individual remuneration of directors within the framework of the articles of association and the remuneration policy, as well as the discharge of their executive duties.

## Regulatory framework at Lar España

### Audit and Control Committee Regulations

These regulations establish the **rules governing the organisation and operation** of the Audit and Control Committee, based on the good corporate governance recommendations and criteria laid down by the Spanish National Securities Market Commission.

Their most recent amendment in November 2021 took into account all of the aspects that were to be incorporated into the regulations as a result of the amendment to the Spanish Companies Act introduced by Law 5/2021 and other technical improvements.

### Regulations of the Appointments, Remuneration and Sustainability Committee

These regulations establish the **rules governing the organisation and operation** of the Appointments, Remuneration and Sustainability Committee, developing any aspects of the provisions of the articles of association and Board of Directors' Regulations as may be appropriate with a view to better fulfilment of their functions.

Their most recent amendment in November 2021 considered all of the aspects that were to be incorporated into the regulations as a result of the amendment to the Spanish Companies Act introduced by Law 5/2021 and other technical improvements. Besides, their most recent amendment in November 2021 saw the **name of the committee changed** in light of its responsibility for reviewing ESG-related information, performance and strategy.

### Code of conduct

Last amended in February 2015. This code establishes guidelines governing the conduct of anyone acting on behalf of Lar España or its subsidiaries, and **it must be complied with** by Lar España and any companies with whom the latter has entered into a significant contractual relationship.

Breach of the code, which is based on the principles detailed below, may result in penalties:

- › Legal compliance.
- › Ethical and professional integrity.
- › Conflict of interest.
- › Record of transactions and preparation of financial information.
- › Internal control, anti-money laundering and crime prevention.
- › Asset protection.
- › Information usage and security.
- › Securities markets and confidential, relevant insider information.
- › Personal data protection.
- › Equal opportunity and non-discrimination.
- › Corporate social responsibility.
- › Stakeholder relations.

### Rules Governing the Whistleblowing Channel

Last amended in December 2014. These rules regulate the functioning of the whistleblowing channel, through which any person subject to Lar España's Code of Conduct, current legislation or any other internal regulations that have been put in place who considers that certain rules are being breached **may make a complaint/report a grievance** so that the issue can be aired and resolved.

### Internal Code of Conduct in the Securities Markets

Last amended in December 2017. **This code sets forth the rules of conduct** that must be observed by the company, its administrative bodies, employees and other affected persons in their activities in relation to the securities market, as provided for by law.

## Corporate policies at Lar España

### Corporate Governance Policy

This policy constitutes the Company's frame of reference for all corporate governance matters. The policy was drawn up in accordance with the **applicable domestic legislation** and with the recommendations laid down in the Good Governance Code for listed companies approved by the Spanish National Securities Market Commission (CNMV). The general principles enshrined therein apply to the entire organisation. The policy was last updated in December 2020 in line with the recommendations of the Good Governance Code of the CNMV.

### Sustainability/ESG Policy

This policy sets forth the **core principles, commitments, goals, strategy and values** that should provide the basis for managing and running Lar España in order to build a business model that will **create long-term value**, satisfy the needs and expectations of its stakeholders and generate socially responsible externalities. The policy was last updated in December 2020.

### Board of Directors Remuneration Policy

This policy defines and controls the Company's director remuneration practices, thus contributing to the **creation of** long-term, sustainable **value for its shareholders**.

The policy, which was approved in 2021, replaced a previous remuneration policy approved in 2018. It has adapted the corporate governance rules and best practices and was prepared in light of the features inherent to an externally managed SOCIMI, while also taking into account national and international market standards and the directors' specific commitment to the Company.

### Selection and Diversity Policy

This policy lays down the internal requirements and procedures to be taken into account by the Board of Directors and the Appointments, Remuneration and Sustainability Committee of Lar España in processes involving the **selection, appointment, re-election and evaluation** of the members of the Company's Board of Directors, in accordance with the applicable legislation, the Company's internal rules and the recommendations set out in the Good Governance Code, with a view to encouraging the appropriate selection of directors. The policy was last updated in December 2020.

It pursues the following objectives:

- › To be specific and verifiable.
- › To ensure that proposals for appointment or re-election are based upon a prior analysis of the skills required by the Board of Directors.
- › To promote diversity among the members of the Company's Board of Directors in terms of experience and knowledge, education, age, disability and gender.
- › To promote female boardroom representation of at least 40% by 2022.

### Information, Communication, Contacts and Involvement Policy

**To encourage dialogue, build trust and foster transparency** vis-à-vis Spanish and international shareholders and investors. This policy is based on values such as veracity, ongoing communication, equal treatment and strict, timely compliance, in due form, with the reporting obligations.

It also outlines the **analytical procedures and develops** the main tools, channels and reporting mechanisms for informing shareholders, investors, proxy advisors and other stakeholders.

### Lar España's Sustainability/ESG policy

Lar España is committed to sustainability and the creation of long-term value, to which end it has developed a business model that **meets stakeholders' needs and expectations** and generates socially responsible externalities. This policy was drawn up in 2015 and amended in 2018 and 2020. It is approved by the Board of Directors, which demonstrates the company's commitment to sustainability/ESG. The policy sets out the core principles and values that should provide the basis for managing and running Lar España and its investees, namely:

- Business ethics and integrity.
- Creation of shared value.
- Environmental management.

- Property accessibility.
- Responsible and sustainable supplier relations.
- Commitment to employees and talent development.
- Tax responsibility.
- Transparency.

Through this policy, Lar España undertakes to adopt a management approach based on the identification and implementation of trends and best practices, and the establishment of objectives that lead to the adoption of specific actions, in addition to monitoring the fulfilment of objectives and commitments using indicators.

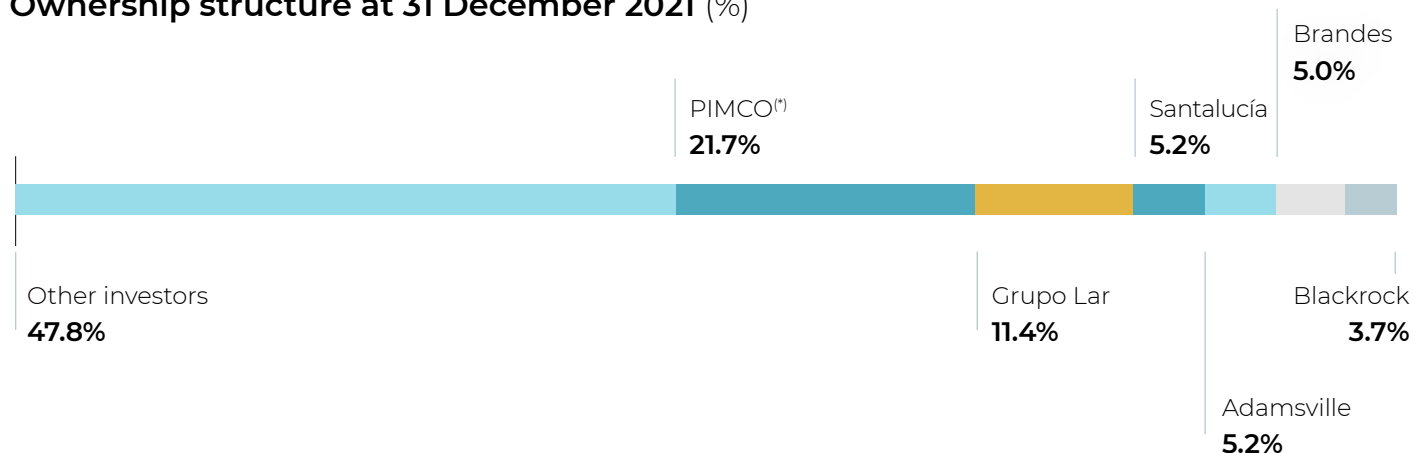


## 2.1.3 Governing bodies

### General Shareholders Meeting

The General Shareholders Meeting is Lar España's **highest decision-making and control body**, articulating the shareholders' right to take part in essential company decisions that fall within their purview.

### Ownership structure at 31 December 2021 (%)



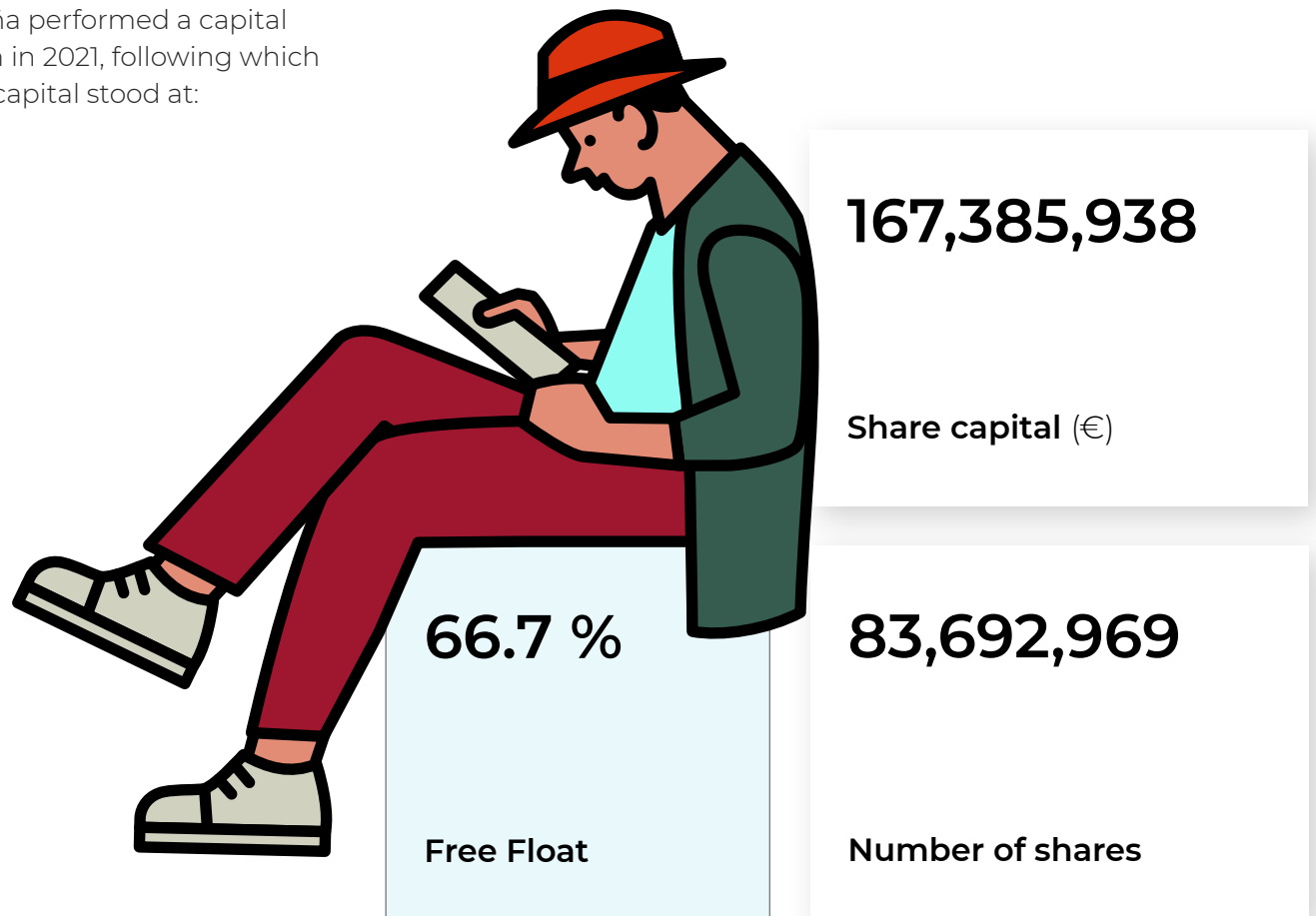
(\*) On 28 January 2022, PIMCO Bravo II Fund L.P. sold all of its shares in Lar España to Castellana Properties SOCIMI, S.A.





### Share capital at 31 December 2021

Lar España performed a capital reduction in 2021, following which its share capital stood at:



### Functioning and activities

The **General Shareholders Meeting Regulations**, which were passed in 2016 and amended in 2017 and 2021, set down the shareholders' powers and how the meeting should be run. An amendment to these regulations was proposed at the General Shareholders Meeting in order to include the latest recommendations set forth in the Good Governance Code and adapt the regulations to Corporate Governance best practices. These proposals were approved in November 2021.

The General Shareholders Meeting **represents all of the company's shareholders** and **its duties include**: approving the annual accounts and the management and running of the company, deciding on the distribution of profit or allocation of loss, approving the non-financial information statement, establishing the number of seats on the Board of Directors between the minimum and maximum number stipulated in the articles of association, appointing and removing directors, approving the director remuneration policy, appointing company liquidators, approving share capital increases and reductions, adopting resolutions on the issuance of bonds and other marketable securities, approving transformations, mergers, spin-offs and assigning the company's assets and liabilities, among others.

### Lar España held its General Shareholders Meeting on 21 April 2021. The main agenda items addressed were as follows:

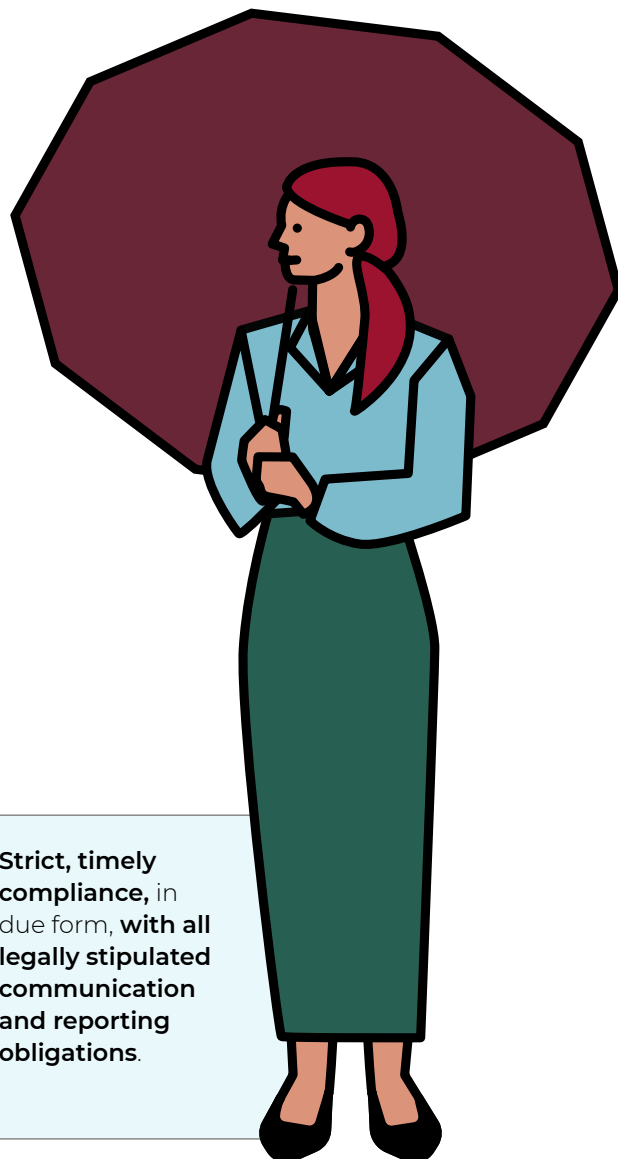
1. Approval of the **individual accounts of the company and the consolidated accounts** of the Company and its subsidiaries for 2020.
  2. Ratification of the company's individual and group **management reports** for 2020.
  3. Approval of the **Board of Directors' management and activities** during 2020.
  4. Approval of the proposed **dividend distribution** for 2020.
  5. Re-election of the company's **statutory auditor**.
  6. **Re-election** of Ms. Isabel Aguilera Navarro as independent director of the Company for the statutory three-year term.
  7. Approval of the director **Remuneration Policy**.
  8. Amendments to the **Articles of Association**.
  9. Amendments to the **General Shareholders Meeting Regulations**.
  10. **Delegation of powers** to enter into and execute all resolutions adopted by the General Shareholders Meeting, to place them on public record, interpret, remedy, complement, implement or register them.
  11. Advisory vote on the **annual report on director remuneration** for 2020.
  12. Note for the record on the amendment to the **Board of Directors' Regulations and to the Regulations of the Audit and Control Committee and the Appointments, Remuneration and Sustainability Committee**.
- All proposals were adopted with broad majorities.**



**Dialogue with shareholders, investors and proxy advisors**

Lar España has a **Policy on Information, Communication, Contacts and Involvement** in place, the aim of which is to create trust and transparency, and to regulate all contact with shareholders, investors, proxy advisors and other stakeholders by implementing the main instruments, channels and mechanisms used by the company to report to, and communicate with, its stakeholders.

The policy, which was approved in 2017 and updated in 2018 and 2020, is based on the following principles:



**Veracity and transparency** of all information provided and **equal treatment** of all recipients.

**Ongoing dialogue**, accessibility and timeliness of information.

**Strict, timely compliance**, in due form, **with all legally stipulated communication and reporting obligations**.

**Equal treatment** of all shareholders' rights for purposes of the recognition and exercise of these rights.

**Protection of the legitimate rights and interests** of all the shareholders.

**Commitment to encouraging informed shareholder participation** and exercise of their rights at the General Shareholders Meeting.

An additional core principle of the policy is the adoption of a **strategy for reporting** economic-financial, non-financial and corporate information that helps ensure that

the information made available to the market and to stakeholders is widely disseminated and of the highest quality, while observing the applicable legislation on insider information.

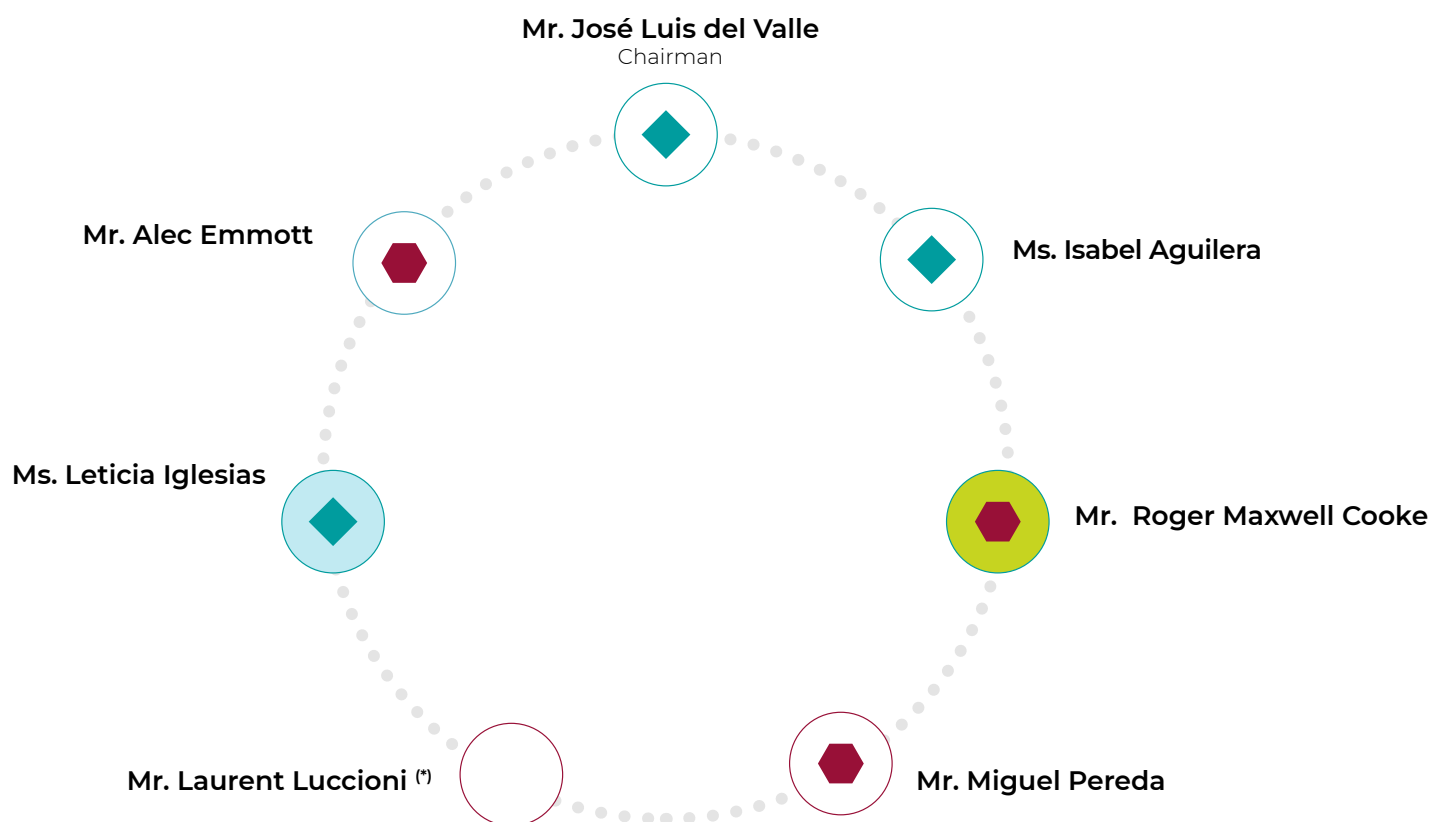
### Board of Directors

The composition of the Board of Directors in 2021 was the same as in the two previous years. At the General Shareholders Meeting held on 21 April 2021, Mrs. Isabel Aguilera was re-elected as independent director.

In 2021, 28.6% of the company's directors were female. The Board of Directors of Lar España has set itself a target of at least 40% of the board membership being female by 2022, thus enabling a balance to be achieved between women and men in respect of decision-making.

The Board of Directors was thus made up of **seven directors** at 31 December 2021, of which **five were independent and two proprietary**.

- Chair of the Audit and Control Committee
- Chair of the Appointments, Remuneration and Sustainability Committee



- ◆ Member of the Audit and Risk Committee
- Independent
- ◆ Member of the Appointments, Remuneration and Sustainability Committee
- Proprietary

*(\*) On 13 December 2021, Mr. Laurent Luccioni tendered his resignation as member of the Appointments, Remuneration and Sustainability Committee. Additionally, on 28 January 2022, following the sale by PIMCO Bravo II Fund L.P. of all of its shares in Lar España, Mr. Laurent Luccioni tendered his resignation as member of the Board of Directors.*

## Competency matrix

	Mr. José Luis del Valle (Chair)	Mr. Alec Emmott	Mr. Roger Maxwell Cooke	Ms. Isabel Aguilera	Ms. Leticia Iglesias	Mr. Miguel Pereda	Mr. Laurent Luccioni
Sector: Real estate/ Retail/Appraisals		●	●			●	●
Technical sector: architecture/ urban planning/ engineering	●			●			
IT				●			
Finance	●			●	●	●	●
Audit/risk	●				●		
International market	●	●	●	●	●	●	●
Other boards	●	●		●	●		●
Investor/ stakeholder knowledge	●	●			●	●	●
Team and talent management			●	●	●	●	
ESG	●	●	●			●	
Senior executive/ CEO duties	●	●	●	●	●	●	●

The above matrix provides a very succinct summary of the skills which the board considers most relevant for the management of the Company, indicating the most noteworthy aspects of each director's background. It does not reflect all the skills of the board members; only those previously defined as essential in which each director possesses expertise.

→ [Click on the link](#) for further information on the professional profile of the members of the Board of Directors.

### Powers and activities

As the highest decision-making body, the Board of Directors' duties include the oversight of company management with the goal of upholding the organisation's corporate interest. The board has **two committees** endowed with supervisory and control powers: the Audit and Control Committee and the Appointments, Remuneration and Sustainability Committee.

The Board of Directors is vested with the broadest powers and authority to **manage, direct, administer and represent the Company**, except on matters reserved for the General Shareholders Meeting. However, its everyday management is delegated to the management team under the supervision of the committees and the board.

The board met **15 times** in 2021. All of the directors attended 13 of the meetings in person, and specific voting instructions were given by proxy at each of the other two meetings.

Lar España offers **training programmes** and continuing education on topics in which the directors have expressed interest.



### Selection of directors

The Appointments, Remuneration and Sustainability Committee reviewed the categories of each of the members of the Board of Directors in 2021 and concluded that the current categories continued to apply. The committee also **reviewed the board's skills matrix**, concluding that it was up to date and that no adjustments were necessary. This matrix is regularly reviewed in order to ensure the optimal composition and operation of the Board.

### Promotion of board diversity

Lar España constantly endeavours to meet social and good governance expectations. The Board of Directors, through the Appointments, Remuneration and Sustainability Committee, thus continued to **promote gender diversity** on the Board of Directors in 2021.

In this connection, the possibility of increasing the number of women on the Board of Directors to achieve the target of having 40% of the board seats held by female directors by the end of 2022, in accordance with recommendation 15 of the Good Governance Code, was analysed in 2021.

In 2021, 28.6% of the company's directors were female. Following the resignation of Mr. Laurent Luccioni as board member in January 2022, female representation increased to **33.3%**.

### Criteria used to establish the Remuneration Policy

The remuneration system establishing both the current policy and the new policy expected to be submitted to the 2022 General Shareholders Meeting aims to promote the **company's long-term profitability and sustainability** and incorporate the necessary precautions to avoid assuming excessive risk and rewarding poor performance, thus ensuring that the interests of the directors are in line with those of the company and its shareholders, and that the directors' independence is not compromised.

The current **Remuneration Policy** is based on the following principles:

- Ensuring independent judgement.
- Attracting and retaining the best professionals.
- Long-term sustainability.
- Transparency.
- Clarity and customisation.
- Fair and proportionate compensation.
- Involvement of the Appointments, Remuneration and Sustainability Committee.
- Approval of the remuneration cap by the shareholders at the General Shareholders Meeting and delegation to the board.

### Remuneration of the Board of Directors in 2021 <sup>(\*)</sup>

- **Chair of the board.** 125,000€ per annum.
- **Independent directors.** 70,000€ per annum.
- **Proprietary directors.** Not remunerated.
- **Directors who sit on the board of investees.** 15,000€ per annum.
- **Board members who sit on any of the committees.** 15,000€ to 22,500€ per annum <sup>(\*\*)</sup>.

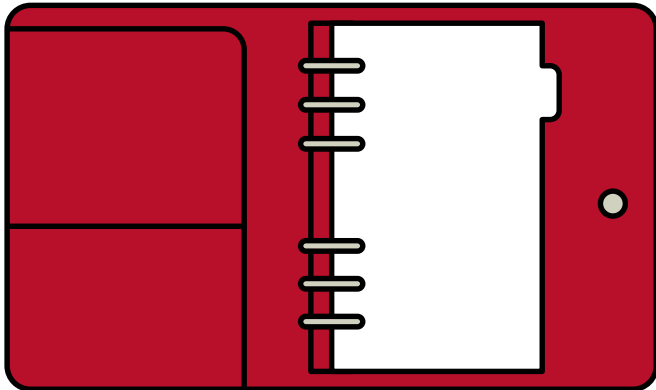
The criteria governing the remuneration of each of the directors show that **the difference between the remuneration of women and men is 0%** on the Board of Directors, Committees and employees of Lar España, being only conditioned by the responsibilities and functions of each of the cases.

*(\*) All directors' remuneration is fixed. There is no variable remuneration and there are no additional compensation concepts. The cap on total remuneration is set at €530,000 per annum.*

*(\*\*) The Chair of the Audit and Control Committee shall earn an additional €7,500 per annum (making a total of €22,500 per annum) and the Chair of the Appointments and Remuneration Committee, an additional €2,000 (making a total of €17,000 per annum).*

→ [Click on the link for further information on the directors remuneration system.](#)

→ [Click on the link for further information on the Corporate Governance system.](#)



### Board performance evaluation

The self-evaluation process performed in 2021 was conducted by the Chair of the board, together with the Appointments, Remuneration and Sustainability Committee, the Secretary and the Deputy Secretary. The following aspects were taken into account:

- The quality and efficiency of operation of the Board of Directors.
- The operation and composition of the Committees.
- Boardroom diversity in terms of composition and skills.
- The performance of the Chair of the board.
- The performance and contribution of each director and of the Secretary of the board.

The conclusions of the evaluation were that the board and its Committees had worked efficiently during 2020 and that significant improvements had been made in implementing the **Action Plan** set out in the previous evaluation report. As a result, the board approved a **new Action Plan for 2021 and 2022** which have been previously described in section “2.1.1 Corporate Governance”.

### Officer evaluation

As part of its corporate governance system and in keeping with best practices, Lar España also has an **officer evaluation system** with a specific procedure approved in 2016. Officer evaluations **serve to enhance individual and collective performance** and establish the foundations of the remuneration system, a key element that greatly influences their behaviour. Through a formal process, criteria were established for measuring their **internal efficiency in performing their duties and managing their teams**.

The Appointments, Remuneration and Sustainability Committee is tasked with ensuring that the evaluation procedure is conducted correctly, analysing the resulting conclusions and verifying the degree of achievement of the targets for 2021.



## Board committees

The Company has two committees created by the Board of Directors to support it in its duties and enhance efficiency and transparency.

### Audit and Control Committee

#### Composition

The Audit and Control Committee is made up of three members, all of whom are independent directors, in keeping with Recommendation 47 of the CNMV's Technical Guide 3/2017.

- › Ms. Leticia Iglesias, Chair
- › Mr. José Luis del Valle
- › Ms. Isabel Aguilera

All of these members have long-standing track records, having held senior management positions outside the Company in jobs related to the duties vested in this committee. They stand out for their **knowledge and experience** in accounting and auditing, both of which have been factored into their appointments, in accordance with best practices.

The Board of Directors approved the Regulations of the Audit and Control Committee of Lar España on 27 December 2017, thereby implementing article 14 of its Board Regulations and incorporating the basic aspects of Audit Committee composition, duties and operation stipulated in the CNMV's Technical Guide 3/2017. These Regulations were **updated on 11 November 2021**.

#### Powers

The main responsibilities of the Audit and Control Committee include **overseeing the process of preparing economic-financial and non-financial information**, supervising the **internal audit**, as well as the relationship with the external auditors, monitoring compliance with legal requirements and internal corporate governance regulations (including internal codes of conduct) and supervising the **effectiveness of risk management systems** and, in particular, reviewing them so that the main risks are properly identified, managed and disclosed.

Its roles also include promoting the **corporate governance strategy**, as well as regularly evaluating and reviewing the Company's corporate governance system, to ensure it is fulfilling its mission to promote the corporate interest, taking account, as required, of the legitimate interests of the remaining stakeholders.

#### Activity

The Audit and Control Committee met **12 times** in 2021.



## Appointments, Remuneration and Sustainability Committee

### Composition

The Appointments, Remuneration and Sustainability Committee is made up of four directors:

- › Mr. Roger Maxwell Cooke, Chair
- › Mr. Alec Emmott
- › Mr. Miguel Pereda Espeso
- › Mr. Laurent Luccioni (\*)

The Company's Appointments, Remuneration and Sustainability Committee and Audit and Control Committee are made up of different members in order to ensure their **independence from each other and to have as many external directors** as possible sitting on the committees. Also, in accordance with the provisions of the Board of Directors' Regulations, independent directors make up the majority of the committee following the resignation of Mr. Laurent Luccioni in December 2021.

The Regulations of the Appointments, Remuneration and Sustainability Committee were approved in 2019 to implement article 15 of the Board Regulations, which incorporated basic aspects of the composition, duties and running of the committee set down in the CNMV's Technical Guide 1/2019. These regulations were updated on **11 November 2021**.

### Powers

The duties vested in this committee include **appointing, evaluating, remunerating and removing directors and senior officers**, and supervising and promoting sustainability practices in environmental and social matters.

Its powers specifically include that of verifying compliance once a year. It strives to make sure the candidates put forward are sufficiently honourable, suitable, solvent, competent, experienced, qualified, trained, available and committed to their duties, that the candidate selection process results in adequate balance in the boardroom as a whole, **enriches the decision-making process and helps prevent conflicts of interest such that the common interest always prevails over individual interests**.

Due to the committee's increased **responsibilities in the area of sustainability**, it was renamed the Appointments, Remuneration and Sustainability Committee in 2021, since its duties included reviewing information and developments in relation to ESG.

### Activity

The Appointments, Remuneration and Sustainability Committee met **nine times** in 2021.

(\*) On 13 December 2021, Mr. Laurent Luccioni tendered his resignation as member of the Appointments, Remuneration and Sustainability Committee.



albacenter



Shopping Centre  
Albacenter (Albacete)



#### 2.1.4 Risk and opportunity management

In 2015 Lar España implemented an integrated **risk management system to ensure that risks are identified, evaluated, managed, and controlled correctly and systematically, thereby helping to fulfil the Company's strategies and objectives.**

The integrated risk management system works on a comprehensive and ongoing basis, and risk management is further consolidated at corporate level by business unit, subsidiary, and support area.

##### Risk Control and Management policy

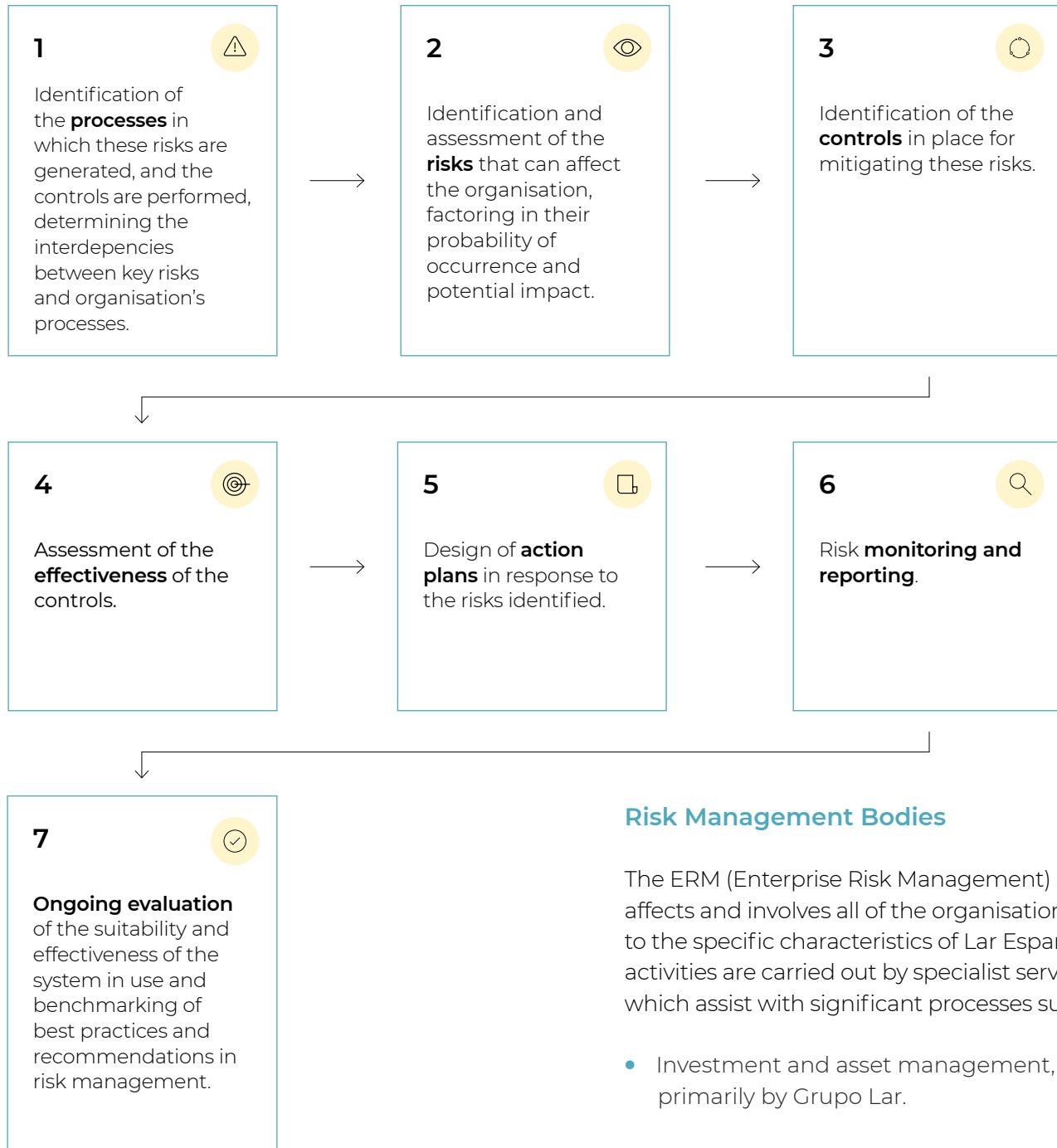
Lar España approved its **Risk Control and Management Policy** in 2015 setting down the components and activities that make up the risk management process and defining the organisational approach and the responsibility assignment model needed in an integrated risk management system, as well as the **methodology for risk identification, evaluation, prioritisation and management** in a efficient way, taking into consideration the circumstances of the Company and the regulatory and economic environment where it operates.

##### Enterprise Risk Management (ERM) - System

Lar España's ERM system has been implemented at the corporate level and designed to **mitigate all the risks, including tax-related risks, to which the Company is exposed on account of its business activities.**

The ERM system's mission is to **ensure a reasonable level of assurance regarding the company's ability to achieve its strategic and operating objectives.** The system is aligned with the key guidelines established in the "*Enterprise Risk Management —Integrating with Strategy and Performance (ERM 2017)*" published by COSO (Committee of Sponsoring Organizations of the Treadway Commission).

Lar España views risk management as an ongoing, dynamic process that encompasses the following steps:



Management, under the supervision of the Internal Audit function, establishes risk management priorities and determines the measures to be implemented, ensuring that the processes are performed and working as intended.

### Risk Management Bodies

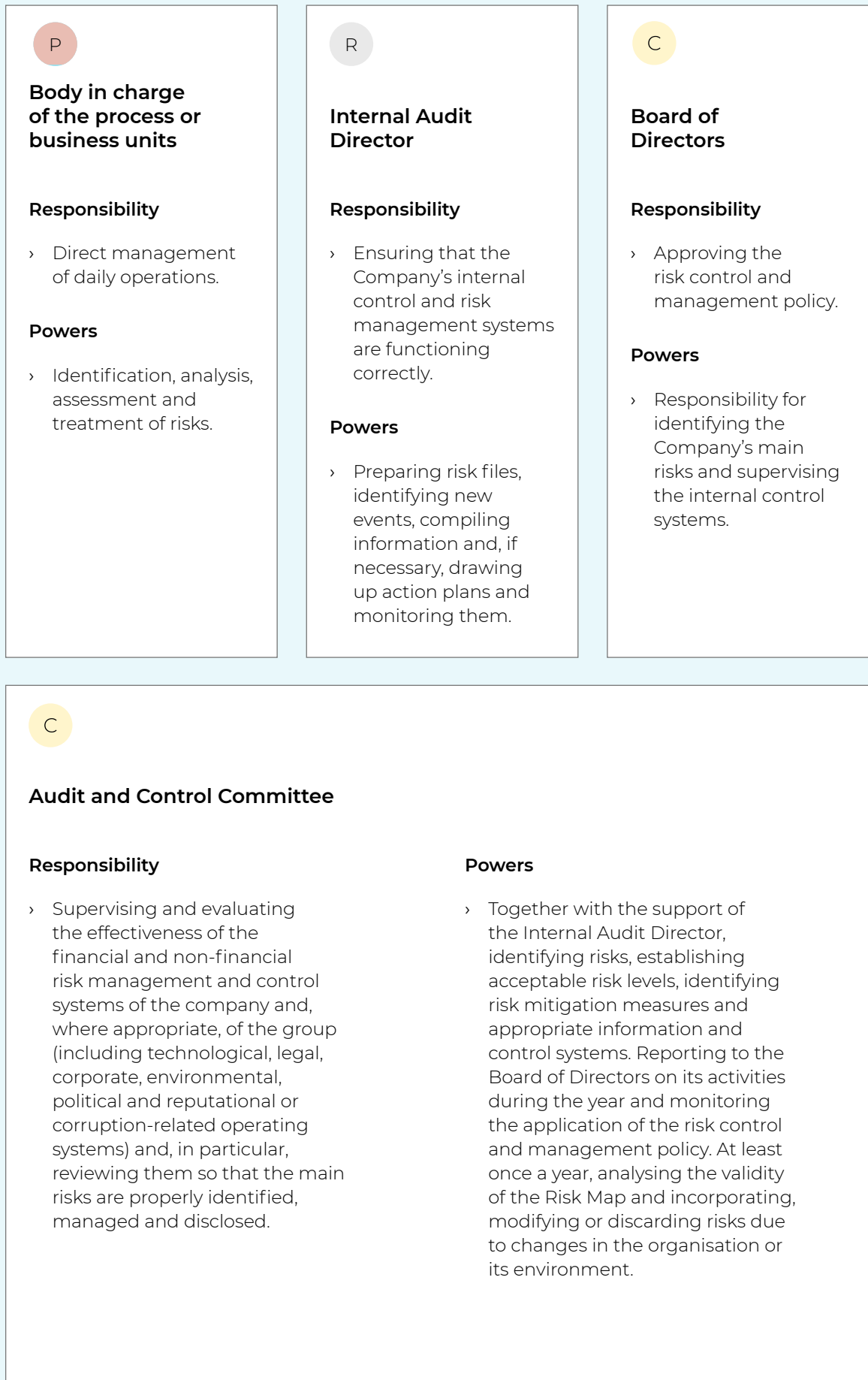
The ERM (Enterprise Risk Management) system affects and involves all of the organisation's staff. Due to the specific characteristics of Lar España, certain activities are carried out by specialist service providers which assist with significant processes such as:

- Investment and asset management, performed primarily by Grupo Lar.
- Preparation of financial, accounting and tax information.
- Half-yearly asset appraisals..

Lar España follows detailed procedures for **supervising the third parties responsible for these outsourced services** to ensure that these suppliers perform the activities contemplated in the ERM system.

The main participants in the ERM model are:

## → Risk management



## Risk Map

Lar España has an **updated Risk Map** illustrating the risks that could potentially affect the Company. The Company has prioritised the following risks, having carried out the relevant annual update of the Risk Map. It also carried out the appropriate management and monitoring activities for these risks in 2021 and will continue to carry out this process over the coming years:

### Strategic risks:

- Outbreaks, epidemics and pandemics.
- Political and macroeconomic situation, as well as changes in consumption and social behaviour models.
- Regulatory changes/legal uncertainty.
- Inadequate adaptation to climate change and environmental.

### Operational risks:

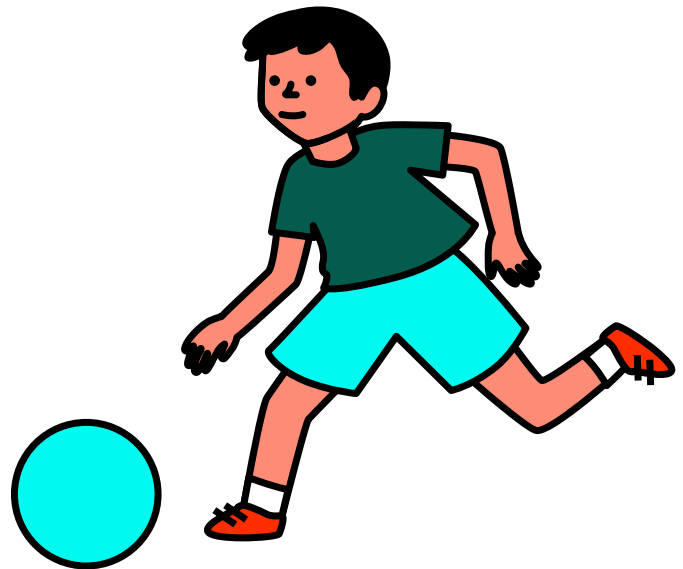
- Value of buildings.
- Health safety of employees, collaborators, clients and visitors at shopping centres and precincts.
- Cybersecurity and information security.
- Renegotiation of contracts as a result of the pandemic.
- Client solvency and credit risk.

### Financial risks:

- Market risk and worsening of macroeconomic indicators.

### Regulatory risks:

- Requirements of the SOCIMI regime.



These risks have been defined by Lar España in accordance with risk tolerance criteria and depending on how critical the risks are for the business, i.e. impact by probability. The risk monitoring process consists of continuously monitoring the internal and external variables that can help to anticipate or foresee these and other relevant risks for Lar España. The level and frequency of monitoring of the risks identified vary according to how critical they are and the level of effectiveness of the controls implemented.

In 2021, particular attention was paid to **strategic risks**, both those derived from the health crisis caused by the COVID-19 pandemic and the consequences this is having economically, socially and on consumer behaviour.

Similarly, the risks to the Company's assets from **adaptation to climate change and environmental sustainability**, as well as **cybersecurity** and information security risks, have also been included in the 2021 risk map update.

In the area of risk management associated with ESG matters, the Company **carried out an environmental and social due diligence (ESDD)** in respect of the various stages of the business model. The number of material risks and their potential consequences were also identified, including those caused by climate change.

## Response and mitigation plan

The specific characteristics of the market and sector in which Lar España operates make it necessary to focus on correctly **monitoring and updating the various risks** to which the organisation is exposed, including tax risks.

Thus, Lar España has defined **different scenarios for managing risk**:

- Comprehensive analysis of the risks deemed most critical to achieving an adequate degree of control.
- Assessment and surveillance of risks deemed as of medium importance to maintaining adequate control as a function of the real level of risk.
- Rationalisation and optimisation of the controls applicable to less critical risks.

Based on these levels, Lar España has established **four strategies in relation to the level of risk** assumed in each case:

- **Reduction:** This involves undertaking response activities designed to reduce the probability of occurrence or impact of the risk, or both simultaneously. This may entail the introduction of new controls or the improvement of existing ones.
- **Sharing:** The probability of occurrence or impact of the risk can be adjusted by transferring or sharing a portion of that risk, for example, by arranging insurance.
- **Avoidance:** This involves withdrawing from activities that give rise to risk. In this instance, the response to risk is to do away with a business unit or activity, or to decide not to pursue new activities associated with those risks.
- **Acceptance:** In this case, no action is taken to modify the probability of occurrence or impact of the risk. Risk is assumed at its inherent level as this is deemed appropriate for the activity and the objectives established.

Lar España gives different priorities to the **action plans**, depending on how critical the risks to be mitigated are, the cost/benefit analysis of the proposed courses of action and the resources available. To this end, the **main risks** of the organisation are identified and individual risk files are used to document the risks and **improve risk monitoring**. These files specify the controls in place and the key risk indicators (KRIs) that enable the associated risks to be predicted and/or monitored. In the coming years, the plan is for this **ongoing risk management and monitoring process** to continue.

The **Audit and Control Committee** of Lar España analyses the effectiveness of the organisation's risk map annually, **adding, modifying or disregarding risks**, as appropriate, as a result of changes in strategic objectives, organisational structure, emerging risks, prevailing legislation, etc.

## Materialised risks

The result of Lar España's risk assessment carried out in 2021 continues to be **highly conditioned by the context of the health, social and macroeconomic crisis** caused by the COVID-19 pandemic in Spain and in the rest of the world and, therefore, these risks continue to be some of the main ones that materialised in 2021.

The **individualised renegotiation** of contracts with each of the lessees, adapting to the new situation in 2021, the necessary **implementation of protocols and health and hygiene measures** to protect the health of employees, clients and visitors to the company's properties, and the **impact on the value of real estate assets** as a result of the uncertainty generated in the market, are some examples of the effects on the Company of the pandemic.



## 2.1.5 Business ethics and compliance

Lar España has developed a compliance framework with the aim of **ensuring transparency and integrity in all of its actions** and to meet all the commitments acquired.

The Company is working on establishing the necessary **control systems** to ensure regulatory compliance and serve as an internal framework for conduct. The following are salient among the mechanisms implemented:

- The Code of Conduct.
- Crime Prevention Model.
- Anti-money Laundering Model.
- Rules Governing the Whistleblowing Channel.
- Internal Code of Conduct in the Securities Markets.

### Code of Conduct

The **Code of Conduct**, approved by the Board of Directors in February 2015 **applies to and is binding** for all members of the Board of Directors, senior officers, the management team of Grupo Lar, executives and employees of the investees and third parties who have professional dealings with Lar España.

It establishes **guidelines** governing the conduct of anyone acting on behalf of Lar España and its subsidiaries and failure to comply with these guidelines could lead to disciplinary measures in accordance with current regulations.

Lar España upholds **ethical conduct and compliance** in conducting its business activities in accordance with prevailing legislation and the **principles laid down in the Code of Conduct**:

- Legal compliance.
- Ethical and professional integrity.
- Conflict of interest.
- Record of transactions and preparation of financial information.
- Internal control, anti-money laundering and crime prevention.
- Asset protection.
- Information usage and security.
- Securities markets and confidential, relevant insider information.
- Personal data protection.
- Equal opportunity and non-discrimination.
- Corporate social responsibility.
- Stakeholder relations.

## Whistleblowing channel

Lar España **has set up a Whistleblowing Channel through which internal and external stakeholders can make** enquiries or complaints if they consider that any internal rule is being breached and Lar España is able to respond. The channel has its own **Operating Rules** to ensure it works correctly and is governed by the principles of **good faith, confidentiality and protection**.

The Ethics Committee, which is formed by the head of the internal audit function, the Secretary of the Board of Directors of Lar España and the Chairman of the Audit and Control Committee of Lar España, is tasked with the effective management of the channel and assumes the duties derived from its implementation:

- Receipt and classification of the complaints received.
- Coordination of the investigation work required to follow up on each complaint.
- Imposition of the corresponding disciplinary measures.
- Preparation of periodic reports on how the channel is working.

Before the meetings of the Audit and Control Committee, the Internal Audit Director informs the committee members if any complaints have been received through the channel. In 2021, the company **received no complaints through the channel**.

## Crime Prevention Model

Guided by its **commitment to strict compliance with prevailing legislation** and the prevention of any type of practices or conducts that contravene the company's standards, Lar España has defined and adopted an Organisational and Management Crime Prevention Model with the following characteristics:

- It is articulated around the various processes and activities of Lar España.
- For each process and activity, it identifies the criminal risk to which exposure is greatest.
- For each risk factor identified, it associates internal controls that mitigate or in some way eliminate or diminish the probability that any criminal risk will materialise.
- It includes controls which belong to the Internal Control over Financial Reporting (ICOFR) system which are deemed preventative in terms of mitigating the probability of the commission of crime. These include controls associated with the management of Lar España's financial resources.
- The internal controls that mitigate or in some way eliminate or diminish the probability that any criminal risk will materialise are, for the large part, officially enshrined in internal policies and rules.

The Board of Directors is responsible for the Model's effectiveness and execution, having delegated the oversight of its functioning and enforcement to the Audit and Control Committee.

**Ethics and compliance** are vitally important to Lar España and the way it conducts its business. The Company has therefore established various policies and procedures, to ensure the utmost integrity in its work and in order to meet its commitments.

### Anti-money Laundering Model

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', for its acronym in Spanish). For this reason, Lar España drew up an **Anti-Money Laundering Manual**, which was approved by the Board of Directors in February 2018, as required under Spanish Law 10/2010, of 28 April 2010, on anti-money laundering and counter-terrorist financing measures.

The manual, which was developed in keeping with **best practices** and the analysis of the risk profile inherent to the company's activities and operations, is a basic document for the company's management. The manual describes the preventative policies and procedures adopted and the organisation model, along with the associated attribution of duties and responsibilities. Additionally, **training and information sessions** are held periodically for all related parties of Lar España and its management company (Grupo Lar), to ensure compliance with the related legislation.

The company's system for preventing money laundering and the financing of terrorism was also **audited by an independent external expert** in April 2021. The expert issued positive feedback on the operation of this system and confirmed its compliance with the regulations in force.

### Internal Code of Conduct in the Securities Markets

Approved by the Board of Directors in December 2017, the purpose of **this Code** is to **set forth the rules of conduct that must be observed by the Company**, its administrative bodies, employees and other affected persons in their activities in relation to the securities market.

## 2.2 Contribution to social development

### 2.2.1 Contribution to local development

Lar España works actively to **add value to the environments where its assets are located** and therefore carries out social initiatives that contribute to human, economic and environmental development and at the same time help society to respond to major challenges such as unemployment or the socio-economic crisis.

Lar España's activities have a high impact on the economies in which it operates and on employment in the region in general, which is why the Company's mission is focused on promoting social progress in the communities in which it operates, generating **economic, business and social benefits**. To achieve this objective, Lar España carries out a series of actions and projects promoting inclusion, support for social initiatives, education and the promotion of culture, among others.

→ [Click on the link for further information in the section Social action.](#)

→ [Click on the link for further information on communication channels in the section Digital culture & Innovation.](#)

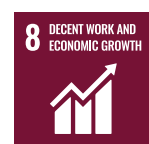
### Lar España's impact on employment

During 2021, it is estimated that the jobs generated in Lar España's portfolio amount to **more than 16,000 jobs**.

Seeking to create a positive impact on society within its communities, the Company has paid particular attention to increasing the **integration of people with disabilities at its assets**.

In this regard, the Company **interacts with** its economic, social and environmental **stakeholders**, attending to any requirement that may arise in each of its properties. Thus, for example, one of the most important measures is the annual survey carried out by Lar España to keep track of **people with disabilities** by professional category in all its centres and through which the Company obtains information to **best adapt** their workstations to their jobs.

In addition, Lar España works to establish alliances and encourages the promotion of joint initiatives **that foster sustainable development**, maintaining a close relationship in order to understand the needs of each group. In this way, Lar España guarantees its commitment to **SDG 17**, raising awareness among employees and stakeholders about the importance of achieving a more equitable society and strengthening **Lar España's commitment as a responsible business**.



Thus, Lar España's centres are being adapted to attain the **high standards required under universal accessibility** for people with every type of disability. This means that jobs at the assets can subsequently be filled very easily from among a broad range of profiles and people of different abilities.

**8.6% of the indirect jobs at Lar España’s assets are done by persons with disabilities above 33%.**

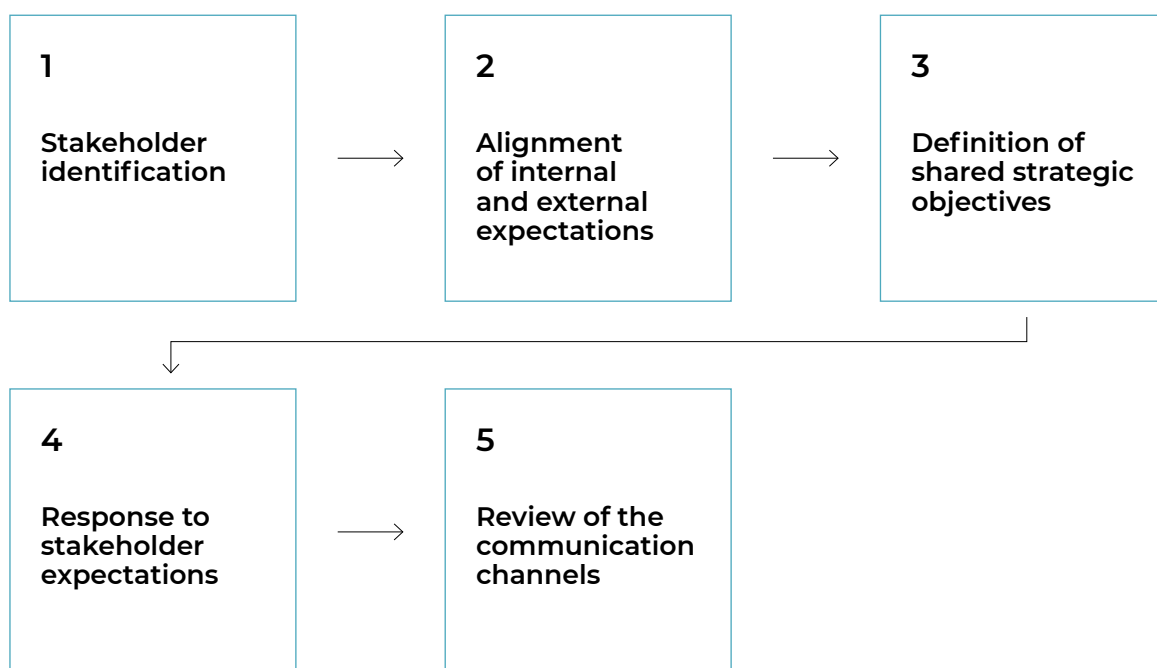
Consequently, **8.6% of indirect jobs at Lar España’s assets are filled by people with disabilities above 33%**. In Spain, the General Law on the Rights of Persons with Disabilities and their Social Inclusion stipulates that at least 2% of the workforce of companies with more than 50 employees must be employees with disabilities. Although this law does not apply to Lar España, the company amply exceeds the figure stipulated by law.

Lar España will continue to actively channel its efforts into labour and social integration in order to contribute to the communities of which it forms part.

**Stakeholder relations**

Lar España’s objective is to **interact adequately with its stakeholders by responding to their expectations**. For this reason, appropriate communication channels have been established to maintain and improve the Company’s external and internal relations. Lar España is committed to **creating value** for its main stakeholders and promotes the application of measures in its centres that enable it to obtain a clear image of stakeholder expectations..

To this end, it works through a **management model** that incorporates stakeholder expectations into its processes, integrating a wide range of tools for consultation and discussion with each of them. This management model comprises the following phases:

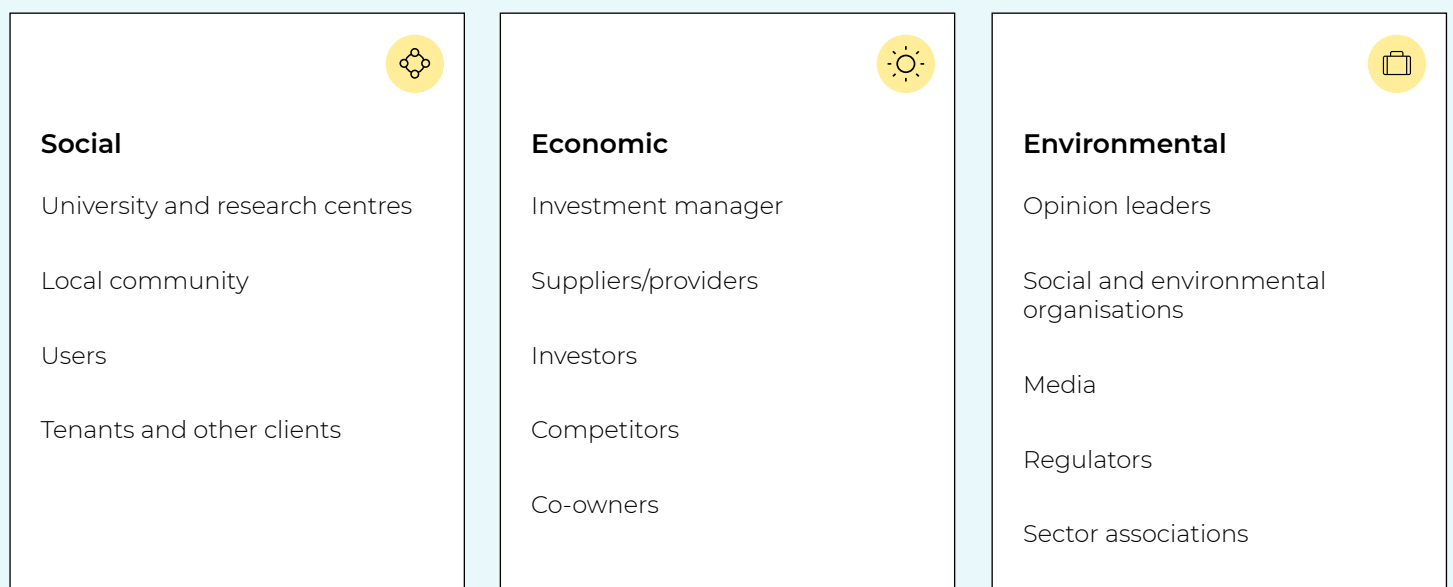


## Identification of stakeholders and alignment of internal and external expectations

In order to align strategic and sustainability objectives with the expectations of its stakeholders, the Company has identified its main internal and external groups and **periodically evaluates their**

**expectations** through specific communication and consultation channels, incorporating them into its decision-making processes.

### External environment:



### Internal environment: employees

## Communication channels

Lar España uses **different channels to foster dialogue** with its users and stakeholders. Therefore, once the process of identifying each of the stakeholders has been completed, the Company establishes **communication channels** to gauge

their expectations, which are assessed and aligned with the Company's objectives to ensure a balance between the different sectors of society and the environment in the resulting actions

Below is a breakdown of the categories and subcategories within these primary stakeholders, as well as the **needs and expectations** of each one:

### Response to environmental issues

Stakeholders	Communication and discussion channels	Stakeholder expectations	Shared objective	Action / Response to stakeholders
<b>Employees</b> (employees of Lar España and the management company Grupo Lar)	<ul style="list-style-type: none"> <li>› Open internal communication through personal contact</li> <li>› Whistleblowing channel</li> <li>› Meetings to monitor professional development</li> </ul>	<ul style="list-style-type: none"> <li>› Equal opportunity and non-discrimination</li> <li>› Professional development</li> <li>› Safe and healthy environment</li> <li>› Work-life balance</li> <li>› Transparent compensation policy</li> <li>› Ethics, integrity and compliance</li> </ul>	<ul style="list-style-type: none"> <li>› Retaining talent</li> <li>› Fostering of equality and non-discrimination</li> <li>› Professional training of employees</li> <li>› Ethical work environment</li> </ul>	<ul style="list-style-type: none"> <li>› Employee training</li> <li>› Remuneration policy based on roles and responsibilities</li> <li>› Promotion of an ethical working environment and integrity</li> </ul>
<b>Local community</b> (citizens, businesses, organisations, city council)	<ul style="list-style-type: none"> <li>› Pre-project meetings with local organisations</li> <li>› Opinion polls in shopping centres</li> <li>› Technological tools to learn about local habits and preferences</li> </ul>	<ul style="list-style-type: none"> <li>› Respect and promotion of culture</li> <li>› Management of indirect impact on local businesses</li> <li>› Promotion of local employment</li> <li>› Creation of shared value</li> </ul>	<ul style="list-style-type: none"> <li>› Integration of projects into local culture and customs</li> <li>› Creation of local employment</li> <li>› Creation of local businesses</li> </ul>	<ul style="list-style-type: none"> <li>› Projects take into account local culture and circumstances</li> <li>› Start-up and innovation events open to local businesses</li> <li>› Contracting of local suppliers</li> </ul>
<b>Users</b> (clients, visitors, accompanying persons)	<ul style="list-style-type: none"> <li>› Opinion polls</li> <li>› Suggestion channels in shopping centres and retail parks</li> <li>› Satisfaction and quality audits</li> </ul>	<ul style="list-style-type: none"> <li>› New products and services</li> <li>› Connectivity and accessibility</li> <li>› Safe and healthy environment</li> <li>› Modernity and design</li> <li>› Knowledge of events and operators' offers</li> </ul>	<ul style="list-style-type: none"> <li>› Assets offering unique experiences</li> <li>› Attractive assets</li> <li>› Accessible and adapted assets</li> <li>› Safe and comfortable spaces</li> </ul>	<ul style="list-style-type: none"> <li>› Digital tools to recognise trends and offer the best experience</li> <li>› Centres certified in Universal Accessibility</li> <li>› Recruitment of persons with disabilities</li> <li>› Design spaces and renowned architects</li> </ul>

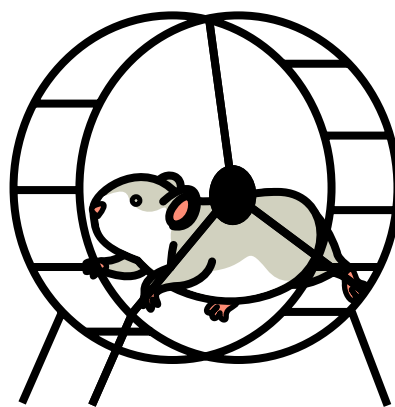
## Response to environmental issues

Stakeholders	Communication and discussion channels	Stakeholder expectations	Shared objective	Action / Response to stakeholders
<b>Investors and investment manager</b> (shareholders, banks, analysts, regulator, investment manager, funds)	<ul style="list-style-type: none"> <li>› One to one meetings</li> <li>› Conference calls</li> <li>› Road shows</li> <li>› Promotion and participation in events</li> <li>› Section of website devoted to shareholders</li> <li>› Annual General Meeting for shareholders</li> <li>› Whistleblowing channel</li> </ul>	<ul style="list-style-type: none"> <li>› Good governance and transparency</li> <li>› Ethics and regulatory compliance</li> <li>› Risk management</li> <li>› Return on investment and monitoring of share price</li> <li>› Prevention of corruption and money laundering</li> <li>› ESG/CSR strategy</li> </ul>	<ul style="list-style-type: none"> <li>› Operation in accordance with best practices in Corporate Governance</li> <li>› Regulatory compliance</li> <li>› Annual profitability</li> <li>› Ongoing improvement in ESG/CSR results</li> </ul>	<ul style="list-style-type: none"> <li>› Code of Conduct</li> <li>› Policy regarding communication and contacts with shareholders, investors and proxy advisors</li> <li>› Risk management and control</li> <li>› Reports: Annual, Corporate Governance, Remuneration</li> <li>› Publication of portfolio valuations</li> </ul>
<b>Suppliers</b> (asset managers, services, products, IT, innovation)	<ul style="list-style-type: none"> <li>› Meetings with suppliers</li> <li>› Contract follow-up meetings</li> <li>› Attendance at supplier fairs</li> <li>› Contact details on the website</li> </ul>	<ul style="list-style-type: none"> <li>› Transparency in business relations</li> <li>› Long-term vision and security</li> <li>› Risk management</li> </ul>	<ul style="list-style-type: none"> <li>› Establish long-term relationships with suppliers</li> <li>› Continuous improvement of our assets</li> <li>› Technological innovation</li> </ul>	<ul style="list-style-type: none"> <li>› Long-term contracts with suppliers</li> <li>› Selection of offers based on transparent criteria</li> </ul>
<b>Operators</b> (tenants, centre workers, maintenance, security, cleaning)	<ul style="list-style-type: none"> <li>› Digital communication platforms</li> <li>› Attendance at sector events of the different brands operating in the sector</li> <li>› Contract follow-up meetings</li> </ul>	<ul style="list-style-type: none"> <li>› Transparency in business relations</li> <li>› Speed in asset management</li> <li>› Coordination and balance between operators</li> <li>› Optimal operation of the centre</li> </ul>	<ul style="list-style-type: none"> <li>› Implementation of strategies to increase sales</li> <li>› Operation of the centre in the best conditions</li> </ul>	<ul style="list-style-type: none"> <li>› Digital tools to understand client trends</li> <li>› Digital tool for communication between operators and managers</li> <li>› Online platform to advertise shopping centres to operators</li> </ul>
<b>Competitors</b> (SOCIMIs (Spanish REITs), investment funds, etc.)	<ul style="list-style-type: none"> <li>› Promotion of sector events</li> <li>› Participation in trade fairs and sector events</li> </ul>	<ul style="list-style-type: none"> <li>› Good governance and transparency</li> <li>› Enhancement of the image of the sector</li> <li>› Fair competition and regulatory compliance</li> <li>› Stable employment and training</li> </ul>	<ul style="list-style-type: none"> <li>› Enhancement of the reputation of the sector</li> <li>› Attraction of talent</li> <li>› Encouragement of training of the sector's employees</li> </ul>	<ul style="list-style-type: none"> <li>› Training of Grupo Lar's and our employees</li> <li>› Social media campaign on the positive aspects of the sector</li> </ul>



## Response to environmental issues

Stakeholders	Communication and discussion channels	Stakeholder expectations	Shared objective	Action / Response to stakeholders
<b>Social and environmental organisations</b> (NGOs, foundations, local organisations, sectoral associations)	<ul style="list-style-type: none"> <li>› Holding events at shopping centres for the participation of social groups</li> <li>› Surveys and requests for information</li> <li>› Contact details on the website</li> </ul>	<ul style="list-style-type: none"> <li>› Projects with low environmental impact</li> <li>› Standardised ESG reporting</li> <li>› Impact management and damage remediation</li> <li>› Cooperation with other companies to promote knowledge sharing</li> </ul>	<ul style="list-style-type: none"> <li>› Best practices in environmental design</li> <li>› Standardised information reporting (GRI/EPRA)</li> </ul>	<ul style="list-style-type: none"> <li>› Obtaining independent certificates</li> <li>› Verification of information by independent third parties</li> <li>› Annual report integrated with sustainability</li> </ul>
<b>Regulators</b> (control bodies)	<ul style="list-style-type: none"> <li>› Requests for information in early stages of compliance projects</li> <li>› Mandatory documentation in the drafting and approval of projects</li> </ul>	<ul style="list-style-type: none"> <li>› Good governance and transparency</li> <li>› Standardised ESG reporting</li> </ul>	<ul style="list-style-type: none"> <li>› Regulatory compliance</li> <li>› Compliance with procedures</li> </ul>	<ul style="list-style-type: none"> <li>› Analysis of environmental legislation and strict compliance</li> <li>› Internal environmental information gathering systems</li> </ul>
<b>Authorities</b> (European Union, State, Autonomous Regions, Municipalities)	<ul style="list-style-type: none"> <li>› Meeting with authorities through sector forums</li> <li>› Two-way discussion regarding sector expectations and possible collaborations</li> </ul>	<ul style="list-style-type: none"> <li>› Urban resilience</li> <li>› Rehabilitation and conservation of buildings</li> <li>› Environmental impact assessment</li> <li>› Climate change mitigation</li> <li>› Biodiversity and natural environment impact management</li> </ul>	<ul style="list-style-type: none"> <li>› Improving the local environment</li> <li>› Meeting local needs</li> <li>› Projects aligned with international and national plans on climate change and other environmental issues</li> </ul>	<ul style="list-style-type: none"> <li>› Assessment of the environmental impact of our projects through internationally recognised methodologies</li> <li>› Sustainability strategy that improves on existing regulations</li> </ul>



## 2.2.2 Customer orientation

For Lar España, its customers and users constitute the foundations of its business model. Consequently, the Company prioritises and focuses its efforts on **meeting the needs of its customers** at all times. The Company **promotes active listening and two-way communication**, and is therefore able to offer the level of service quality that customers have come to expect.

Several tools are used to promote communications with customers:

- **Communication protocol** to notify the Property Manager of incidents through a specific email account for “Lar Project incidents”, reflecting a commitment to improve communication channels.
- **Direct relationship** between the Asset Manager in charge of each property and the property tenants.
- Customer services audit, through which Lar España strengthens its **commitment to excellence of the Customer Journey**.

Lar España considers it essential to be aware of its customers' opinions before, during and after shopping. Accordingly, several information-gathering tools, both face-to-face and online, have been put in place to quickly provide feedback on **customer habits and preferences**.

This communication process is characterised by the **adaptation to new technologies** and the existence of multiple channels to address the needs of a more informed and demanding clientele. This type of tool is also used to observe current market trends and offer customers the best experience.

As a result, Lar España is assured the information it needs to adapt and completely transform its assets as efficiently as possible.

—> [\*Click on the link for further information in the section Digital culture & Innovation.\*](#)



With a view to having its centres offer unique, attractive experiences, Lar España has continued to **promote customer engagement** by organising different events at its properties.

In 2021, in addition to the measures already implemented to fulfil customer needs, other actions were undertaken to improve the experiences provided through its assets:

### Gastro Fan

A cycle of **multidisciplinary cuisine-based events** was hosted at seven shopping centres which consisted of different types of cooking and cocktail workshops using the gastronomic products typical of each area of influence. The attractions included industry professionals such as Chef Bosquet, Spanish Champion Flair Bartender Pedro García and three of the finalists from the MasterChef cooking show.

The cycle was broadcast via streaming at several of the centres: Gran Vía, El Rosal, As Termas, Albacenter, Portal de la Marina, Lagoh and Ànec Blau.

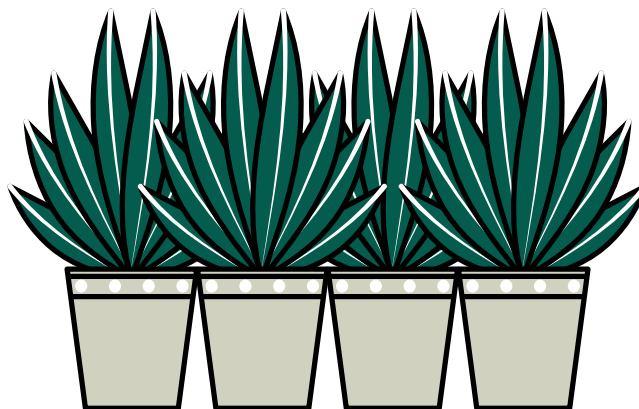
The purpose was to forge ties with the public and spread the name of the centres, generating engagement and publicity.

### Hola Familia

“Hola Familia” [Hello Family] is a project that aims to **create a comfortable, welcoming, humane and cheerful space** in which parents can breast- or bottle-feed their babies and toddlers during their visits to our shopping centres.

The services offered as part of this project include:

- Breast-feeding room.
- Special family parking spaces.
- Highchair lending service, nappy delivery and birthday party reservations in collaboration with the restaurants.
- Store discounts.
- Fun Play Area for kids.





### A culture of customer health and safety

In 2021 Lar España continued to work to provide **safe, comfortable spaces** for customers by implementing measures and solutions that ensure a high level of safety at its various properties.

Consequently, great emphasis is placed on **compliance with basic health and safety regulations** through adequate coordination of its business activities, reporting on existing workplace risks and disseminating action protocols to be followed in the event of an emergency.

Although the incidence of the pandemic and its impact both in Spain and in the rest of the world has receded over the past year, Lar España **has kept its health and safety protocols in place at its properties**, applying them flexibly according to the specific needs of each region. The Company at all times follows the health and safety recommendations established by the authorities to prevent the spread of COVID-19.

### Crisis management systems and protocol

In order to detect possible terrorist attacks in its shopping centres and retail parks, Lar España has in place **prevention and intervention systems and protocols** that can address any suspected terrorist threat. These systems comprise measures to increase vigilance and inspections, with special attention on the presence of suspicious individuals and objects. Foremost among the principles of preventive action are the establishment of meetings with national, local and regional police forces to facilitate cooperation with the local authorities.

Lar España also applies several intervention measures introduced by the head of the security company to identify any suspicious behaviour. In the event of any threat, **Lar España has a series of operating teams and electronic systems**, as well as auxiliary resources to act quickly and safely with users and centre personnel.

Some of Lar España's shopping centres have an ad hoc action **Protocol** in place, where an Anti-Terrorism Prevention and Protection Plan is available to enable the detection, monitoring, analysis and evaluation of such risks. The measures to prevent attacks follow the advice issued by the Ministry of the Interior and the private security companies with which Lar España works.

In addition to these measures, Lar España has an **Operating Manual** that enables management of the centres to be aware of the existing procedures in the event of an incident. Furthermore, Lar España carries out communication initiatives with its assets and draws up adequate presentations to disseminate these measures beyond the scope of management.

### SGS certification

Lar España focuses its efforts on applying the regulations and measures to transmit to its customers that they are in a safe environment, with hygiene and safety guarantees. In 2021, **SGS, the leading certification services company**, continued to certify the hygiene and disinfection procedures followed at all of Lar España's properties.

Their verification work was centred around three main areas:

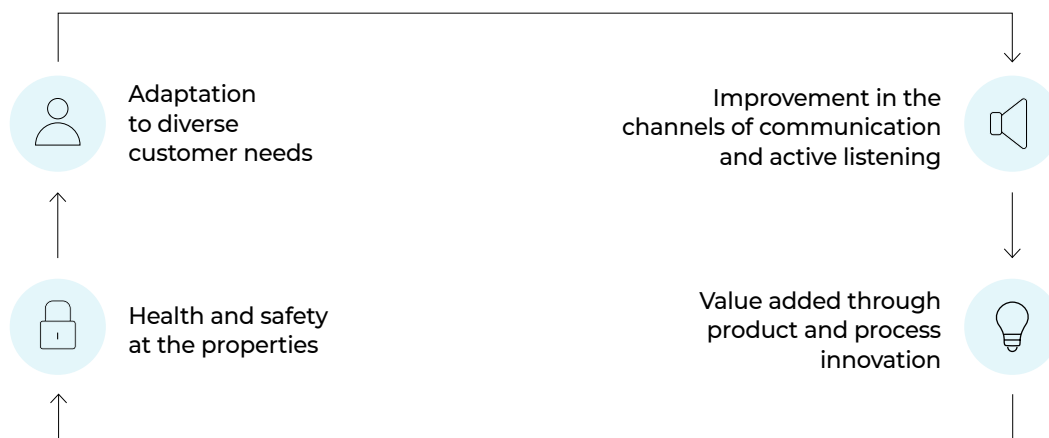
- **Complying with all applicable standards** and best practices as regards the design and wording of the protocols.
- **Complying with all applicable standards** Implementing procedures and best practices at all the shopping centres and retail parks in the portfolio <sup>(1)</sup>.
- **Maintaining procedures** correctly and continuously.

After a favourable assessment of the design of the protocols without incident at all the properties, **inspections** have continued to be carried out in order to verify that they are still applicable in all aspects. These reviews were carried out monthly until July 2021 and with quarterly frequency thereafter on one-third of Lar España's assets.

### Customer satisfaction

Lar España has **various tools in place** at the shopping centres which are aimed at maintaining a stable relationship built on trust with all its customers. By using these tools, the company promotes efficiency and is able to address its customers' needs and channel information to them that meets their demands and expectations.

Lar España's view of the customer satisfaction process is as follows:



(1) Shopping centres and retail parks in which Lar España has full decision-making powers.

## Actions aimed at customer satisfaction

Based on the **studies and surveys** carried out at the various centres in 2021, Lar España was able to gather the perceptions of its customers regarding the following issues:

### Club Disfrutones

#### a. Operators

In 2021 Lar España conducted a customer satisfaction survey among its lessees regarding the Disfrutones [Fun-Lovers] customer loyalty club in order to gather their opinions on the experience and/or possible improvements to the service. The survey was conducted at the Albacenter, Ànec Blau, As Termas, El Rosal, Gran Vía de Vigo, Lagoh and Portal de Marina centres.

Among the main conclusions obtained after conducting the survey to these operators, highlights that 75% of respondents believe that being part of the Club Disfrutones brings benefits to their business, such as increased traffic and sales in the store. However, the Company has identified the process of communication and validation of benefits as an area of improvement, by being a partner between the user and the store.

#### b. Users

The survey of the users of the assets was also conducted through different channels to learn their opinions about the “Disfrutones” Club app. In addition to answering questions that enabled Lar España to determine their level of knowledge and satisfaction, they also made recommendations on the benefits of the app.

### Accessibility

These surveys were carried out with the aim of establishing the level of satisfaction with services and infrastructure. Overall, the **results obtained show a high level of satisfaction**, notwithstanding which Lar España is working to make different improvements. The survey was conducted at the As Termas, El Rosal and Albacenter centres, covering aspects such as:

- Parking service.
- Public information and customer service.
- Accessibility throughout the centre including the public toilets.
- Clarity and usefulness of information posters.

### Christmas videocalls

As part of Lar España’s commitment to improving its customers’ experience, the El Rosal, As Termas and Gran Vía de Vigo centres launched a series of videocalls during the Christmas period through which Father Christmas and the Three Kings met all of the children and listened to their Christmas wishes.

The campaign was well received and enabled Lar España to conduct satisfaction surveys among parents to hear their opinions about this experience and other issues such as the process for booking the call.

Customer-related surveys are conducted annually at some of Lar España’s assets. For example, an **analysis of fashion outlet customer profiles was carried out** at the Megapark Fashion Outlet.

### Sport and healthy lifestyle

Lar España promotes a healthy lifestyle and good nutrition among its customers. In 2021 sporting events were held at the assets to **encourage users to engage in sports and acquire healthy habits**. Another objective is to raise funds for foundations and non-profit entities that are engaged in providing healthcare, drawing public attention to rare diseases and working for the inclusion of persons with Down syndrome.

### Online satisfaction survey analysis

Regarding the Company's commitment to **improving communications with its tenants**, in 2021 Parque Abadía drew up an Online Retailer Satisfaction Analysis with the help of an independent supplier. This assessment is carried out by means of online surveys following a standardised methodology.

The purpose of the survey was to provide a response on overall satisfaction with all aspects of the retail park, based on the following questions:



		Overall satisfaction	Satisfaction with the services companies
Satisfaction with physical and environmental attributes	Satisfaction with management	Matters for ongoing improvement	New trends
Satisfaction with the Marketing and Communication Policy	Satisfaction with the other retailers	COVID-19 block	Satisfaction with service availability



As a result of the work carried out, the average assessment of the respondents stands out in relation to issues such as satisfaction with the rest of the merchants (7.9) or the professional relationship of management (7.8). Thanks to the results of the work carried out, Lar España is able to maintain an ongoing dialogue and in that way, become aware of its retailers' concerns. Through this survey the Company obtained detailed information on **areas for improvement and new initiatives** for the benefit of both customers and retailers, which allows the centre to improve its relationship with customers and meet their expectations.

Lastly, the survey **highlights the most important trends and aspects for consumers** when choosing a shopping centre, namely:

- **Brand offering and variety.**
- **Friendliness and the human touch.**
- **Customer service.**
- **Technological development.**
- **Design and architecture.**

### Complaint and claim resolution

Lar España undertakes to analyse any incidents customers may suffer at its properties and to take appropriate action so as to respond to customers and consumers clearly and concisely. To this end the Company has **protocols for filing claims** which enable it to detect and handle all incidents through various channels such as social networks, the website and paper forms. Thus, those in charge who are affected record and analyse them in order to implement measures and take steps to resolve the claims.

In 2021 Lar España handled and resolved 122 customer complaints. **All complaints and claims were handled within the estimated time and in line with the aforementioned procedures.**





### 2.2.3 Relations with suppliers

Lar España considers its suppliers to be an essential aspect of its operations. Consequently, it has purchasing and contracting procedures that prescribe the **commitments and principles of conduct** required to contract any supplier, fostering quality management and transparency.

#### Certification mechanisms

As part of its supplier certification process Lar España and its management company ensure that the Company's interests are protected at all times and to this end the Company undertakes to guarantee that its collaborators have **internal control mechanisms and standards of conduct** for purposes of due diligence.

Among the aspects included are clauses on **environmental, social and good governance issues** that must be complied with by all the suppliers with which Lar España establishes relationships. These include such guidelines as the following:

- Anti-corruption policy and whistleblowing channel of Lar España.
- Anti-money laundering.
- Occupational health and safety.
- Commitments with employees' rights and conditions.
- Environmental responsibility.

To ensure these values are present in its supply chain, Lar España also has a **Sustainability/ESG Policy**, which serves as a guide for the Company to act responsibly and transparently in its interactions with suppliers.

Furthermore, for most of its centres, a **BREEAM clause** has also been included which makes it possible to measure the degree of environmental sustainability in the fitting out of shopping centre premises, as well as energy efficiency or the control of water use, among others.

#### Supplier audit process

Lar España bases its commercial relationships with suppliers on long-term stability. To achieve this it promotes contract fulfilment, ensuring that suppliers meet their commitments in respect of the main services which comprise maintenance, security and cleaning. If any non-compliance is found the necessary corrective measures are taken.

Compliance with occupational health and safety and environmental matters as well as process quality are taken into consideration in the evaluations. **These audits have been carried out without any qualifications in the results.**

#### Commitment with local suppliers

Lar España fosters the development of local environments and the communities where it operates. Accordingly, the Company gives priority to contracting local suppliers while also demanding the essential requirements for the services requested. The Company monitors information about suppliers, including their type, location and the centres they serve in order to promote the contracting of local suppliers and ensure they are highly knowledgeable of their surrounding areas.

In 2021, Lar España has close links with the communities it serves. For this reason, the overwhelming majority, 446, of its **466 suppliers** are local companies. Lar España purchased **over €58M** in products and services from its suppliers, thereby creating wealth in the communities where it operates.

## Lar España purchased **over €58M** in products and services from its suppliers, thereby **creating wealth in the communities where it operates.**

The fact that Lar España's activities are carried out throughout Spain makes it a **generator of economic wealth, a catalyst for local economies and a creator of quality employment**; it brings trust and becomes the clearly preferred option.

### Cybersecurity and information security

Lar España's activity involves the processing of various types of data and information, and particularly, given the specific nature of its organisational model, a large part of its activities are contracted out to specialist third parties.

To manage and mitigate information security risks to a reasonable level, in 2021 the Company developed a **Third-Party Cybersecurity Risk Management Model**.

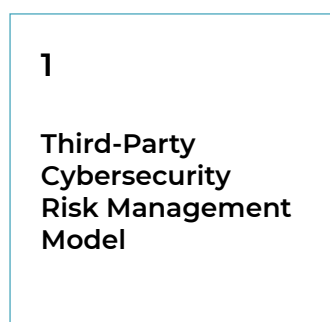
The aim of this model is to review the company's most important processes so as to maintain the **principles of integrity, confidentiality and availability** at all times, in accordance with cybersecurity best practices and standards.

In addition, the company has implemented a **Supplier Cybersecurity Risk Management Procedure** to ensure data is processed correctly and to define and manage the controls to comply with corporate security objectives and prevailing legislation.

### Analysis and evaluation of the provision of services by third parties

Lar España performs an exhaustive **procedure for contracting external suppliers** to ensure their competence, independence and technical and legal capacity to provide the services contracted. Furthermore, it periodically evaluates the work performed to check that it has been carried out properly.

It should be emphasised that the analysis of these possible cybersecurity and information security risks **is considered as part of the financial information system** and is therefore assessed by the company's main governance bodies.



**The purpose of the Third-Party Cybersecurity Risk Management Procedure is to lay down guidelines for the supplier certification process and their information security management.**

## Information security policy

In line with its commitment to assure information security in the different business processes, in 2021 the company drew up the **Information Security Policy** as a result of a prior risk analysis carried out by the company in this area. Lar España's Information Security department is responsible for its application and oversight.

The purpose of this policy is to ensure adequate protection of Lar España's information, maintaining the following security principles:

- **Ensure that the information can only be accessed** by authorised parties.
- Guarantee the **accuracy and completeness** of the information and the methods used in its processing.
- **Guarantee that authorised users** have access to the information and its associated assets when necessary.

The disruption caused by new technologies is changing structures and presents numerous challenges and opportunities. With this policy, Lar España undertakes to offer the best service to its customers, enhancing its processes and respecting the rights established by law. Some of the main objectives of the Security Policy are outlined below:

- Protect assets from threats that may lead to security incidents.
- Establish an information classification system to protect critical assets.
- Develop a set of rules applicable to all employees of Lar España
- Assess the risks affecting the assets to adopt the appropriate security controls.
- Verify the operation of security measures through internal audits
- Train users in security management and information technologies.
- Protect Lar España's intellectual capital, ensuring it is never disclosed or used unlawfully
- Reduce the possibilities of unavailability through the proper use of Lar España's assets
- Defend the assets against attacks so that they do not become security incidents



### Cybersecurity measures and actions

As a result of creating the Third-Party Cybersecurity Risk Management Model, Lar España has started work, with the support of an external consultant, on preparing and sending a **self-assessment questionnaire to suppliers** for them to assess their information security risk, as well as the inclusion of cybersecurity clauses in an annex to the contracts for the provision of services.

The Company also has a **Cybersecurity Committee** that meets periodically ensuring the control of this risk and the safeguarding of the information security. It is formed by:

- Lar España's vice-chairman
- The CFO of Grupo Lar, as a the information security service provider to Lar España
- The CFO and Corporate Director of Lar España
- The Internal Audit Director of Lar España.

During 2021, within the context of the second stage of this management model, several on-site audits were also started, with the support of a specialized technical consultant, with the scope of the domains and web page of Lar España, as well as on public addresses, of users and servers of Grupo Lar and Gentalia.

A report will be drawn up based on the information obtained in these audits that will have the main recommendations that the service providers will carry out, as well as an **Action Plan** for their implementation, which will be monitored by Lar España's Cybersecurity Committee.

### 2.2.4 Investor relations


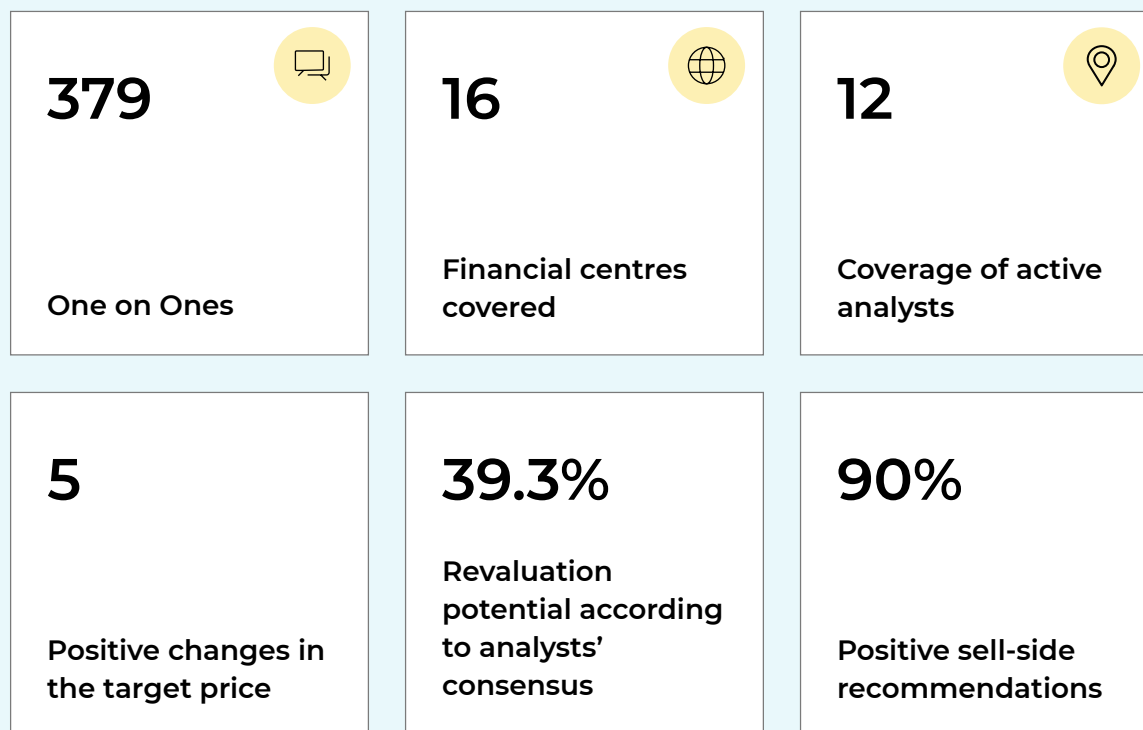

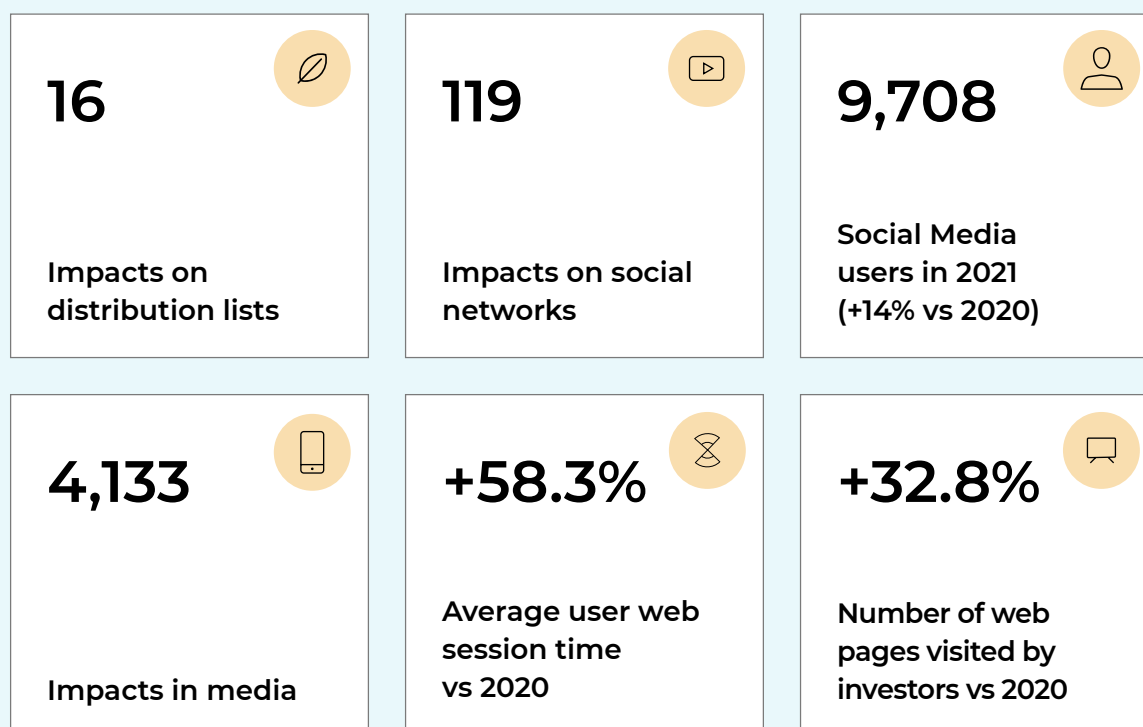
Lar España **actively promotes listening to and collaborating with its main investors** in order to continue applying best practices and meet their objectives in an **ethical and transparent manner**.

To this end, the Company has an investor relations department which organises various road shows during the year to attract the interest of potential new investors and strengthen relations with current investors. Lar España also complements these activities with the publication of information through social networks, email and its website, where it has an **Investor's Agenda** and reports on the performance of the organisation, guaranteeing access to information for shareholders and investors.

In addition, the Company has a **Policy on Information, Communication, Contacts and Involvement** aimed at fostering dialogue, trust and transparency with both Spanish and foreign shareholders and investors. The principles of this policy are as follows:

- Veracity, transparency of all information provided and equal treatment of all recipients.
- Strict compliance with all stipulated communication obligations.
- Protection of the legitimate rights and interests of all the shareholders.
- Equal treatment.
- Ongoing dialogue, accessibility and timeliness of information.
- Commitment to encouraging informed shareholder participation at the General Shareholders Meeting.

## Main activities carried out with investors in 2021

 Investor relations activity in 2021

 Media


## €18.4 Mn

Appearances in media and on social networks have generated an estimated value equivalent to Euros 18.4 million in hard copy and online press.

### Publication of ESG information

Through this approach the Company seeks to meet the expectations of stakeholders and investors, fostering social and economic progress in Spain and providing **sustainable financial returns for investors**. As an essential part of its Sustainability/ ESG Policy, the Company does not limit itself to the publication of financial information, but also aims to **develop initiatives that generate shared value**.

In this respect, Lar España holds regular meetings with its investors in which it shares ESG information, in addition to publishing details of the performance of the portfolio every six months with respect to issues such as:

- Efficient management of consumption in assets (water and energy).
- GHG emissions associated with business activity.
- Update on the status of the various projects implemented in the portfolio.
- Status of environmental certification.



In addition, Lar España has information published on its website regarding its **commitment to sustainability**, showing the main international standards to which the company adheres, as well as its best practices in ESG matters:



The public environmental information was prepared following the **GRI Sustainability Reporting Standards** (Core option). The sustainability information published by the company has been reviewed externally by a third party with a limited review scope and based on the GRI Sustainability Reporting Standards (GRI Standards) guide.



Lar España applies the **“Best practices and recommendations” guide drawn up by EPRA** in relation to the presentation, analysis and calculation of the main financial and non-financial indicators, a standard that has been followed for the preparation of this report.



Lar España participates annually in the **Global Real Estate Sustainability Benchmark (GRESB)**, the environmental, social and good governance (ESG) benchmark for real estate sector assessment.



Lar España also collaborates with **MSCI-IPD** and is included in its annual real estate index - **IPD Spain Annual Property Index** - which provides us with additional information and visibility within the real estate sector.



Lar España believes it has a duty to contribute to delivery of the **United Nations Sustainable Development Goals (SDGs) and 2030 Agenda**. In 2021, in accordance with the methodology proposed by UN Global Compact for companies to foster the SDGs, we analysed which goals are a priority based on Lar España's activity



Esta es nuestra Comunicación sobre el Progreso en la aplicación de los principios del Pacto Mundial de las Naciones Unidas.  
Agradecemos cualquier comentario sobre su contenido.

Lar España also reports periodically to the **Spanish Global Compact Network** through a report on its actions related to the implementation of its Ten Principles on human rights, labour, environment and anti-corruption.

## 2.2.5 Social action

Lar España's **Sustainability/ESG Policy** reflects a firm commitment to human, economic and environmental progress that will promote sustainable development and social advancement in the communities where it operates.

### Local communities

As a result of its business activities, the company **generates economic, business and social benefits** for multiple players, creating thousands of direct and indirect jobs. Lar España helps the economies of the local communities where its assets are located by:

- Creating new business opportunities
- Promoting health and well-being
- Transforming the social climate
- Promoting an atmosphere of inclusiveness
- Strengthening the company's values
- Incentivising citizen engagement

In maximising the value of its assets, the refurbishment and operation of the portfolio implies specific consideration of and engagement with the local populations where Lar España operates, with particular regard for their **sustainable progress**. The company assesses the social impact of all of its operations and asset development projects:

Lar España's success in generating local employment and integrating its projects into the local cultural fabric is based on its **solid relationships with stakeholders**, amongst which local communities have special significance. Lar España uses channels such as pre-project meetings with local organisations, opinion surveys and technological tools to ensure the flow of information between the company and the local community.

### Social action initiatives

In 2021, Lar España undertook more than **160 initiatives** as part of its commitment to its environment. The company has promoted activities and initiatives that support social entities in local communities. Furthermore, it promotes actions related to sustainable development and support for local cultures.

The initiatives undertaken throughout the year include clothing recycling, support for youth sport, toy drives, environmental awareness campaigns and donations to hospitals. These initiatives translated into:

- **Over 1,400 hours'** worth of community and environmental initiatives at our shopping centres.
- **Over 25** collaborations with NGOs and foundations.
- **Over €570,000** earmarked for community collaborations, sponsorships and initiatives.
- **Over 43,000 kg** of clothing donated.
- **Over 4,000 kg** of food collected in drives.

Area of impact	EPRA: Sustainability Performance Measures (Social)				
	EPRA sBPR code	Unit of measurement	Lar España 2019	Lar España 2020	Lar España 2021
Local impact assessment	Comty-Eng	% of assets	100% (16 out of 16)	100% (15 out of 15)	93% (13 out of 14)








## Social actions at the shopping centres




Aware of the power of its assets to attract and influence the residents of the local communities, Lar España **contributes to the development of these communities by promoting social action**

campaigns at its properties. In accordance with this line of action, the shopping centres undertook the following activities in 2021:



### Environmental awareness campaigns

Shopping centre		Initiative
Albacenter		Campaign to raise awareness about <b>used oil recycling</b> , during which participants learned about the consequences of pouring oil into water systems as well as the locations where used oil bottles could be disposed of.
Ànec Blau		The shopping centre promoted environmental awareness by creating a new space for children and adults to enjoy family-orientated eco-friendly activities and workshops. These workshops focus on the <b>environment, sustainability and recycling</b> .
Gran Vía de Vigo		On the occasion of <b>World Water Day</b> , advice was given on how to save water by holding a raffle using social media.
Las Huertas and MegaPark		During the celebration of the global Earth Hour initiative started by WWF, all the store signs in the centres were switched off from 20:30 to 21:30h, thus contributing to the largest global campaign ever to <b>raise awareness of climate change</b> .
Lagoh		To celebrate World Environment Day, an app called <b>The Happiness Car</b> was designed and offered to employees to promote car-sharing during their commute to and from the Lagoh shopping centre. The objective was two-fold: environmental and social.








## Campaigns on recycling and sustainable use of resources

Shopping centre	Initiative
Albacenter	 <p>In 2021, a total of <b>14,550 kg of used clothing</b> was collected in collaboration with Inditex and H&amp;M. This campaign was aimed at promoting recycling.</p>
Gran Vía de Vigo	 <p>A <b>new ecological space</b> was inaugurated in the centre parking lot, where a recycling point was installed for customers to recycle light bulbs and batteries as well as donate used clothing.</p>
Portal de La Marina	 <p>Portal de la Marina aims to be a sustainable centre by minimising its environmental impact. One of the most recent actions designed to achieve this goal was the <b>installation of Ecoembes's RECICLOS machines</b>, which enable customers to recycle tins and plastic bottles. They can also earn points convertible into money for social causes in the community.</p>

## Campaigns to promote culture and sport





Shopping centre	Initiative
Ànec Blau	 <p>Ànec Blau supports cinema and culture, officially sponsoring the first Castelldefels International Film Festival, which includes its own category of best short film on <b>environmental sustainability and awareness</b>. The winning short film received a check for €3,000 to make a new audiovisual project for automatic submission for the competition in the following year.</p>
VidaNova Parc	 <p>As part of its policy on sponsorships, the shopping centre collaborated with the Puerto de Sagunto basketball club. On 16 October, VidaNova hosted the 2nd edition of the 3x3 basketball championship, drawing a large number of families from the entire region to enjoy the sports competition.</p>

## Health and well-being campaigns

Shopping centre	Initiative
Albacenter	 <p>A <b>COVID-19 vaccination tent</b> was set up in the shopping centre's outdoor parking lot on 8, 9 and 10 October to promote vaccination against the disease.</p> <p>The <b>"We can't stop now" campaign against infant mortality</b> is based on the need to continue working to improve infant survival through programmes to improve nutrition and health, ensuring access to clean drinking water and sanitation, and promoting healthy habits to prevent and address the main causes of infant mortality. Albacenter's involvement was directed at raising financing, channelling the money raised to UNICEF's child survival programmes.</p>
Ànec Blau	 <p>On the tenth anniversary of the creation of ASDENT, an association set up to find a <b>cure for Dent disease</b>, Ànec Blau held two events: a talent contest to showcase local talent, and two spinning classes led by Perico Delgado, the winner of the Tour de France cycling race. In addition to the donations raised during the events, Ànec Blau donated €4,000 to the association for research at the Vall d'Hebron Hospital in Barcelona.</p>
As Termas	 <p>The shopping centre organised an "Hola Familia" [Hello, Family] campaign consisting of several family activities involving various <b>workshops</b> to improve well-being, including: "Tantrums: how to handle them", "Adolescence: myth and reality" and "Changes during pregnancy".</p>
Portal de La Marina	 <p>In order to donate the funds needed to <b>refurbish and decorate the mental health wing of the Marina Salud Hospital</b>, the shopping centre used social media to issue a call to all athletes in the Marina Alta region to accumulate kilometres for the sporting solidarity challenge launched through the <i>Strava</i> app. This is the continuation of the "Corramos juntos hasta las estrellas" [Let's run to the stars] challenge launched at the end of 2020.</p>
Parque Abadía	 <p>Under the framework of the Spanish Cancer Society (AECC), campaigns are held annually setting up an information booth on the <b>fight against cancer</b>.</p>
Lagoh	 <p>In collaboration with nursing homes and with the "Adopt a grandparent" scheme, activities were carried out to raise funding and public awareness about <b>happiness for the elderly</b>. The event attracted 810 participants and raised €2,000 through donations.</p>
El Rosal	 <p>Installation of the space <b>"Más salud, más Bierzo"</b> for Clínica Ponferrada to give talks and offer <b>information on health and well-being</b>.</p>



## Other campaigns

Shopping centre	Initiative
<p>Lagoh</p> 	<p>As in February of each year since 2020, a large-scale <b>blood drive</b> was conducted in collaboration with the blood bank in Seville. The initiative took place over a two-day period during which 238 bags of blood were donated by 270 people, including both the general public and local retailers.</p>
<p>Gran Vía de Vigo</p> 	<p>A <b>Master Class</b> was conducted via streaming for people <b>actively seeking employment</b> or who wish to explore new opportunities in the job market. The class was conducted by coaches specialised in training and career counselling.</p>
<p>Vistahermosa</p> 	<p>Alcampo and City Vistahermosa hosted the XVII Edition of the <b>“No child without a toy”</b> campaign, during which 70 new toys were collected between 5 November and 20 December 2021.</p>
<p>As Termas</p> 	<p>The centre in Lugo held a food drive during which customers who donated one kilogram of food were gifted with the official shopping centre T-shirt.</p>

→ [Click on the link](#) for further information on these initiatives in the Appendix section of this report.

## 2.2.6 Accessibility

**Lar España is firmly committed to ensuring that its assets are understandable, usable and practical environments for everyone, regardless of their ability.**

In 2021, 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 and secure certification over the coming years for the remaining assets in the portfolio in which Lar España is a majority owner, in the following years.

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**.

During the last years the following activities were carried out:

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

The 14 shopping centres and retail parks that make up the Lar España portfolio have been audited by ILUNION in terms of Universal Accessibility.

### **43% of the portfolio in the process of certification in UNE-170001**

Lar España is in the process of obtaining the AENOR seal of Universal Accessibility in **6 of the 14 Shopping Centres and Retail Parks** in the coming years: Gran Vía de Vigo, Parque Abadía, Albacenter, Ànec Blau, Megapark and Portal de la Marina.



## In 2021 Lar España secured **AENOR's Universal Accessibility certificate** for Rivas Futura retail park.

### 43% of assets already hold certification.

In 2021, the company secured **AENOR's Universal Accessibility certificate** for Rivas Futura, which is in addition to those previously obtained in Lagoh, El Rosal, As Termas, VidaNova Parc, Vistahermosa.

This demonstrates Lar España's commitment to accessibility and facilitating adequate and convenient access for everyone at its shopping centres and retail parks by taking into consideration existing problems. The goal of Lar España is to ensure equal opportunity so that everyone can access and enjoy all its centres, regardless of the individual's abilities.

### Investment of more than €140,000 to improve accessibility in 2021

In 2021 and in line with its **commitment to fostering accessibility at its centres**, Lar España has continued to develop the **work plan** carried out in 2017, in which priorities were set, as was the way to intervene in buildings to make them **more profitable, healthy, safe and efficient**.

The result has been to differentiate between **urgent, necessary and recommended** measures so as to undertake the most pressing and urgent actions at the centres where Lar España is the majority owner. The investment made in 2021 comes in addition to the €128,000 invested in 2020, the €834,000 invested in 2019 and the €113,000 invested in 2018 and 2017, when the accessibility plan was first drafted.

In addition, within the accessibility plan, the figure envisaged in the business plan to continue with the improvements at the assets in 2022 amounts to approximately €700,000 for all centres in the portfolio, a sum testament to the company's ability to continue adding value to its assets, as well as to increasing footfall.

The data relating to Lar España's investment stemmed from the diagnosis conducted in conjunction with **ILUNION Technology and Accessibility**, the **ONCE Group and AENOR** (Spanish Association for Standardisation and Certification) whose accessibility audits reflect the compliance status of current regulations and propose the necessary actions to obtain **Universal Accessibility certification**. 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



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

## 2.3 Environmental management

Lar España is conscious of the impact of its assets on the environment. With this in mind, and to meet the needs of society at large, Lar España integrates aspects such as urban development, the design of sustainable cities, responses to demographic shifts and scarcity of shared resources.

At present the company is rolling out its **ESG Master Plan**, which sets down goals, programmes and various **lines of action**, all of which take into account general and sector-specific standards as the company's priorities.

### 2.3.1 Lines of action

The main lines of action developed in 2021 were as follows:

Line	Activity during the year
<b>SDG Contribution Plan</b>	In 2021 Lar España <b>renewed its adherence to the United Nations Global Compact</b> , demonstrating its commitment to keep its sustainability strategy aligned with the United Nations 2030 Agenda in those areas in which the company can make an important contribution. The company rolled out its <b>SDG Contribution Plan</b> at a corporate level in 2021, which will act as the backbone of its sustainability-related activities.
<b>Decarbonisation strategy</b>	Lar España's Net Zero Strategic Decarbonisation Plan, which is currently in the process of being approved, contains the company's decarbonisation roadmap. It is yet another example of the <b>company's commitment to the collective struggle against climate change</b> , in line with that laid down by the Paris Agreement (COP-21) and its transposition into the commitments of the European Union.
<b>Waste Management Plan</b>	<p>On 1 January 2021 the company implemented its Waste Management Plan aimed at increasing data control and monitoring, preventing pollution and making a more sustainable use of resources, and promoting the <b>Circular Economy</b>, in line with the principles of reducing, recycling and reusing waste.</p> <p>The procedure to <b>identify and classify</b> waste was consolidated in 2021, while the procedure for information reporting and handling was standardised. The next steps will involve identifying and documenting the waste recovery, recycling, reuse and elimination processes and analysing the routes used to transport waste to their treatment points.</p>
<b>Energy Efficiency Plan and installation of photovoltaic energy</b>	As part of its Energy Efficiency Master Plan, the company completed a comprehensive study of its portfolio in 2021, aimed at analysing and identifying the most promising strategies, reviewing and negotiating contracts, and monitoring and studying progress to <b>install photovoltaic panels</b> across the portfolio's assets. Through this initiative, Lar España expects to cover a major percentage of daytime electricity consumed in common areas. The company is also looking into offering tenants the possibility of consuming the photovoltaic energy generated on site.

Line	Activity during the year
<b>Automated data platform</b>	<p>The purpose of the automated data platform is to <b>monitor data, via a dynamic display</b>, on the use of resources (water and energy), the environmental impact assessment (air quality, waste management and GHG emissions), and asset operation (footfall and control of opening hours). The platform has been up and running since 1 January 2021, enabling the company to capture and analyse data from properties and compare performance over time.</p> <p>The company is currently completing the roll-out of <b>smart meters</b> for sub-metering purposes. These track consumption in real time and the data collected is not confined to the customer area of supplied companies. This system enables the company to categorise consumption, which is therefore a powerful tool to provide an accurate assessment of energy used by heating and ventilation systems, lighting and motors, as well as the water used for air conditioning, the watering of plants, cleaning and lavatories.</p> <p>Analysis of these indicators will lead to the implementation of <b>Action Plans</b> at each property to improve resource use and mitigate the environmental impact, in keeping with the Energy Efficiency Plan.</p>
<b>Measuring indoor air quality</b>	<p>As part of its ESG policy, Lar España entered into a collaboration project with Ambisalud in 2021 to monitor the indoor air quality at its properties. The <b>resulting data compiled in real time</b> is then fed into the database of the company's automated platform.</p> <p>Algorithms have been designed based on property behaviour patterns over full cycles (daily, weekly, monthly and seasonally). These algorithms enable instructions to be fed into the building management systems (BMS) to <b>optimise energy consumption</b> depending on indoor air quality.</p>





## 2.3.2

### Quality of our assets

#### Certifications

##### ISO 14001 and ISO 45001 certifications

After securing ISO 14001 and ISO 45001 certification at the **As Termas and Megapark** assets, in 2022 Lar España is working **to extend this certification** to all portfolio assets over which it exercises full management control.

Receiving the ISO 14001 certification attests to the application of an **effective environmental management system**, one with goals and objectives that are established, reviewed and approved by management, that uses environmental procedures and protocols adapted to the activity of each asset, and that has an incident and conformity management function. It therefore ensures **protection of the environment** by effectively managing the environmental risks that can stem from the assets' business activity, thereby helping to meet the strategic objectives set by the company. ISO 45001 is the international standard for **occupational health and safety management systems**, aimed at protecting staff and visitors from work-related accidents and ill health. This certification is testament to Lar España's **commitment to the health and safety** of its employees.

The inclusion of environmental and social issues in the management and organisation of the business over its entire value chain, from senior management to employees, is a major factor that helps the company **meet its strategic objectives** in those areas.

**93% of Lar España's portfolio currently has BREEAM certification.**

#### BREEAM certifications

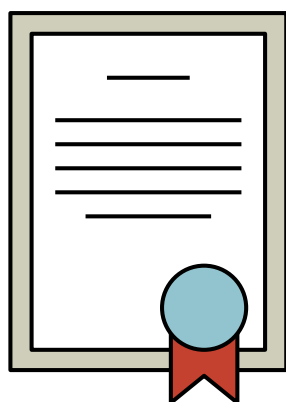
BREEAM In-Use certification was renewed at **8 Lar España assets** in 2021 (Albacenter, Ànec Blau, As Termas, El Rosal, Gran Vía, Portal de la Marina, Megapark and Vistahermosa), seven of which **secured a higher rating than that awarded previously**.

**New certification** was also obtained for **Parque Abadía** with a rating of "Very good" in both categories. The **Rivas Futura** retail park has secured BREEAM In-Use certification in 2021, obtaining a "Very good" rating as regards the assessment of the building's features and an "Excellent" rating in terms of the management of the asset.

A further two shopping centres (Las Huertas and Txingudi) are currently in the process of renewing their certification. This process had still not been completed at the end of 2021, although their current certifications will remain in place during the renewal process.

Finally, the **Lagoh** shopping centre has secured BREEAM New Construction certification.

At the date of issue of this 2021 annual report, Lar España had secured BREEAM certification for **100% of its shopping centres** (nine out of nine) and for **80% of its retail parks** (four out of five). VidaNova Parc is still in the process of obtaining its first certification after two full years in use. Once obtained, **100% of the Lar España portfolio will have BREEAM certification in 2022**.



All certifications have been verified by an external auditor (see Appendix 5.4).

Shopping centres	Current certificate			Previous certificate		
	Rating <sup>(1)</sup>	Type	Satus	Rating <sup>(1)</sup>	Type	Satus
Lagoh	Very Good	New construction (P) <sup>(2)</sup>	Certified			
Gran Vía	P1: Excellent P2: Excellent	In Use	Certified	P1: Very Good P2: Very Good	In Use	Certified
Portal de la Marina	P1: Very Good P2: Excellent	In Use	Certified	P1: Very Good P2: Very Good	In Use	Certified
El Rosal	P1: Excellent P2: Excellent	In Use	Certified	P1: Very Good P2: Very Good	In Use	Certified
Ànec Blau	P1: Very Good P2: Excellent	In Use	Certified	P1: Very Good P2: Very Good	In Use	Certified
As Termas	P1: Excellent P2: Exceptional	In Use	Certified	P1: Very Good P2: Very Good	In Use	Certified
Albacenter	P1: Very Good P2: Excellent	In Use	Certified	P1: Very Good P2: Very Good	In Use	Certified
Txingudi	P1: Good P2: Good	In Use	Being processed	P1: Good P2: Good	In Use	Certified
Las Huertas	P1: Good P2: Good	In Use	Being processed	P1: Good P2: Good	In Use	Certified

(1) P1: corresponds to the first part of the BREEAM certification relating to the property's design specifications.

P2: corresponds to the rating obtained in terms of property management.

(2) The BREEAM New Construction certification type is (P = Provisional) until final works and installations have been received, and (D =Definitive) once this process has been completed.

Retail parks	Current certificate			Previous certificate		
	Rating <sup>(1)</sup>	Type	Satus	Rating <sup>(1)</sup>	Type	Satus
Megapark <sup>(2)</sup>	P1: Very Good P2: Excellent	In Use	Certified	P1: Very Good P2: Very Good	In Use	Certified
Parque Abadía	P1: Very Good P1: Very Good	In Use	Certified			
Rivas Futura <sup>(3)</sup>	P1: Very Good P2: Excellent	In Use	Certified			
VidaNova Parc	Being processed		Being processed			
Vistahermosa	P1: Very Good P1: Very Good	In Use	Certified	P1: Very Good P2: Very Good	In Use	Certified

(1) P1: corresponds to the first part of the BREEAM certification relating to the property's design specifications.

P2: corresponds to the rating obtained in terms of property management.

(2) The certifications correspond to areas of assets over which Lar España has operational control.

(3) Rivas Futura has proceeded to certify during 2021, having obtained the certificate on 22/03/2022.

## Table of indicators

Certification figures for 2021 are shown in the table below. The percentage of assets with BREEAM certification is calculated not only according

to their value, but **also according to the total number of assets**, since it is considered the appropriate measure given the characteristics of Lar España's portfolio.

EPRA Sustainability Performance Measures			TOTAL LAR ESPAÑA ASSETS							
EPRA code	Unit of measurement	Indicator	ABSOLUTE MEASURES (Abs)			LIKE FOR LIKE (LfL)				
			2019 <sup>(*)</sup>	2020	2021	2019 <sup>(*)</sup>	2020	2021	Change vs 2019 <sup>(*)</sup>	Change vs 2020
Cert-Tot	No.	Number of assets within boundary	15 out of 15	14 out of 14	14 out of 14	14 out of 14	14 out of 14	14 out of 14	-	-
	No.	Number of assets certified	11 out of 15	12 out of 14	13 out of 14	10 out of 14	12 out of 14	13 out of 14	-	-
	sqm	BREEAM certification	393,464	488,864	528,027	384,678	488,864	528,027	37.3%	8.0%
	%	Percentage of assets with BREEAM certification	73%	86%	93%	71%	86%	93%	21.4%	7.1%
	%	Percentage of assets with BREEAM certification in terms of GAV	66%	92%	97%	65%	92%	97%	31.5%	4.6%

Verified by the external auditor, see Appendix 5.4. Independent Assurance Report

**(\*) Comparative data for 2019 is included due to the restrictions suffered because of COVID-19 on portfolio assets in 2020 that have distorted the data obtained, affecting the comparability of the figures.**

### 2.3.3 Environmental performance

In order to assess the environmental indicators in 2021, **three key factors** affecting the performance of the assets must be taken into consideration:

#### Partial recovery of footfall at shopping centres and retail parks

There was a **considerable recovery in activity** in 2021 at the shopping centres and retail parks with respect to 2020, which was impacted by the pandemic. However, during the periods when the shopping centres could only open partially to provide access to essential services, the HVAC, lighting, security and services conditions had to be maintained at practically the same levels as those that would apply under regular operating conditions.

Year	Full opening (*)	Partial opening (**)	Full closure
2019 (days)	318	43	4
2019 (%)	87%	12%	1%
2020 (days)	227	121	18
2020 (%)	62%	33%	5%
2021 (days)	273	88	4
2021 (%)	75%	24%	1%

(\*) Includes weekdays and Saturdays with normal retail and food and beverage opening hours, as well as assets opened on Sundays and public holidays.

(\*\*) Includes Sundays and public holidays when only the food and beverage areas were open and the days during the COVID period in which only essential activities were permitted. All assets subject to restrictions in terms of opening hours, sqm, etc.

This explains why the **energy intensity per visitor** (the most representative indicator of energy performance) improved considerably in 2021 with respect to 2020, as a result of the **increase in footfall** of just over 16%. Nevertheless, a comparison with 2019, prior to the COVID-19 health crisis, shows that visitor footfall figures are down by 12.5% in like-for-like terms due to the restrictions that remained in place over the course of 2021.

Bearing in mind the foregoing, it is clear that the 6.8% rise in energy intensity per visitor in 2021 compared to the same period in 2019 is due to the dip in footfall, as **the actual consumption of energy in kWh has remained practically constant in terms of the level of service provided.**

#### Weather conditions

Another fundamental factor to bear in mind is the weather during the year. In 2021, the average values were not very different to what was expected in terms of temperatures and rainfall: the deviation from the average (daytime and night-time temperatures) was +0.5°C and rainfall was 89% of what was expected. In addition to the irregular rainfall pattern, a series of extreme weather events in January and February are also worthy of mention. Low temperatures in mid-January (storm Filomena) were followed by unseasonably milder weather in February with average temperatures 2.5°C higher than what would be expected for that month. Subsequently, and as is to be expected on the Spanish mainland, summer brought two intense heat waves, one in the second half of July and the second around mid-August.

Consequently, 2021 was the **eighth consecutive year with an average annual temperature that is higher than the benchmark average** registered by Spain's National Meteorology Agency (AEMET - 1981-2010), **recording an average deviation of +0.5°C**, although not as severe as in 2020 when the deviation stood at +1°C.

### **Opening of important properties from an energy efficiency point of view**

In September 2019 **Lar España opened the Lagoh Shopping Centre** in Seville. During 2020, this centre not only had to deal with the consequences of lockdown and capacity restrictions, but also had to get complex equipment – including geothermal energy generation systems – up and running. The low occupancy at the centre allowed for adjustments to be made to the control systems during the first half of 2020 and as a result, its energy performance shows significant deviations from the same period in 2021.

This large development is a very significant property in the portfolio and therefore its inclusion in the analysis for 2021 could considerably distort the overall data. **An entire year of full standard operation was required** in order to get a clearer view of the property's performance and its environmental importance within the portfolio.

The increases of over 15% across almost all indicators in the tables of absolute consumption values (Abs) in 2021 with respect to 2019 are due to the inclusion of a full year of operations 2021 at this new shopping centre.

## **Methodology**

Given the **operating restrictions** imposed on the assets in 2020, which had an impact on consumption and emission data trends, **comparative information for 2019 has been included**, given that operating conditions in that year provide a better comparison with those of 2021. In terms of like-for-like data, the Lagoh shopping centre data has been excluded, as it was only operational for three months in 2019 following its inauguration in September of that year.

In order to collect and record the data required to complete the EPRA Sustainability indicators and to standardise information as far as possible, the following assumptions and hypotheses have been taken into consideration:

### **Footfall**

Given the nature of Lar España's activity (shopping centres and retail parks), **footfall is the key performance indicator** and the main denominator in the calculation of the intensity of energy, water consumption and GHG emissions. Data is collected automatically from the ShopperTrak SFTP installed in all of the centres except the Rivas and Vistahermosa retail parks, which have different automatic counting systems.

Retail parks with vehicle counting systems are harmonised with people counts using conversion factors, which range from 2.1 to 2.3 occupants per vehicle depending on the count controls established by each asset.

### Surface areas considered

For internal control purposes, Lar España apportions the intensity of energy consumption and emissions in the **common and shared areas of its assets**. The following are excluded: lettable areas and outdoor common areas (gardens, walkable rooftops, open-air car parks, etc.) as they are not strictly part of the developed floor areas, per RD 1020 of 25 June 1993.

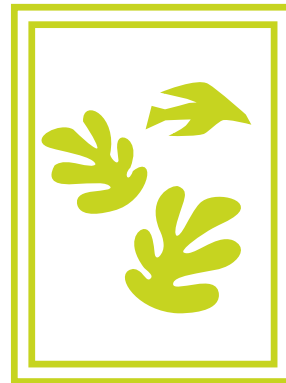
### Verifications

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. Metered water consumption and waste management are also verified by means of the corresponding recycling certificates.

### Energy consumption

The company reports **total electric power** consumed, separating **renewable energy** both in absolute and relative terms. It also reports the electricity consumed from photovoltaic panels and non-renewable fossil fuels (natural gas and diesel). None of the **company's assets use district heating & cooling systems** (DH&C-Abs).

**All of the data (100%) included in the energy consumption section are meter readings and have been verified by an external auditor.**



### GHG emissions

Greenhouse gas emissions were calculated by multiplying electricity consumption (kWh) by the **corresponding emission factor** provided by Spain's Ministry for the Ecological Transition and Demographic Challenge (MITERD), the body responsible for proposing and executing the national government's policy for combating climate change, aligned with that of the European Union.

### Water consumption

All water provided to the assets is from **the public mains supply** and no water is supplied from wells or surface water sources. Since 2019 the company has reported the consumption of sub-metered water billed to tenants, using the criterion "water obtained by the landlord".

**All data provided (100%) are from meter readings that have been documented and verified by an external auditor.**

### Intensity of energy and water consumption and GHG emissions

For the purposes of this report, Lar España considers the **ratio per visitor and year** as the most significant indicator of the intensity of energy/water consumption and GHG emissions.

Additionally, given the exceptional circumstances in 2020 due to the lockdowns and capacity restrictions, data is provided on the intensity of energy use and emissions **in terms of sqm of common areas** in order to ensure a common denominator across all reporting periods.

#### ↳ EPRA indicators officially reported by Lar España

$$\text{Intensity,energy consumption} = \frac{\text{Landlord-obtained energy}}{\text{No. of visitors}}$$

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

$$\text{Intensity,water consumption} = \frac{\text{Landlord-obtained water consumption}}{\text{No. of visitors}}$$

#### ↳ EPRA indicators provided by Lar España as a control for LfL values

$$\text{Intensity,energy consumption} = \frac{\text{Energy used in common areas}}{\text{Common areas (sqm)}}$$

$$\text{Intensity,emissions} = \frac{\text{GHG emissions generated by the energy used in common areas}}{\text{Common areas (sqm)}}$$

As regards calculating the intensity of absolute water consumption, the company cannot adequately use the common area constant denominator. The landlord does not provide HVAC services in shopping centres; however, depending on the type of facility, it does supply warm water for use in the tenants' HVAC systems and that water constitutes a substantial portion of the buildings' water consumption.

This is not the case in all shopping centres and retail parks and, consequently, the **calculation of water consumption intensity in relation to the surface space of common areas could be distorted**, as a substantial portion of the water could be consumed by HVAC equipment whose boundary goes beyond common and shared areas.

### Operating limits

The analysis covers all of the assets that were under Lar España's management in 2021.

#### Properties 100%-owned

Lar España reports on the absolute consumption (Abs) of energy and water in its capacity as the owner of **six shopping centres and two retail parks, fully operational and majority owned**.

The comparative like-for-like values in respect of 2019 exclude the Lagoh shopping centre as it was not operational for the full year.

Information is included on the supply of electricity, thermal energy and water billed to tenants.

**Scope 3 GHG emissions are deducted** from the calculation of energy re-billed to tenants.

This report does not include consumption of energy 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.

#### Co-owned properties

Although Lar España does not have full authority to implement or apply its policies, it **can directly influence the adoption of measures relating to sustainability and energy efficiency** in proportion to its stake held in the asset. The environmental performance of these assets is also therefore reported. The company currently co-owns three shopping centres and three retail parks.

#### Corporate office

The Company relocated its corporate office on 1 July 2021, although for the purposes of this environmental performance report, Lar España **leased space for the entire year in an office building that is not part of its portfolio**, sharing space with the employees of its management company (Grupo Lar and other group companies). Therefore, the environmental policies of Lar España outlined in this report can only be applied to a limited extent.

The energy and water consumption data are reported as a corporate expense, **but excluded from the calculation of the company's environmental performance**.



## 2.3.4 Energy efficiency

### Electricity consumption

There was a very slight increase in the electric power consumed in the assets' common areas in 2021 (+0.1%) with respect to the same period last year, due primarily to the **rise in activity**. However, **consumption is down significantly -7.6%** compared to the "normal" situation in 2019 in like-for-like terms.

There is also a correlation between the increase in electricity consumption (2021 versus 2020) and the extreme weather conditions described above. These conditions necessitated the unexpected use of HVAC systems at certain assets in northern and central areas of the Spanish mainland, as well as during the heat waves in July and August.

Furthermore, the increase in full-day opening in 2021 versus 2020 (+13%) should have led to a significant increase in electricity consumption. However, this eventuality was mitigated thanks to the **operating measures** put in place by Lar España and detailed in its Energy Efficiency Master Plan, the implementation of which continued in 2021.

### Fuel consumption

The consumption of fossil fuels, mainly natural gas, has accounted for approximately 9.5% of the energy consumption of Lar España portfolio's in recent years. Any variation in **natural gas consumption** is normally due to the **weather conditions** in the winter. Both 2019 and 2021 were particularly mild winters apart from the occasional extreme event: two cold snaps in 2019 and one in 2021 (storm Filomena). Despite this, the average summer and autumn temperatures were relatively similar in both years.

However, 2020 is the warmest year so far this century, something which should have led to an increase in gas consumption in 2021 versus the previous year. As mentioned above, however, the inclusion of Lagoh in the testing phase in 2020 and the "in-use" phase in 2021 have skewed the results significantly.

### Energy intensity

The static energy use indicator (kWh/sqm common areas) **posted a drop of -6.3% between 2019 and 2021**, which can be explained by the remaining pandemic-related restrictions in 2021, which led to a reduction in the number of days the assets could fully open. However, this energy use indicator reflects a **decrease of -0.1%** between 2020 and 2021, despite the increase in the number of full openings in 2021, which attests to the **sound management of the assets' consumption**.

The dynamic indicator of energy use intensity (kWh/visitor), which is a better indication of the company's actual activity, offers a different perspective. On comparing the data for 2021 with that of 2019, it is clear to see the lower footfall due to the pandemic restrictions that remained in place in 2021, which translated into an increase in intensity/visitor of +6.8%. However, with respect to 2020 the **indicator has fallen sharply by -13.5%**

## Renewable energy

As mentioned previously, **Lar España consumes renewable energy** and possesses the pertinent certified guarantees of origin, distinguishing in its reporting between consumption in absolute and relative terms. These measures are shown in the table below.

Total electricity consumption (LfL kWh): **+0.1% vs 2020.**

Landlord-obtained non-renewable energy (LfL kWh): **-45.5% vs 2020.**

Area of impact	EPRA Sustainability Performance Measures			TOTAL LAR ESPAÑA ASSETS										
	EPRA Code	Unit of measurement	Indicator	ABSOLUTE MEASURES (Abs)			LIKE FOR LIKE (LFL)							
				2019 (*)	2020	2021	2019 (*)	2020	2021		Change vs 2019 (*)	Change vs 2020		
						vs 2019 (*)	vs 2020							
Energy	Elec Abs, Elec-LfL	kWh	Electricity	Non-renewable electricity obtained by the owner (A)	1,919,202	1,389,607	757,558	1,901,800	1,389,607	757,558	757,558	-60.2%	-45.5%	
				Consumption of electricity from renewable sources (B)	20,854,407	24,541,519	25,368,212	19,373,949	24,541,519	18,842,694	25,368,212	-2.7%	3.4%	
				% of common areas electricity consumption from renewable sources	91.6%	94.6%	97.1%	91.1%	94.6%	96.1%	97.1%	5.1%	2.5%	
				Consumption sub-metered to tenants (C)	1,004,534	699,667	869,720	1,004,534	699,667	869,720	869,720	-13.4%	24.3%	
				Electricity generated and dispatched to the grid	242,986	371,769	329,928	242,986	371,769	329,928	329,928	35.8%	-11.3%	
				Total landlord electricity consumption (D = A+B-C)	21,769,075	25,231,459	25,256,050	20,271,215	25,231,459	18,730,532	25,256,050	-7.6%	0.1%	
	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 (E)	2,408,692	2,269,245	2,210,852	1,995,031	2,269,245	2,140,493	2,210,852	7.3%	-2.6%	
				Sub-measured fuel consumption for tenants (F)	53,203	55,396	78,031	53,203	55,396	78,031	78,031	46.7%	40.9%	
				Total fuel consumption (G = E-F)	2,355,489	2,213,849	2,132,821	1,941,828	2,213,849	2,062,462	2,132,821	6.2%	-3.7%	
	Energy-Int	kWh/ sqm / year	Building energy intensity per square metre H = (D+E)/S sqm	37.4	43.1	43.0	41.4	43.1	38.8	43.0	-6.3%	-0.1%		
		kWh/ visitor / year	Building energy intensity per visitor I = (A+B+E)/S visit	0.3	0.4	0.4	0.3	0.4	0.3	0.4	6.8%	-13.5%		
	Number of assets within boundary				15 out of 15	14 out of 14	14 out of 14	13 out of 15	14 out of 14	13 out of 14	14 out of 14	-	-	
Proportion of disclosed data estimated				0%	0%	0%	0%	0%	0%	0%	0%	0%		

Verified by the external auditor, see Appendix 5.4. Independent Assurance Report

(\*) Comparative data for 2019 is included due to the restrictions suffered because of COVID-19 on portfolio assets in 2020 that have distorted the data obtained, affecting the comparability of the figures.

### 2.3.5 Response to climate change and decarbonisation

Lar España **registered its carbon footprint** for 2018, 2019 and 2020 at Spain's Ministry for the Ecological Transition and Demographic Challenge (MITERD). The consolidation of the 2021 data now signifies four consecutive years of recording the carbon footprint, which makes the company eligible for the Ministry's Carbon Reduction seal. At 31 December 2021, Lar España is one of twelve companies in the Spanish real estate sector listed on this register, which is the only official, public register of its kind in Spain and the European Union.

The Scope 1 results for 2021 correspond to the fuel consumption data analysed in the preceding point, reflecting a **decline in direct emissions of -7.1%** in 2021 with respect to 2020.

Since 2020, Lar España has begun to regularly report not only on Scope 1 (direct GHG emissions within the shopping centres) and Scope 2 (indirect emissions resulting from the generation of electricity consumed in the shopping centres), but also on Scope 3 (indirect emissions in the value chain, excluding Scope 2). The consolidation of the verifiable information for Scope 3 shows a rise in the values: 46.7% in 2021 vs. 2019 and 40.9% in 2021 vs. 2020. This does not indicate an increase in GHG emissions, but rather **more accurate identification and verification of data in line with the Company's commitment to making continual improvements** to its environmental management policy.

The results of the 2020 GHG emissions intensity, both in terms of the static denominator: Scope 1+2 (kg CO<sub>2</sub>/sqm of common areas), and the dynamic denominator: **Scope 1+2+3** (kg CO<sub>2</sub>/1000 visitors), are very positive, posting significant reductions of **-20.5%** and **-31.6%** respectively in relative terms. A comparison with the data for 2019 also points to very positive reductions of 24.1% and 13.2%, respectively.

As mentioned above, the company is currently in the process of approving its **Net Zero Strategic Decarbonisation Plan**. The plan will broaden the objectives laid out for Scope 3, the voluntary implementation of which was initiated with the fully verifiable information collated during 2020 and which is now being complemented with the information compiled in 2021. This is yet another example of the company's commitment to the collective struggle against climate change.



Scope 1+2+3 Emissions (LfL kg eq CO<sub>2</sub>): **-20.5% vs 2020.**

Intensity of emissions per visitor (LfL kg eq CO<sub>2</sub> /visitor/year):  
**-31.6% vs 2020.**

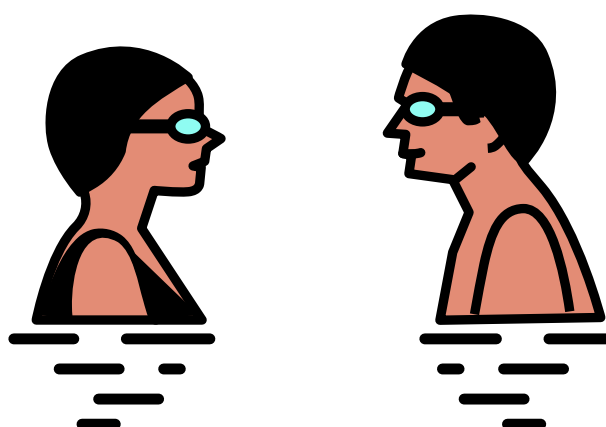
Area of impact	EPRA Sustainability Performance Measures				TOTAL LAR ESPAÑA ASSETS								
	EPRA Code	Unit of measurement	Indicator		ABSOLUTE MEASURES (Abs)			LIKE FOR LIKE (LFL)					
					2019 (*)	2020	2021	2019 (*)	2020	2021		Change vs 2019 (*)	Change vs 2020
		vs 2019 (*)	vs 2020										
Greenhouse Gas emission allowance	GHG-Dir-Abs, GHG-Dir-LfL	kg eq CO <sub>2</sub>	Direct emissions (J)	Scope 1 (fuel)	436,664	418,914	389,251	360,526	418,914	376,446	389,251	4.4%	-7.1%
	GHG-Indir-Abs, GHG-Indir-LfL	kg eq CO <sub>2</sub>	Indirect emissions (K)	Scope 2 (electricity)	299,075	221,259	113,634	294,024	221,259	113,634	113,634	-61.4%	-48.6%
			Indirect emissions (L)	Scope 3	9,683	10,082	14,202	9,683	10,082	14,202	14,202	46.7%	40.9%
			GHG emissions (J+K)	Scope 1 + 2	735,739	640,173	502,885	654,550	640,173	490,080	502,885	-25.1%	-21.4%
			Total GHG emissions (M=J+K+L)	Scope 1 + 2 + 3	745,422	650,255	517,087	664,233	650,255	504,281	517,087	-24.1%	-20.5%
	GHG-Int	kg eq CO <sub>2</sub> / sqm/year	GHG emissions intensity per square metre (J+K/S sqm common areas)		1.2	1.0	0.8	1.2	1.0	0.9	0.8	-24.1%	-20.5%
		kg eq CO <sub>2</sub> / 1000 pers./ year	Emissions intensity per 1,000 visitors (M/ Svisit/1000)		9.4	10.2	7.0	8.7	10.2	7.5	7.0	-13.2%	-31.6%
Number of assets within boundary					15 out of 15	14 out of 14	14 out of 14	13 out of 15	14 out of 14	13 out of 14	14 out of 14	-	-
Proportion of disclosed data estimated					0%	0%	0%	0%	0%	0%	0%	0%	0%

Verified by the external auditor, see Appendix 5.4. Independent Assurance Report

**(\*) Comparative data for 2019 is included due to the restrictions suffered because of COVID-19 on portfolio assets in 2020 that have distorted the data obtained, affecting the comparability of the figures.**

Lar España has made further progress in its objective of reducing GHG emissions in 2021, working on the following actions:

- Continuation of the policy of obtaining **electricity from renewable sources with guarantees of origin** across all its strategic assets.
- Conclusion of the process to set the **parameters** and **install** the Lagoh shopping centre's geothermal heating system
- Technical and economic study for the implementation of **solar photovoltaic energy** across all Lar España's strategic assets.



## 2.3.6 Circular economy

The company's **Waste Management Master Plan** – in force since January 2021 – has brought significant improvements in the collection of data on the quantity and nature of waste produced. To supplement the Master Plan, over the first half of 2021 we consolidated the procedure for **identifying what types of waste are generated and where**, the collection points in each shopping centre or retail park and their disposal or recycling routes.

This **improved accuracy in data management** has led to a reduction in the percentage of waste that previously had to be estimated. Standing at 34.2% of the total in 2019 and 32.6% in 2020, the figure for 2021 was reduced to 3.4%, which represents a sizeable decrease.

This change in methodology, together with the recovery of footfall, has led to a significant increase in the amount of waste recorded.

The next steps on the roadmap are:

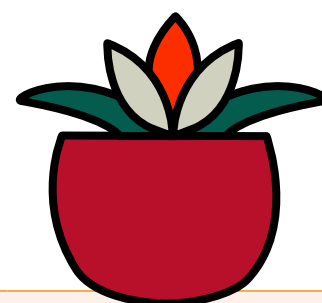
1

**Identification** of the disposal routes, their accurate **quantification** and **verification** in terms of what treatment method should be applied to the waste produced.

2

Inclusion of this data in the company's **Scope 3 carbon footprint** calculation.

Regarding **waste considered as hazardous by the European List of Waste**, the amount for 2021 represents **less than 2% of the total waste**, and therefore its breakdown is not relevant.



Area of impact	EPRA Sustainability Performance Measures			TOTAL LAR ESPAÑA ASSETS								
	EPRA Code	Unit of measurement	Indicator	ABSOLUTE MEASURES (Abs)			LIKE FOR LIKE (LFL)					
2019 (*)				2020	2021	2019 (*)	2020	2021		Change vs 2019 (*)	Change vs 2020	
						vs 2019 (*)	vs 2020					
Waste		Ton	Waste generation	4,590	4,018	11,577	4,261	4,018	10,777	10,777	152.9%	168.2%
		Ton	Waste recycled	1,541	1,873	1,318	1,504	1,873	904	1,318	-39.9%	-29.6%
		%	Waste to landfills	66.4%	53.4%	88.6%	64.7%	53.4%	91.6%	87.8%	26.9%	34.4%
		%	Waste recycled	33.6%	46.6%	11.4%	35.3%	46.6%	8.4%	12.2%	-26.9%	-34.4%
		Nº	Number of assets within boundary	11 out of 15	12 out of 14	13 out of 14	10 out of 15	12 out of 14	10 out of 14	12 out of 14	10 out of 14	12 out of 14
		%	Proportion of disclosed data estimated	34.2%	32.6%	3.4%	38.5%	27.7%	0%	0%	-38.5%	-27.7%

Verified by the external auditor, see Appendix 5.4. Independent Assurance Report

(\*) Comparative data for 2019 is included due to the restrictions suffered because of COVID-19 on portfolio assets in 2020 that have distorted the data obtained, affecting the comparability of the figures.

### 2.3.7 Responsible water use

In absolute terms, a slight upturn in supply (+8.2%) was recorded in 2021 with respect to 2020. This rise is starker when water re-billed to tenants is deducted, which accounted for almost 42% of the water obtained by the landlord. The data shows that the volume of water used in common areas **is down marginally on the figure for 2020 (-0.4%)**.

Additionally, the consumption intensity values in 2021 stand at 2.86 litres/visitor, markedly down on the 3.07 litres/visitor in 2020, representing **a drop of 6.9% in this consumption intensity indicator**. The explanation for this decline in

consumption intensity lies in the increased footfall (the denominator in this case) and the assets' **responsible use of water in their day-to-day activity**, reflected in the fact that water consumption has held steady despite the higher footfall.

In addition, **systematic monitoring of effluent discharges** to public sewerage networks is being implemented through the analysis of waste water. The final objective of this process will be the calculation of the Water Footprint of the organization and a consequent Water Management Action Plan.

Water consumption intensity per visitor (Lfl litres/visitor/year): **-6.9% vs 2020**.

Table of indicators

Area of impact	EPRA Sustainability Performance Measures			TOTAL LAR ESPAÑA ASSETS								
	EPRA Code	Unit of measurement	Indicator	ABSOLUTE MEASURES (Abs)			LIKE FOR LIKE (LFL)					
				2019 (*)	2020	2021	2019 (*)	2020	2021		Change vs 2019 (*)	Change vs 2020
							vs 2019 (*)	vs 2020				
Water	Water-Abs, Water-LfL	m <sup>3</sup>	Water consumption in common parts areas (N)	194,721	196,510	212,650	178,564	196,510	164,406	212,650	-7.9%	8.2%
			Consumption sub-metered to tenants (O)	85,726	72,580	89,157	73,663	72,580	63,307	89,157	-14.1%	22.8%
			Water consumption in common and shared areas (P=N-O)	108,996	123,931	123,493	104,901	123,931	101,099	123,493	-3.6%	-0.4%
	Water-Int	Litres/ person/ year	Water consumption intensity per visitor (N x 1000/ Svisit)	2.46	3.07	2.86	2.34	3.07	2.46	2.86	5.2%	-6.9%
	Number of assets within boundary			15 out of 15	14 out of 14	14 out of 14	13 out of 15	14 out of 14	13 out of 14	14 out of 14	-	-
	Proportion of disclosed data estimated			0%	0%	0.7%	0%	0%	0%	0.7%	0%	0%

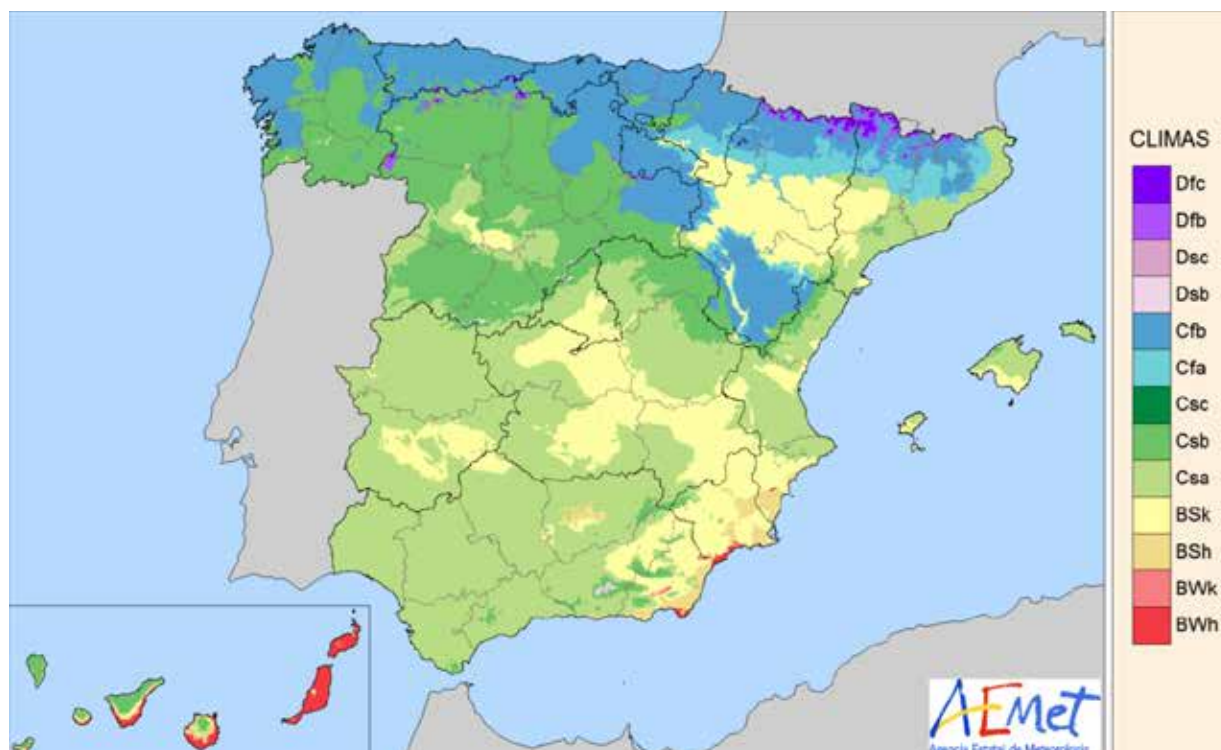
Verified by the external auditor, see Appendix 5.4. Independent Assurance Report

(\*) Comparative data for 2019 is included due to the restrictions suffered because of COVID-19 on portfolio assets in 2020 that have distorted the data obtained, affecting the comparability of the figures.

### 2.3.8 Analysis of results (by climate zone and type)

Lar España **analyses energy and water consumption and emissions by climate zone**, using Köppen–Geiger’s classification for the Iberian Peninsula (as published by Spain’s state meteorological agency, AEMET).

#### Köppen climate classification (1981-2010)



#### Performance measures by climate zone

It is clear to see that the restrictions on opening hours and capacity have had a greater impact across all climate zones under analysis than the evolution of the climate itself and **no major variations in this regard have been recorded.**

It is also important to underline the intense use of ventilation systems due to the pandemic. In this regard, this extraordinarily high usage lasted for two and half months more in 2021 than in 2020.

All the parameters that **skew the consumption/ climate relationship** vary from region to region, as the regional authorities have each adopted their own measures as regards property opening hours.

Area of impact	EPRA Sustainability Performance Measures INFORMATION BY CLIMATE AREA							Cfb						
	EPRA Code	Unit of measurement	Indicator	LIKE FOR LIKE (LFL)			2019 (*)	2020	2021	2019 (*)	2020	2021	Lfl 2021 vs 2019 (*)	Lfl 2021 vs 2020
				2019 (*)	2020	2021								
Energy	Elec-Abs, Elec-LfL	kWh	Electricity	Consumption of electricity from non-renewable sources (A)	1,901,800	1,389,607	757,558	626,671	568,901	516,619	-17.6%	-9.2%		
				Landlord-obtained electricity from renewable sources (B)	19,373,949	24,541,519	25,368,212	7,651,937	6,055,147	6,824,522	-10.8%	12.7%		
				Consumption submetered to tenants (C)	1,004,534	699,667	869,720	956,108	678,736	853,680	-10.7%	25.8%		
				Electricity generated from renewable sources and dispatched to the grid	242,986	371,769	329,928	0	0	0	0%	0%		
				Total landlord electricity consumption (D = A+B-C)	20,271,215	25,231,459	25,256,050	7,322,500	5,945,313	6,487,462	-11.4%	9.1%		
	EPRA-DH&C-Abs	kWh	Energy	Total district heating & cooling consumption	No data			No data						
	Fuels-Abs, Fuels-LfL	kWh	Fuel	Total landlord fuel consumption (E)	1,995,031	2,269,245	2,210,852	787,199	617,414	672,315	-14.6%	8.9%		
				Total fuel consumption submetered to tenants (F)	53,203	55,396	78,031	53,203	55,396	78,031	46.7%	40.9%		
				Total fuel consumption (G = E-F)	1,941,828	2,213,849	2,132,821	733,996	562,018	594,284	-19.0%	5.7%		
	Energy-Int	kWh/ sqm / year	Building energy intensity per square metre H = (D+E)/S sqm		41.4	43.1	43.0	42.4	34.3	37.4	-11.7%	9.1%		
kWh/ visit/ year		Building energy intensity per visitor I = (A+B+E)/S visit.		0.30	0.44	0.38	0.35	0.38	0.37	5.0%	-4.1%			
Number of assets within boundary				13 out of 14	14 out of 14	14 out of 14	3 out of 3			-	-			
Proportion of disclosed data estimated				0%	0%	0.8%	0%	0%	0%	-	-			
Greenhouse Gas emissions	GHG-Dir-Abs, GHG-Dir-LfL	kg eq CO <sub>2</sub>	Direct emissions (J)	Scope 1 (fuel)	360,526	418,914	389,251	138,522	112,531	108,361	-21.8%	-3.7%		
	GHG-Indir-Abs, GHG-Indir-LfL	kg eq CO <sub>2</sub>	Indirect emissions (K)	Scope 2 (electricity)	294,024	221,259	113,634	125,334	85,335	77,493	-38.2%	-9.2%		
			Indirect emissions (L)	Scope 3	9,683	10,082	14,202	9,683	10,082	14,202	46.7%	40.9%		
			GHG emissions (J+K)	Scope 1 + 2	654,550	640,173	502,885	263,856	197,866	185,854	-29.6%	-6.1%		
			Total GHG emissions (M=J+K+L)	Scope 1 + 2 + 3	664,233	650,255	517,087	273,539	207,948	200,055	-26.9%	-3.8%		
	GHG-Int	kg eq CO <sub>2</sub> / sqm/ year	GHG emissions intensity per square metre (J+K/S sqm common areas)		1.24	1.02	0.81	1.43	1.09	1.05	-26.9%	-3.8%		
		kg eq CO <sub>2</sub> / 1000 pers. / year	Emissions intensity per visitor (M/ Svisit/1000)		8.70	10.16	6.95	11.85	12.19	10.31	-13.0%	-15.4%		
	Number of assets within boundary				13 out of 14	14 out of 14	14 out of 14	3 out of 3			-	-		
Proportion of disclosed data estimated				0%	0%	0%	0%	0%	0%	-	-			
Water	Water-Abs, Water-LfL	m <sup>3</sup>	Water consumption in common parts areas (N)		178,564	196,510	212,650	41,407	29,870	33,901	-18.1%	13.5%		
			Consumption sub-metered to tenants (O)		73,663	72,580	89,157	15,327	8,814	9,891	-35.5%	12.2%		
			Water consumption in common and shared areas (P=N-O)		104,901	123,931	123,493	26,080	21,056	24,010	-7.9%	14.0%		
	Water-Int	litres/ person/ year	Water consumption intensity per visitor (N x 1000/ Svisit)		2.34	3.07	2.86	1.13	1.23	1.24	9.5%	0.2%		
	Number of assets within boundary				13 out of 14	14 out of 14	14 out of 14	3 out of 3			-	-		
	Proportion of disclosed data estimated				0%	0%	0.7%	0%	0%	0.1%	-	-		
Waste	Waste-Abs, Waste-LfL	Ton	Waste generation		4,261	4,018	10,777	1,276	601	1,568	22.9%	160.9%		
		Ton	Waste recycled		1,504	1,873	1,318	424	325	109	-74.3%	-66.4%		
		%	Waste to landfills		64.7%	53.4%	87.8%	66.8%	46.0%	93.1%	26.3%	47.1%		
		%	Waste recycled		35.3%	46.6%	12.2%	33.2%	54.0%	6.9%	-26.3%	-47.1%		
		%	Proportion of disclosed data estimated		38.5%	27.7%	0%	39.8%	0%	24.8%	-15.0%	24.8%		

Verified by the external auditor, see Appendix 5.4. Independent Assurance Report

(\*) Comparative data for 2019 is included due to the restrictions suffered because of COVID-19 on portfolio assets in 2020 that have distorted the data obtained, affecting the comparability of the figures.





Area of impact	Csb					Csa					Bsk				
→	2019 (*)	2020	2021	Like for Like 2021 vs 2019 (*)	Like for Like 2021 vs 2020	2019 (*)	2020	2021	Like for Like 2021 vs 2019 (*)	Like for Like 2021 vs 2020	2019	2020	2021	Like for Like 2021 vs 2019 (*)	Like for Like 2021 vs 2020
Energy	490,172	0	0	-100.0%	0%	0	0	0	0%	0%	784,957	820,705	240,938	-69.3%	-70.6%
	4,627,040	4,298,402	4,834,339	4.5%	12.5%	3,189,755	10,929,197	9,394,530	-10.1%	-14.0%	3,905,218	3,258,773	4,314,821	10.5%	32.4%
	0	0	0	0%	0%	48,426	20,932	16,040	-66.9%	-23.4%	0	0	0	0%	0%
	149,248	155,100	155,256	4.0%	0.1%	5,659	131,796	97,578	1624.3%	-26.0%	88,079	84,873	77,094	-12.5%	-9.2%
	5,117,212	4,298,402	4,834,339	-5.5%	12.5%	3,141,329	10,908,266	9,378,490	-9.2%	-14.0%	4,690,175	4,079,478	4,555,759	-2.9%	11.7%
	No data					No data					No data				
	834,119	686,443	1,135,055	36.1%	65.4%	14,261	726,427	75,585	-63.4%	-89.6%	359,452	238,961	327,897	-8.8%	37.2%
	0	0	0	0%	0%	0	0	0	0%	0%	0	0	0	0%	0%
	834,119	686,443	1,135,055	36.1%	65.4%	14,261	726,427	75,585	-63.4%	-89.6%	359,452	238,961	327,897	-8.8%	37.2%
	51.9	43.5	52.1	0.3%	19.8%	39.6	64.2	52.2	-9.4%	-18.7%	33.3	28.5	32.2	-3.3%	13.1%
	0.53	0.64	0.68	29.0%	5.7%	0.19	0.63	0.40	-4.1%	-36.2%	0.20	0.21	0.21	6.4%	3.4%
	3 out of 3			-	-	3 out of 4	4 out of 4	4 out of 4	-	-	4 out of 4			-	-
0%	0%	0%	-	-	0%	0%	0%	-	-	0%	0%	0%	-	-	
Greenhouse Gas emissions	152,451	126,350	206,872	35.7%	63.7%	3,805	135,939	14,188	-63.7%	-89.6%	65,748	44,094	59,830	-9.0%	35.7%
	9,803	0	0	-100.0%	0%	0	0	0	0%	0%	158,887	135,924	36,141	-77.3%	-73.4%
	0	0	0	0%	0%	0	0	0	0%	0%	0	0	0	0%	0%
	162,254	126,350	206,872	27.5%	63.7%	3,805	135,939	14,188	-63.7%	-89.6%	224,635	180,018	95,971	-57.3%	-46.7%
	162,254	126,350	206,872	27.5%	63.7%	3,805	135,939	14,188	-63.7%	-89.6%	224,635	180,018	95,971	-57.3%	-46.7%
	1.4	1.1	1.8	27.5%	63.7%	0.1	0.8	0.1	-63.7%	-89.6%	1.5	1.2	0.6	-57.3%	-46.7%
	14.38	16.31	23.58	64.0%	44.5%	0.22	7.39	0.61	-61.2%	-91.8%	8.98	8.65	4.22	-53.0%	-51.3%
	3 out of 3			-	-	3 out of 4	4 out of 4	4 out of 4	-	-	4 out of 4			-	-
	0%	0%	0%	-	-	0%	0%	0%	-	-	0%	0%	1.7%	-	-
Water	41,139	39,201	40,231	-2.2%	2.6%	46,990	85,005	88,303	-14.8%	3.9%	49,028	42,435	50,215	2.4%	18.3%
	21,732	14,266	18,363	-15.5%	28.7%	26,805	38,296	47,000	-21.1%	22.7%	9,799	11,203	13,903	41.9%	24.1%
	19,407	24,934	21,868	12.7%	-12.3%	20,185	46,708	41,303	-6.3%	-11.6%	39,229	31,232	36,312	-7.4%	16.3%
	3.64	5.06	4.59	25.8%	-9.4%	2.77	4.62	3.77	-8.9%	-18.4%	1.96	2.04	2.21	12.7%	8.2%
	3 out of 3			-	-	3 out of 4	4 out of 4	4 out of 4	-	-	4 out of 4			-	-
	0%	0%	1.4%	-	-	0%	0%	0%	-	-	0%	0%	1.7%	-	-
Waste	1,009	846	750	-25.6%	-11.4%	681	943	6,756	196.5%	616.3%	1,295	1,627	1,702	31.5%	4.6%
	407	264	119	-70.8%	-54.8%	239	399	620	10.7%	55.4%	434	886	470	8.3%	-47.0%
	59.6%	68.9%	84.1%	24.5%	15.3%	64.9%	57.7%	90.8%	22.0%	33.1%	66.5%	45.6%	72.4%	5.9%	26.8%
	40.4%	31.1%	15.9%	-24.5%	-15.3%	35.1%	42.3%	9.2%	-22.0%	-33.1%	33.5%	54.4%	27.6%	-5.9%	-26.8%
	0%	27.1%	0%	0%	-27.1%	29.4%	33.1%	0%	-29.4%	-33.1%	66.5%	33.4%	0%	-66.5%	-33.4%

Verified by the external auditor, see Appendix 5.4. Independent Assurance Report

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A notable increase in footfall was recorded in the **Cfb climate zone (temperate oceanic climate)** between 2020 and 2021, with fewer average days closed in 2021 versus 2020. The growth in electricity and water consumption is due more to this increased footfall than weather conditions, but another factor is the decline in the intensity of energy usage (kWh/visitor), as this indicator's denominator has risen considerably. The intensity of water consumption, on the other hand, has barely changed from 2020 to 2021.

In the **Csb climate zone (Spain's northern plateau)**, the increase in footfall and fewer full closures, as well as a colder 2021 across the region, partly explain the greater use of electric power and, more pronounced still, the consumption of fuel. Conversely, water consumption declined considerably in both absolute and relative terms from 2020 to 2021.

In the **Csa climate zone (Mediterranean areas and the Guadalquivir river basin)**, as explained earlier, more than weather conditions or increases in footfall between 2020 and 2021, the biggest impact has come from the opening of the portfolio's largest asset in 2020 (Lagoh in Seville), which recorded sizeable reductions in electricity, fuel and water consumption during its second year of operations.

Lastly, in the **Bsk climate area** the increase in the number of days of full opening in 2021 had a greater overall impact than any climatic conditions. Fewer anomalous weather conditions in 2021 versus 2020 led to higher consumption of electricity, fuel and water.

### Performance values by type of asset

The analysis is rounded out by looking at the figures by **type of asset, differentiating** 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 (17.1 kWh/sqm/year) is just under one third less than at the shopping centres (53.5 kWh/sqm/year). That proportionality drops even further, to one ninth measured in terms of energy consumption per visitor: 0.08 (kWh/visitor/year) at the retail parks, compared to 0.69 (kWh/visitor/year) at the shopping centres.

The retail parks' average water consumption in 2021 (1.19 litres/visitor/year) is under half that registered by the shopping centres (2.76 litres/visitor/year).

Despite the distortions caused by changes in footfall and opening restrictions, values related to both type of asset (intensity of energy use per sqm and intensity of water consumption per visitor) have remained relatively stable between 2020 and 2021.

Area of impact	EPRA Sustainability Performance Measure INFORMATION BY ASSET TYPE						
	EPRA Code	Unit of measurement	Indicator		LIKE FOR LIKE (LFL)		
					2019 (*)	2020	2021
Energy	Elec-Abs, Elec-LfL	kWh	Electricity	Consumption of electricity from non-renewable sources (A)	1,901,800	1,389,607	757,558
				Landlord-obtained electricity from renewable sources (B)	19,373,949	24,541,519	25,368,212
				Consumption submetered to tenants (C)	1,004,534	699,667	869,720
				Electricity generated from renewable sources and dispatched to the grid	242,986	371,769	329,928
				Total landlord electricity consumption (D = A+B-C)	20,271,215	25,231,459	25,256,050
	EPRA-DH&C-Abs	kWh	Energy	Total district heating & cooling consumption	No data		
	Fuels-Abs, Fuels-LfL	kWh	Fuel	Total landlord fuel consumption (E)	1,995,031	2,269,245	2,210,852
				Total fuel consumption submetered to tenants (F)	53,203	55,396	78,031
				Total fuel consumption (G = E-F)	1,941,828	2,213,849	2,132,821
	Energy-Int	kWh/sqm/year	Building energy intensity per square metre H = (D+E)/S sqm		41.4	43.1	43.0
kWh/visit/year		Building energy intensity per visitor I = (A+B+E)/S visit.		0.30	0.44	0.38	
Number of assets within boundary					13 out of 14	14 out of 14	
Proportion of disclosed data estimated					0%	0%	0%
Greenhouse Gas emissions	GHG-Dir-Abs, GHG-Dir-LfL	kg eq CO <sub>2</sub>	Direct emissions (J)	Scope 1 (fuel)	360,526	418,914	389,251
	GHG-Indir-Abs, GHG-Indir-LfL	kg eq CO <sub>2</sub>	Indirect emissions (K)	Scope 2 (electricity)	294,024	221,259	113,634
			Indirect emissions (L)	Scope 3	9,683	10,082	14,202
			GHG emissions (J+K)	Scope 1 + 2	654,550	640,173	502,885
			Total GHG emissions (M=J+K+L)	Scope 1 + 2 + 3	664,233	650,255	517,087
	GHG-Int	kg eq CO <sub>2</sub> /sqm/year	GHG emissions intensity per square metre (J+K/S sqm common areas)		1.24	1.02	0.81
		kg eq CO <sub>2</sub> /1000 pers./year	Emissions intensity per visitor (M/ Svisit/1000)		8.70	10.16	6.95
Number of assets within boundary					13 out of 14	14 out of 14	
Proportion of disclosed data estimated					0%	0%	0%
Water	Water-Abs, Water-LfL	m <sup>3</sup>	Water consumption in common parts areas (N)		178,564	196,510	212,650
			Consumption sub-metered to tenants (O)		73,663	72,580	89,157
			Water consumption in common and shared areas (P=N-O)		104,901	123,931	123,493
	Water-Int	litres/person/year	Water consumption intensity per visitor (N x 1000/ Svisit)		2.34	3.07	2.86
	Number of assets within boundary					13 out of 14	14 out of 14
Proportion of disclosed data estimated					0%	0%	0.7%
Waste	Waste-Abs, Waste-LfL	Ton	Waste generation		4,261	4,018	10,777
		Ton	Waste recycled		1,504	1,873	1,318
		%	Waste to landfills		64.7%	53.4%	87.8%
		%	Waste recycled		35.3%	46.6%	12.2%
		%	Proportion of disclosed data estimated		38.5%	27.7%	0%

Verified by the external auditor, see Appendix 5.4. Independent Assurance Report

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Area of impact		SHOPPING CENTRES								RETAIL PARKS					
EPRA Code	Unit of measurement	Indicator			2019 (*)	2020	2021	Like for Like 2021 vs 2019 (*)	Like for Like 2021 vs 2020	2019 (*)	2020	2021	Like for Like 2021 vs 2019 (*)	Like for Like 2021 vs 2020	
					Energy	Elec-Abs, Elec-LfL	kWh	Electricity	Consumption of electricity from non-renewable sources (A)	1,116,843	568,901	516,619	-53.7%	-9.2%	784,957
Landlord-obtained electricity from renewable sources (B)	16,618,093	22,422,525	22,535,267	-3.7%					0.5%	2,755,857	2,118,994	2,832,945	2.8%	33.7%	
Consumption submetered to tenants (C)	1,004,534	699,667	869,720	-13.4%					24.3%	0	0	0	0%	0%	
Electricity generated from renewable sources and dispatched to the grid	237,327	239,973	232,350	-2.1%					-3.2%	5,659	131,796	97,578	1624.3%	-26.0%	
Total landlord electricity consumption (D = A+B-C)	16,730,402	22,291,759	22,182,167	-6.4%					-0.5%	3,540,813	2,939,699	3,073,883	-13.2%	4.6%	
EPRA-DH&C-Abs	kWh	Energy	Total district heating & cooling consumption	No data				No data							
Fuels-Abs, Fuels-LfL	kWh	Fuel	Total landlord fuel consumption (E)	1,891,701		2,191,005	2,145,476	9.7%	-2.1%	103,331	78,240	65,376	-36.7%	-16.4%	
			Total fuel consumption submetered to tenants (F)	53,203		55,396	78,031	46.7%	40.9%	0	0	0	0%	0%	
			Total fuel consumption (G = E-F)	1,838,497		2,135,609	2,067,445	8.6%	-3.2%	103,331	78,240	65,376	-36.7%	-16.4%	
Energy-Int	kWh/sqm/year	Building energy intensity per square metre H = (D+E)/S sqm		52.7		53.8	53.5	-4.8%	-0.6%	19.8	16.4	17.1	-13.9%	4.0%	
	kWh/visit/year	Building energy intensity per visitor I = (A+B+E)/S visit.		0.56	0.85	0.69	15.1%	-18.5%	0.09	0.09	0.08	-6.2%	-5.9%		
Number of assets within boundary				8 out of 9	9 out of 9	9 out of 9	-	-	5 out of 5			-	-		
Proportion of disclosed data estimated				0%	0%	0%	-	-	0%	0%	0%	-	-		
Greenhouse Gas emissions	GHG-Dir-Abs, GHG-Dir-LfL	kg eq CO <sub>2</sub>	Direct emissions (J)	Scope 1 (fuel)	340,993	404,227	376,793	6.7%	-6.8%	19,533	14,687	12,458	-36.2%	-15.2%	
			Indirect emissions (K)	Scope 2 (electricity)	135,138	85,335	77,493	-42.7%	-9.2%	158,887	135,924	36,141	-77.3%	-73.4%	
	Indirect emissions (L)	Scope 3		9,683	10,082	14,202	46.7%	40.9%	0	0	0	0%	0%		
		GHG emissions (J+K)		476,131	489,562	454,286	-7.3%	-7.2%	178,419	150,611	48,599	-72.8%	-67.7%		
	GHG-Int	kg eq CO <sub>2</sub> /1000 pers./year		Total GHG emissions (M=J+K+L)		Scope 1 + 2 + 3	485,814	499,644	468,488	-6.2%	-6.2%	178,419	150,611	48,599	-72.8%
			GHG emissions intensity per square metre (J+K/S sqm common areas)		1.35	1.08	1.00	-7.3%	-7.2%	0.97	0.82	0.26	-72.8%	-67.7%	
	Emissions intensity per visitor (M/Svisit/1000)		13.87	16.87	12.88	13.9%	-23.6%	4.32	4.38	1.28	-70.4%	-70.8%			
	Number of assets within boundary				8 out of 9	9 out of 9	9 out of 9	-	-	5 out of 5			-	-	
Proportion of disclosed data estimated				0%	0%	0%	-	-	0%	0%	0%	-	-		

Verified by the external auditor, see Appendix 5.4. Independent Assurance Report

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Area of impact				SHOPPING CENTRES					RETAIL PARKS				
	EPRA Code	Unit of measurement	Indicator	2019 (*)	2020	2021	Like for Like 2021 vs 2019 (*)	Like for Like 2021 vs 2020	2019 (*)	2020	2021	Like for Like 2021 vs 2019 (*)	Like for Like 2021 vs 2020
Water	Water-Abs, Water-LfL	m <sup>3</sup>	Water consumption in common parts areas (N)	126,494	156,449	167,382	-5.8%	7.0%	52,069	40,062	45,268	-13.1%	13.0%
			Consumption sub-metered to tenants (O)	48,496	52,647	67,065	-15.0%	27.4%	25,167	19,932	22,092	-12.2%	10.8%
			Water consumption in common and shared areas (P=N-O)	77,998	103,801	100,317	-0.1%	-3.4%	26,903	20,129	23,175	-13.9%	15.1%
	Water-Int	litres/person/year	Water consumption intensity per visitor (N x 1000/ Svisit)	2.23	3.50	2.76	21.4%	-21.3%	1.26	1.17	1.19	-5.4%	2.2%
	Number of assets within boundary			8 out of 9	9 out of 9	9 out of 9	-	-	5 out of 5			-	-
	Proportion of disclosed data estimated			0%	0%	0.3%	-	-	0%	0%	1.9%	-	-
Waste	Waste-Abs, Waste-LfL	Ton	Waste generation	3,275	2,583	9,776	53.9%	278.4%	987	1,435	1,001	1.4%	-30.2%
		Ton	Waste recycled	1,166	1,082	1,114	-35.0%	3.0%	338	791	204	-39.6%	-74.2%
		%	Waste to landfills	64.4%	58.1%	88.6%	20.6%	30.5%	65.8%	44.8%	79.6%	13.9%	34.8%
		%	Waste recycled	35.6%	41.9%	11.4%	-20.6%	-30.5%	34.2%	55.2%	20.4%	-13.9%	-34.8%
		%	Proportion of disclosed data estimated	46.0%	40.1%	4.0%	-38.3%	-36.1%	6.3%	3.5%	0%	-6.3%	-3.5%

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Electric vehicle chargers in Portal de la Marina (Alicante)

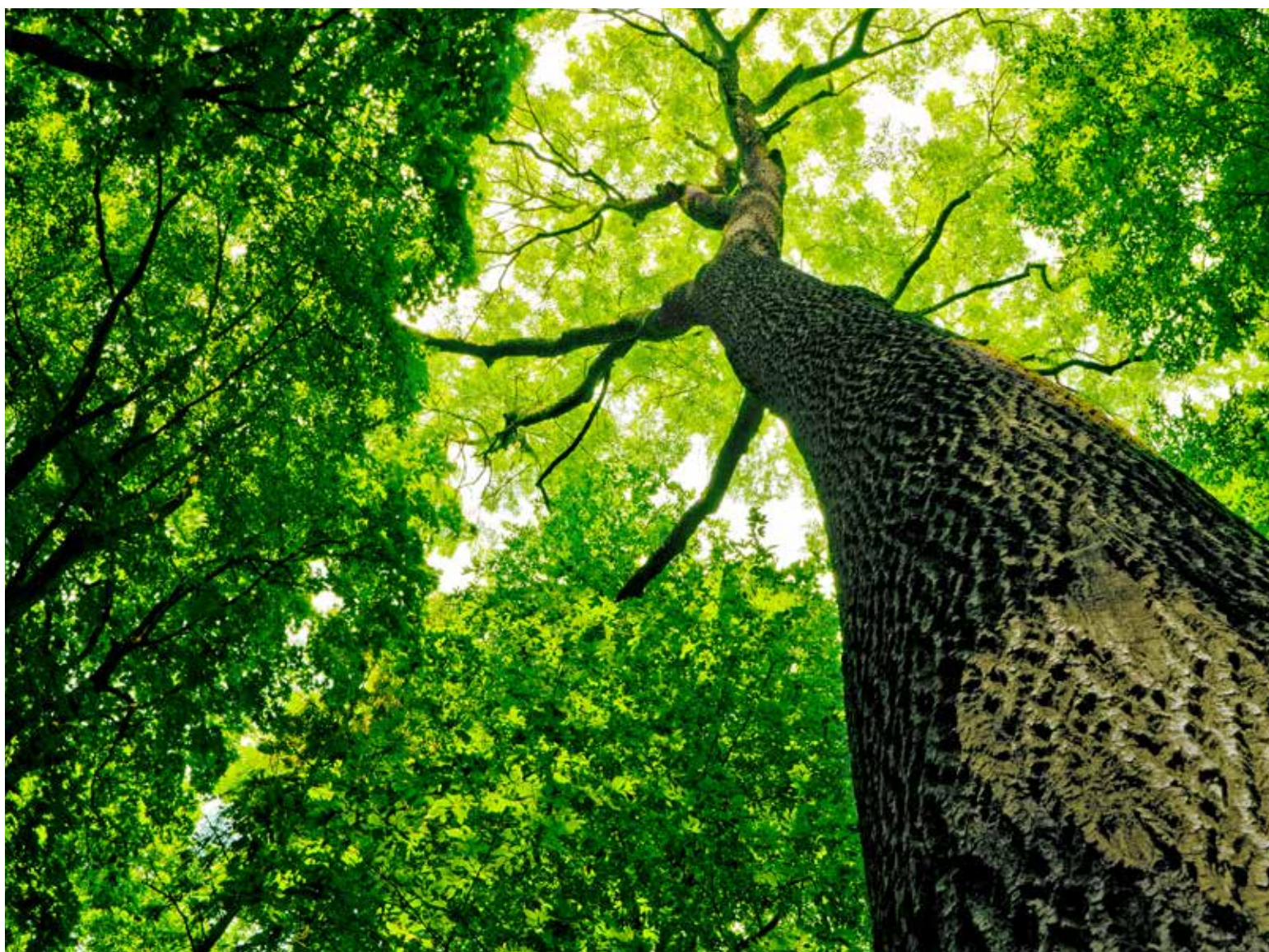
### Environmental performance figures for the Lar corporate office

On July 1, 2021, the Company changed its registered office, although, for the purposes of this environmental performance report, throughout the year Lar España has found itself in a **rented office** building that is not part of its portfolio, sharing office with its manager's employees (Grupo Lar and other group companies).

This situation, together with the fact that Lar España only employs four people, makes the consumption of energy (0.018%) and water (0.007%) irrelevant as compared with the total portfolio consumption, as well as the material input and waste generated

from their work (approx. 0.0046%) as compared with total waste across the portfolio.

Energy and water consumption figures are provided for information purposes as a corporate expense. However, the scale of this material input and waste is so minimal that they are not covered in this report, while the consumption and waste generated by the four employees are excluded from the calculation of the Company's environmental performance.



Area of impact	EPRA Sustainability Performance Measures				Coverage	LAR ESPAÑA CORP OFFICES - CONTRIBUTION BY THE 4 LAR ESPAÑA EMPLOYEES					TOTAL LAR ESPAÑA CORPORATE OFFICES				
	EPRA Code	Unit of measurement	Indicator			2019(*)	2020	2021	2021 vs 2019 (*) Change Like for like	2021 vs 2020 Change Like for like	2019(*)	2020	2021	2021 vs 2019 (*) Change Like for like	2021 vs 2020 Change Like for like
Energy	Elec-Abs, Elec-LfL	kWh	Electricity	Lar España electricity consumption + shared utilities	1 out of 1	5,421	4,099	4,461	-17.7%	8.8%	161,337	93,879	102,593	-36.4%	9.3%
				Consumption submetered to tenants		No data					No data				
				Electricity generated and dispatched to the grid		0	0	0	0%	0%	0	0	0	0	0%
				Lar España + Shared services electricity consumption		5,421	4,099	4,461	-17.7%	8.8%	161,337	93,879	102,593	-36.4%	9.3%
	EPRA-DH&C-Abs	kWh	Energy	Total district heating & cooling consumption	1 out of 1	Lar España does not use district heating & cooling (DH&C-Abs)									
	Fuels-Abs, Fuels-LfL	kWh	Fuel	Total landlord fuel consumption		0	0	0	0%	0%	0	0	0	0	0%
Energy-Int	kWh/sqm/year	Building energy intensity per square metre		1 out of 1	108.6	72.0	93.3	-14.1%	29.6%	108.6	72.0	93.3	-14.1%	29.6%	
	kWh/employee/year	Building energy intensity per employee			1,807	1,640	1,338	-25.9%	-18.4%	1,807	1,640	1,338	-25.9%	-18.4%	
Greenhouse Gas emissions	GHG-Dir-Abs, GHG-Dir-LfL	kg eq CO <sub>2</sub>	Direct emissions	Scope 1 (fuel)	1 out of 1	0	0	0	0%	0%	0	0	0	0%	0%
	GHG-Indir-Abs, GHG-Indir-LfL	kg eq CO <sub>2</sub>	Indirect emissions	Scope 2 (electricity)		1,573	820	892	-43.3%	8.8%	46,828	18,776	20,519	-56.2%	9.3%
			Indirect emissions	Scope 3		No data					No data				
			Total	Scope 1 + 2		1,573	820	892	-43.3%	8.8%	46,828	18,776	20,519	-56.2%	9.3%
GHG-Int	kg eq CO <sub>2</sub> /sqm/year	Emissions intensity per square meter		1 out of 1	31.5	14.4	18.7	-40.8%	29.6%	31.5	14.4	18.7	-40.8%	29.6%	
	kg eq CO <sub>2</sub> /employee/year	Emissions intensity per employee			524	328	268	-49.0%	-18.4%	524	328	268	-49.0%	-18.4%	
Water	Water-Abs, Water-LfL	m <sup>3</sup>	Water consumption		1 out of 1	26	14	8	-67.4%	-39.8%	771	322	194	-74.8%	-39.6%
	Water-Int	litres/sqm/year	Water consumption intensity per square metre			0.5	0.2	0.2	-65.9%	-28.4%	0.5	0.2	0.2	-65.9%	-28.4%
		litres/employee/year	Water consumption intensity per employee			8.6	5.6	2.5	-70.6%	-54.9%	8.6	5.6	2.5	-70.6%	-54.9%
Waste	Waste-Abs, Waste-LfL	Ton	Waste generation		1 out of 1	484	403	537	11.1%	33.3%	12,536	9,818	12,361	-1.4%	25.9%
		%	Waste recycled			No data	No data	No data	-	-	No data	No data	No data	-	-
		%	Proportion of estimated waste			100%	100%	100%	-	-	100%	100%	100%	-	-

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Lar España is **aware of how important biodiversity** is within its commitments to the environment.

### 2.3.9 Protection of biodiversity

The companies are not isolated and autonomous entities, rather, they **impact and rely** on the world around them. It is important to bear in mind that the natural habitat of many animal species is the very same area as that in which the companies operate, thus it is essential to build this relationship into the companies' management to ensure sustainability over time.

Biodiversity is a bond that companies must manage. The UN report in 2019 concluded that ecosystems are in a critical state, with **75% of the terrestrial environment severely altered** by human activity and approximately one million species in danger of extinction.

The **conservation of flora and fauna is increasingly important** in the real estate sector, which seeks to foster the appreciation of its assets. Promoting integrated urban biodiversity in population centres is a huge step forward for the environment and the well-being of society as a whole. Respecting biodiversity provides new added value for properties and an economic boost for the real estate sector, **which welcomes ecological players and is sensitive to environmental issues.**

Lar España is **aware of how important biodiversity is** within its commitments to the environment. In keeping with its business strategy, actions are underway across the entire portfolio as part of the strategy to protect biodiversity. Accordingly, the company strives to make spaces not only more attractive to users, but to have them **add value to the environment** through the use of efficient watering systems and integrating the asset into its surroundings without disrupting the harmony of the landscape.

The **SDG Contribution Plan** includes the "asset selection code" which, among other sustainability variables, sets out Lar España's considerations for excluding an asset from selection, such as factors related to the protection of biodiversity.

The Company is also implementing **various initiatives for the protection of biodiversity** in the portfolio. A Biodiversity Management Plan is being carried out in the Albacenter, As Termas, El Rosal, Portal de la Marina, Rivas Futura, VidaNova Parc, Megapark, Abadía and Lagoh shopping centres and retail parks, in relation to the BREEAM sustainability certificate obtained for almost 100% of the portfolio. In the context of the certification, an **Ecological Report** on the shopping centre's impact on local biodiversity is also drawn up. The conclusions of this analysis **allow the company to roll out a strategy geared towards minimising the impact and improving the biodiversity of the site**, focusing on the ecosystems identified as the most important.





## Work plan

The work methodology followed is divided into two stages:

### First Stage

A full bibliographic review using all possible sources and consultation with the competent environmental bodies.

### Second Stage

Exhaustive fieldwork to verify all the bibliographic information compiled and incorporation of new data not found in the aforementioned review.

On the basis of the foregoing, the Plan is drawn up and includes the following:

- Detailed management of all the protected elements existing on the site, description of the landscape and habitats surrounding the building area.
- Management of all pre-existing, affected, improved or added habitats.
- References and method of integrating the Plans associated with the protection of local biodiversity.
- Recommendations to minimise the impact on biodiversity, to protect items of ecological value, to contribute ecological value, and to undertake the Plan.
- Incorporation of an assessment and monitoring plan to be implemented by the building management team.

This Plan is used to define the strategy for **managing existing habitats**, as well as new green spaces added for at least the first five years after the review. A system is also put in place to ensure compliance with the review's indications and recommendations. Detailed information on its application and effectiveness must be provided.



### Success story: Lagoh biodiversity

The Lagoh shopping centre is a unique case within the Lar España portfolio because it was not acquired like most other assets, rather it was designed and built by the company taking into account the corporate sustainability/ESG policy and, specifically, respect for local biodiversity. The centre offers a **slew of innovative experiences while also reflecting the sustainability commitments** undertaken for its assets.

The company signed an **agreement with Universidad de Sevilla's research unit**, consisting of scientific advice in the efficient construction of the centre taking into consideration the SDGs, and monitoring of the central lake and related biodiversity.

From the outset of the project's planning, **social and environmental aspects** that positively impact the city of Seville were factored in. The centre's design was influenced by biophilic design, an architectural movement that aims to re-establish or improve the connectivity between nature and human beings.

With the aim of opening up the building to the outdoors by designing specific elements for animals in the centre of the asset, the 11,000 sqm covered by vegetation and the 6,000 sqm central lake are bioclimatic strategies to **ease the temperatures in a climate such as Seville's, creating a comfortable setting all year round.**

Lagoh has sought to include Mediterranean and ornamental vegetation in order to create an environment that harmonises with visitors and generates a **public space around the shopping hub**. This provides an overall experience for visitors, who can also **enjoy the environmental space**, achieving a balance between the asset's commercial area and the ecosystem generated.

Moreover, climate change has given rise to eco-architecture: a concept focused on improving the energy efficiency and sustainability of buildings. The green exterior insulates the building, absorbs CO<sub>2</sub> and provides a space for birds to nest, increasing biodiversity and reducing the impact on the climate. **All of this improves the quality of the building, environment and neighbourhood.**



Samples from the lake are taken every week and analyse a series of basic parameters to ensure the water meets adequate health standards. A more exhaustive study is performed annually, which expands upon the set of parameters analysed. The results of these analyses show that **all the parameters analysed are optimal**, meaning the lake is “biologically safe and in good health”.

As part of the study for conservation of the lake, its surface is cleaned on a daily basis using an electric motorboat and a net to control and clean floating microalgae.

The company also worked on disseminating these matters to the asset’s visitors via Lulah, the Lagoh dragonfly, which is present all around the lake and provides a fun and educational way for the whole family to learn how to respect biodiversity via totems installed throughout the centre, indicating the names of species, as well as local fauna and flora.

Thanks to the daily care and maintenance, as well as all the resources and parties involved, the company has **successfully installed and preserved a natural lake in the centre of Seville**. The proof is in the **proliferation of life and multiple species in Lagoh**, making it a point of interest for customers and a different visiting experience for them. The introduction of this natural space **has enabled the company to reduce its ecological footprint, save energy, improve biodiversity in the area, and provide a comforting setting for visitors**.

## 1.2 Corporate strategy and positioning

### Who are we?

**Lar España Real Estate SOCIMI, S.A.**, (hereinafter Lar España) is a SOCIMI (Listed Real Estate Investment Company) that has been listed on the Madrid Stock Exchange since 5 March 2014.

It was founded at an **ideal juncture in the Spanish property cycle**, when real estate prices had just bottomed out at record lows and the real estate market was entering a new cycle. Lar España also ushered in a change of trend for the Stock Market, as it was not only **the first Spanish SOCIMI to be floated**, but it was also the very first listing to take place following a three-year dearth, and the first listing of a real estate company in seven years.

The objective set out for the Company when it was first created was to invest in the Spanish real estate market under a long-term asset management plan. A plan, aimed at generating **high returns for its shareholders**, via the payment of considerable annual dividends, and creating value by increasing the Company's EPRA NAV/NTA.

Lar España is exclusively managed by **Grupo Lar**, a real estate company whose extensive experience in the sector is of particular note. It boasts a large team of professionals that actively manage and work to diversify the portfolio in order to maximise its operational efficiency, as well as each asset's yield.

The Group's **investment strategy** focus is now entirely on **retail** properties, after a disinvestment process of the considered as non-strategic assets:

- **Shopping centres and retail parks:** Retail unit and retail warehouse lettings. Its strategy is focused on identifying assets that are poorly managed and that **have strong upside potential**, especially centres where there is an opportunity for repositioning or extending them.

During 2018 and 2019, Lar España carried out the divestment of logistics and offices assets, to focus the investment strategy on retail assets.

Lar España also made an unprecedented investment in the residential sector through a joint venture with PIMCO, taking a 50% stake in luxury housing development Lagasca99. **All apartments delivery in this new complex were completed and delivered in 2020.**

The Company's investment policy is mainly focused on:

- Strategic assets, **shopping centres and retail parks**, with strong growth potential.
- Investment opportunities in **dominant retail assets in their catchment area** that offer significant upside via management, avoiding the segments where there is greater competition.
- **Risk diversification**, expanding in Spain and primarily investing and developing in retail spaces.

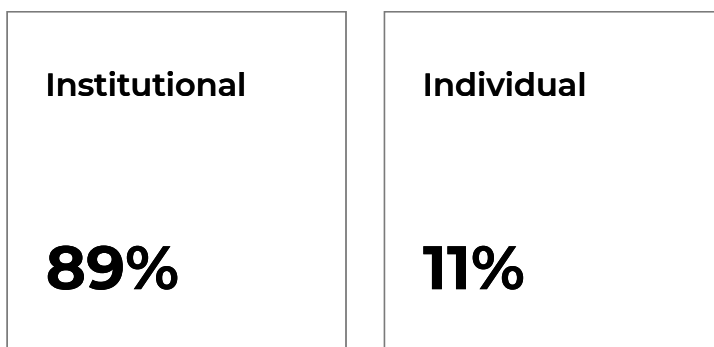
The Company's pipeline remains solid, allowing it to continue to comfortably meet its forecast investment targets.

### Responsible business model

Lar España's business model is based on the guiding principles, commitments, objectives and lines of action of the **United Nations Global Compact, the principles of the Organisation for Economic Co-operation and Development (OECD), the contents of the United Nations Universal Declaration of Human Rights, and the International Labour Organisation (ILO) Declaration.**

Furthermore, it is conscious of its role within its activity, endeavouring to carry out its operations and decision-making in an **ethical, responsible and sustainable** manner in order to make a **positive contribution** to society and the environment, while providing financial return for investors.

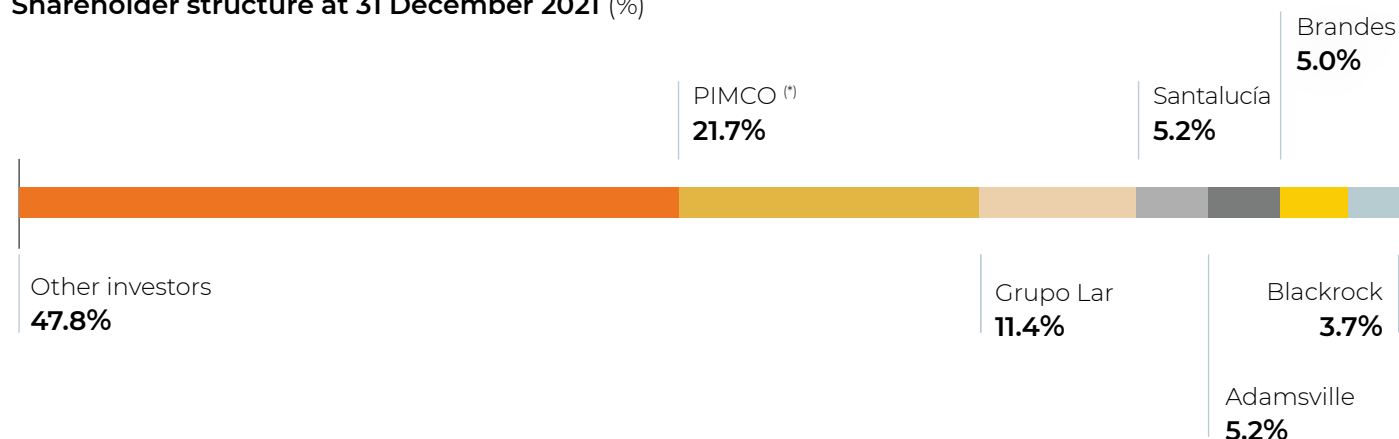
To Lar España, **corporate investment and environmental engagement** are much more than just hoops we need to jump through; they are vital to our future success. Our approach keeps us alert to new opportunities – like advances in energy efficiency, digital innovation and collaborative relationships with suppliers at the top of their fields. Thus, the Company remains committed to **creating shared value**, keeping a fluid communication with its stakeholders and investing in projects that champion sustainability in all its forms and working continuously to improve our assets' performance.



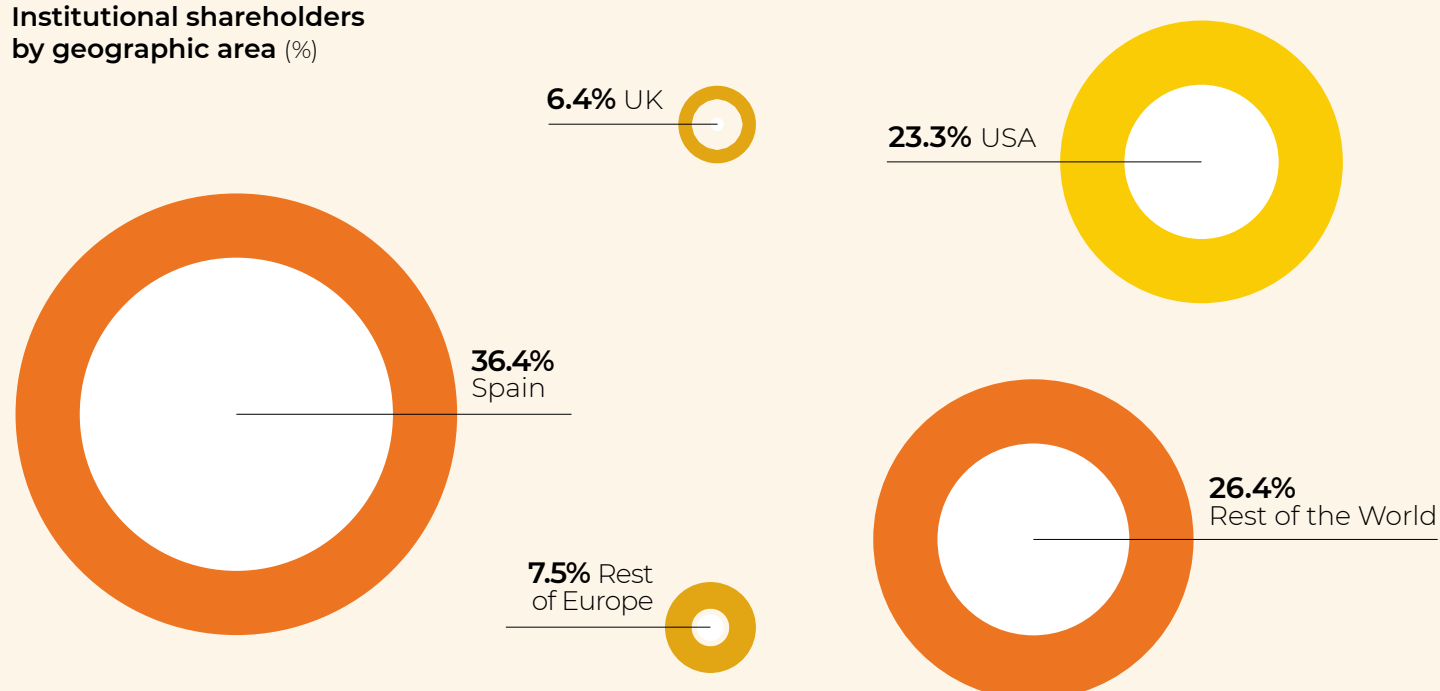
**Shareholder structure**

Lar España's shareholders include some of the most important investment and financial groups in the world.

**Shareholder structure at 31 December 2021 (%)**



**Institutional shareholders by geographic area (%)**



(\*) On 28 January 2022, PIMCO Bravo II Fund L.P. sold its total stake in Lar España to Castellana Properties SOCIMI, S.A.

## Organisational structure

The **Board of Directors** is Lar España's main governing body, whose role is to supervise the management of the Company with the common aim of championing social interest.

It is also Lar España's internal ruling structure and possesses the most far-reaching powers in terms of the running of the Company, except for those matters that require approval from the Annual General Shareholders Meeting.

At 31 of December 2021, the **Board of Directors** comprised 7 members, **5 of whom are independent and 2 of whom are proprietary**, from PIMCO and Grupo Lar.

All of the members of the Board of Directors hold or have held senior executive positions in listed companies in the financial and real estate sectors. (See the information provided in section 2 – **ESG**).

 Chairman


 Member

 Director

 Independent Director

 Audit and Control Committee

 Proprietary Director

 Appointments, Remuneration and Sustainability Committee

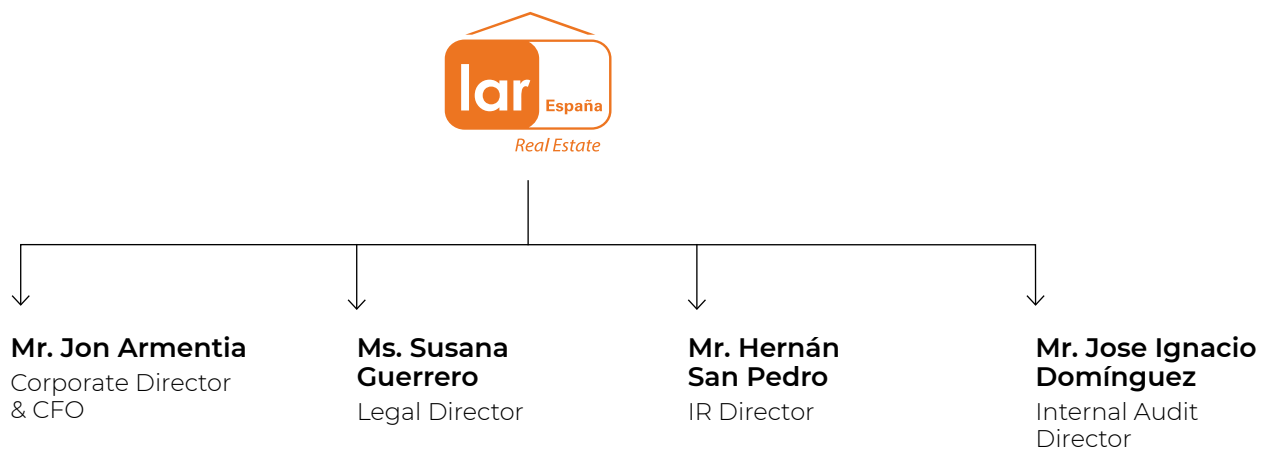


(\*) On 28 January 2022, Mr. Laurent Luccioni submitted his resignation as a member of the Board of Directors following the sale by PIMCO of his total stake in Lar España.

Lar España also features a **Management Team** that runs Lar España and is comprised of four people (three men and one woman) that benefit from extensive experience in the real estate sector, as well as an expert knowledge of the market.

100% is covered by a Collective Agreement, and the absenteeism rate in 2021 stood at 0%.

Its structure is detailed below:





**Mr. Jon Armentia**  
Corporate Director & CFO

**Mr. Jon Armentia** is the Corporate Director & CFO of the Company. He joined Lar España in 2014.

Mr. Jon Armentia was appointed CFO of Grupo Lar in 2006, covering the area of retail properties. Previously he worked in Deloitte (formerly Arthur Andersen) for four years.

Mr. Jon Armentia has a Bachelors Degree in Business Management and Administration from Universidad de Navarra and a General Management Program (PDG) from IESE and has over 20 years of experience in audit, finance and real estate, in which he has participated in several Committees and Boards of Directors.

**Ms. Susana Guerrero** is the Legal Manager and Vice-secretary of the Board of Directors of the Company. She joined Lar España in November 2014.

Previously she worked as a corporate and M&A lawyer at Uría Menéndez for 10 years and boasts extensive experience in corporate governance, serving as Secretary of the Board of Directors at companies across a range of different sectors. Furthermore, she is currently Deputy Director of the ESADE Center for Corporate Governance and head of its opinion and public debate area.

Ms. Susana Guerrero studied Law at the Complutense University in Madrid and has an LLM in Business Law from Instituto de Empresa (IE).



**Ms. Susana Guerrero**  
Legal Director



**Mr. Hernán San Pedro** is the Head of IR of the Company. He joined Lar España in January 2016.

Previously he worked at Grupo Sacyr Vallehermoso as Head of IR, Skandia-Old Mutual Group and Banco Santander.

Mr. Hernán San Pedro studied Law at Universidad San Pablo CEU (Madrid), holds an MTA from Escuela Europea de Negocios and has over 30 years of experience in different positions in the financial, insurance, construction and real estate sectors.



**Mr. Hernán San Pedro**  
IR Director



**Mr. Jose Ignacio Domínguez**  
Internal Audit Director

**Mr. Jose Ignacio Domínguez** is the Internal Audit Director of Lar España and joined the Company in September 2021.

He is an Executive with extensive international professional experience in several fields of private listed multinational companies, related to Finance, Internal Audit, Risk Management & Compliance and Corporate Governance. Previously, Jose Ignacio has worked, among others, in companies such as Price Waterhouse Coopers, Fomento de Construcciones y Contratas, or the more recent, Grupo Ezentis.

Graduated in Economics and Business Administration from the Complutense University of Madrid and the San Pablo CEU University College. Postgraduate Master from the IESE Business School. Member of the Official Register of Accounts Auditors of Spain, (ROAC). CRMA certified by the Global Institute of Internal Auditors (IIA).

## Performance indicators

The main **corporate social indicators** in accordance with EPRA standards, which specify matters of relevance to the Company such as diversity, training, employee turnover, health and safety measures and local impact, are as follows:

Area of impact	EPRA: Sustainability Performance Measures (Social)			
	EPRA sBPR code	Indicator	LAR ESPAÑA 2020	LAR ESPAÑA 2021
Diversity	Diversity-Emp	Percentage of direct employees	Men: 67% Women: 33%	Men: 75% Women: 25%
	Diversity-Pay	Percentage of direct employees	N/A (*)	N/A (*)
Rotation	Emp-Turnover	Number and percentage of direct employees	Men: 0% Women: 0%	Men: 0% * Women: 0% <i>* In 2021, a new male employee was hired, which represents a hiring rate of 25%</i>
Health and safety	H&S-Emp	Injury rate (IR), lost day rate (LDR), accident severity rate (ASR), absence rate (AR) and work-related deaths for all employees	<b>IR</b> Men: 0 Women: 0 <b>LDR</b> Men: 0 Women: 0 <b>ASR</b> Men: 0 Women: 0 <b>AR</b> Men: 0 Women: 0 <b>Number of deaths due to accident or illness at work</b> Men: 0 Women: 0	<b>IR</b> Men: 0 Women: 0 <b>LDR</b> Men: 0 Women: 0 <b>ASR</b> Men: 0 Women: 0 <b>AR</b> Men: 0 Women: 0 <b>Number of deaths due to accident or illness at work</b> Men: 0 Women: 0
	H&S-Asset	Number of assets	14 out of 14 (**)	14 out of 14
	H&S-Comp	Number of incidents	No non-compliance with safety and health regulations has been detected.	No non-compliance with safety and health regulations has been detected.
Training and Performance	Emp-Training	Average hours of training of direct employees	120 hours	27 hours
	Emp-Dev	Percentage of direct employees	100%	100%

Verified by the external auditor, see Appendix 5.4. Independent Assurance Report

Diversity-Emp: Employee diversity by gender at 31 December 2020 and 2021.

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 years ended 31 December 2020 and 2021.

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.

Emp-Training: Average annual training hours per employee in 2020 and 2021.

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

(\*) This indicator is not applicable for Lar España as it has only 4 employees, and only one of them is a woman.

(\*\*) It does not take into account the portfolio of 22 supermarkets divested during 2021.



Shopping Centre  
Lagoh (Seville)

Lar España continues to be the leader SOCIMI in terms of **financial and sustainability/ESG reporting** according to **EPRA** standards.

### Vision

To provide our customers with unique shopping experiences by combining leisure and retail through an omnichannel approach.

### Mission

To lead the industry based on the size of our portfolio, the quality of our assets and our management.

### Values

Corporate focus  
**Responsibility**

Customer focus  
**Quality And Respect**

Market focus  
**Innovation**

Investor focus  
**Transparency and Honesty**

### International standards

Lar España aims to comply with the highest international standards of transparency, comparability and commitment.

Hence, it is a member of the **European Public Real Estate Association (EPRA)**, the leading international association in the sector, which aims to provide comparable financial information between publicly listed Real Estate companies.

On September 2021, Lar España was awarded for the **seventh year running** with the **Gold Award from the European Public Real Estate Association (EPRA)** in recognition of the quality of the financial information provided by the Company. Lar España was also awarded for the **fourth consecutive year** with the most prestigious recognition from EPRA, the **Gold Award**, related to the information about **ESG**.

This highlights the international recognition of the information reported by Lar España and made available to its shareholders.





Retail Park  
Megapark (Vizcaya)

We would particularly note that all of the EPRA indicators in relation to ESG/Sustainability included in this report have been verified by an independent third-party. The independent third-party review can be found in Annex 5.4.



Lar España also collaborates with MSCI-IPD<sup>(\*)</sup> and forms part of its annual real estate index, **(IPD Spain Annual Property Index)**, which provides additional information and visibility of the real estate sector.

Thanks to our numerous good governance, sustainability and social engagement initiatives, we were awarded a **BBB rating** in the MSCI international index<sup>(\*)</sup>. This recognition is a testament to the Company's many advances in this area and our commitment to aligning our strategy with international ESG standards.

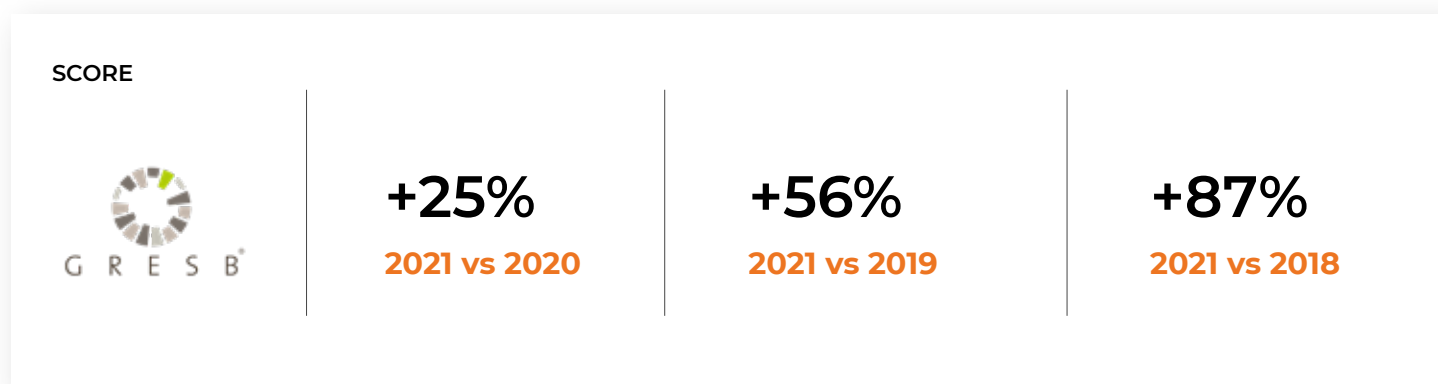


During 2021, Lar España has taken part, for the **fourth** year running, in **GRESB (Global Sustainability Real Estate Benchmark)** assessment process, which has become the benchmark for assessing commitment to environmental, social and governance (ESG) issues in the real estate sector. The score obtained represents an **increase of 25% compared to the previous year**, and an **increase of over 50%** compared to its rating in 2019 and **almost 90%** compared to the first year Lar España took part in this index in 2018.



FTSE4Good

Additionally, during 2021, **it kept Lar España as a constituent on its FTSE4Good index**, based on the results it obtained in the independent assessment of its ESG criteria by FTSE Russell. This confirms Lar España's fulfilment of the requirements for being an index constituent, having demonstrated its strong environmental, social and governance practices.



*(\*) The use by Lar España of any MSCI ESG Research LLC or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names here in, do not constitute a sponsorship, endorsement, recommendation, or promotion of Lar España by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI.*

**The index is designed to identify Spanish companies with leading ESG corporate responsibility practices**, which are used as a benchmark by a wide range of investors and market participants when evaluating responsible investments.

This has been achieved thanks to the fulfillment by Lar España of the requirements to become a component of the index, evidencing the good practices carried out by the Company in environmental, social and governance matters.



Lar España has **successfully issued two unsecured senior green bonds, amounting to a total of EUR 700 million**. As part of this issue, ISS-ESG conducted an **independent review of the Company's sustainability strategy**, based on the 2021 Green Bond Principles issued by the ICMA (International Capital Markets Association).

**The rating agency Fitch also assigned an investment grade or BBB rating** to both Lar España and its green bond issuances. The issuances were led by Morgan Stanley Europe, acting as global coordinator and advising on the sustainable structure of the matter.

In 2021, ISS-ESG conducted an **independent review of the Company's sustainability strategy**.

The bonds were ultimately placed with qualified investors and **are listed on the Euro MTF market of the Luxembourg Stock Exchange**.

Lar España has used the funds to refinance all or part of a selection of real estate assets, in order to **reduce carbon emissions by ensuring that these assets are environmentally friendly**.



Further proof of the Company's commitment to transparency can be found in the results obtained in the **Informe Reporta** – a study analysing the quality of the information provided to stakeholders by Spanish listed companies. The study looks at four key areas: **relevance, transparency, accesibility and the Company's commitment to providing such information**.

**Lar España ranked 24th out of 116 companies**, 11% higher than it achieved for the information published in 2020 in the general ranking, which then increased to 17% for the financial and real estate sector scoring, where it ranked 5th out of 25 companies, thanks to the quality of its financial and non-financial information.

The Company therefore continues to **perform above the average for the IBEX35 companies** in Informe Reporta and is very close to the **Top 10 companies** in this index.

## IBEX Gender Equality Index

Lar España has been included as one of the 30 companies that form part of the **IBEX Gender Equality index, as a sign of the Company's commitment to diversity issues.**



In 2020 Lar España **joined the United Nations Global Compact and signed the letter of commitment, thus showing its clear intention to align its sustainability/ ESG strategy with the United Nations 2030 Agenda.**

In 2021, the Company went a step further by developing an **Action Plan** and identifying relevant issues and their contribution to the SDGs.

As a result of this analysis, **three strategic priorities and six goals** were identified, associated with the corporate and operational functions of the value chain of Lar España and its stakeholders.

Thus, the Company **identified the most relevant SDGs for its activity.** Implementing these lines of activity will **align the strategy and management model with the achievement of the eight defined SDGs and their corresponding targets** (see Section 2. ESG).

To ensure the correct implementation of the SDGs, the company raises awareness and promotes the **adoption of the 2030 Agenda in the governance of the Company and in the definition of corporate policies.** It also monitors the actions carried out within the company's activity to contribute to each of the SDGs identified.

↳ 9 corporate actions & 13 operational actions

**+50%**

Provide a robust framework

**+30%**

Correct negative impacts

**+17%**

Promote positive impacts



*A free translation from the original in Spanish. In the event of discrepancy, the Spanish version prevails.*

# **Sustainability Policy at Lar España Real Estate SOCIMI, S.A.**



<b>Prepared by</b>	<b>Date</b>	<b>Approved by</b>	<b>Date</b>
Corporate Management	10 December 2015	Board of Directors	20 January 2016
<b>Prepared by</b>	<b>Date</b>	<b>Approved by</b>	<b>Date</b>
Legal Management	December 2018	Board of Directors	20 December 2018
<b>Prepared by</b>	<b>Date</b>	<b>Approved by</b>	<b>Date</b>
Corporate Management	December 2020	Board of Directors	15 December 2020

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*A free translation from the original in Spanish. In the event of discrepancy, the Spanish version prevails.*

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## **SUSTAINABILITY POLICY AT LAR ESPAÑA REAL ESTATE SOCIMI, S.A.**

### **1. Introduction**

The Board of Directors of Lar España Real Estate SOCIMI, S.A. (hereinafter, “**Lar España**” or the “**Company**”) is responsible, among other functions, for determining the general policies and strategies of the Company, and within the framework of these functions the Board approved, at its meeting on 20 January 2016 the Corporate Social Responsibility policy, which is part of the Company's internal regulations. Likewise, and within the framework of the annual review of Corporate Policies, at its meeting on 20 December 2018, the Board of Directors of Lar España approved a new version of the referred Policy, approving at its meeting on 15 December 2020 this Sustainability Policy (the “**Policy**”).

### **2. Purpose**

This Policy is framed by Lar España's commitment to sustainable business development and the creation of shared value over the long term.

The purpose of the Policy is to enshrine the fundamental principles, commitments, objectives, strategy and values underpinning the running and management of Lar España and its investees with a view to generating a business model capable of contributing to long-term value creation, satisfying the needs and expectations of its shareholders and generating socially-responsible externalities.

### **3. General guiding principles, commitments, objectives and strategies**

Lar España shall pursue its business model in keeping with the guiding principles, commitments, objectives and action strategies aligned with the United Nations Global Compact, the OECD's Principles and the aspects contained in the United Nations' Universal Declaration of Human Rights and the Declaration of the International Labour Organization (ILO).

The following are some of the main commitments and objectives around which Lar España carries out its activity:

#### **3.1. Business ethics and integrity**

- Compliance with prevailing legislation and all the company's internal codes of conduct, specially its ethical code, undertaking to this end ethical commitments to ensure that Lar España's activities are conducted in good faith.
- A zero-tolerance stance on discrimination on the grounds of age, race, skin color, gender, religious convictions, political views, nationality, sexual orientation or disability.
- A zero-tolerance stance on any manifestation whatsoever of harassment, whether physical, psychological or moral, and on any other form of conduct that intimidates or offends other employees.

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- Prevention of market abuse, the corruption and any form of illegal or fraudulent practice by means of establishment of preventative and corrective measures and the development of internal channels to permit the safe and anonymous reporting of any anomalies.
- Full and ongoing integration of environmental and social sustainability into the guiding principles of the Board of Directors and its committees, the Company's strategy and its everyday management.
- To collaborate with the fulfilment and promotion of the 2030 Agenda and Sustainable Development Goals.

### **3.2. Creating shared value**

- To create value for the company's owners and/or shareholders with a view to ensuring the financial strength and sustainability of Lar España in the long run.
- To contribute to human, economic and environmental development so as to in turn foster the sustainable development and social progress of the communities in which Lar España operates.
- To cooperate with institutions, non-governmental organizations, private companies and other entities in pursuit of effective community work related with the development and construction business and with a strategic focus on education, all with the goal of contributing to the community's economic and social well-being in the medium and long term.
- To channel the charitable concerns and philanthropic nature of Lar España's employees by means of corporate volunteering and the proposal of specific charitable work initiatives.
- To promote communication and dialogue with the company's shareholders, employees, customers, suppliers, tenants and, in general, all of its stakeholders, with a view to understanding and meeting their expectations and incorporating their most pressing concerns into the Sustainability policy. To this end channels for stakeholder communication and participation will be established in order to establish a permanent dialogue with them.

### **3.3. Environmental management**

- To guarantee continuous improvement by optimizing environmental management, minimizing environmental risks and raising awareness, training and sensitizing stakeholders linked to Lar España.
- To incorporate aspects related to energy efficiency criteria, responsible water consumption, rational use of natural resources, waste management and certification according to sustainability criteria, minimizing environmental impact and promoting innovation and the use of the best technologies in the development of all of society's activities, such as promotion, management acquisition and renewal of its assets.
- To incorporate biodiversity conservation into its strategy, as an important element in decision-making in the planning, implementation, and operation of its facilities.

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- To contribute to the well-being of customers, users, collaborators and employees, ensuring optimal air quality within their facilities, through the efficient use of air conditioning equipment.
- To promote the establishment of measures to support the fight against climate change through the use of renewable energies, the promotion of energy saving and efficiency and the application of the most appropriate technologies, as well as to provide for adaptation to the new conditions arising from climate change.
- To incorporate efficiency and operational excellence in the management of waste generated within the scope of the Company's control, paying attention to the principles of the Circular Economy.

### **3.4. Building accessibility**

- Comply with current legislation on accessibility and promote continuous improvement through the implementation of its own Universal Accessibility Management System.
- Promote the incorporation of accessibility criteria in the real estate owned by the Company, with the aim of achieving in its assets environments that are more comprehensible, usable and practicable by all people, regardless of their abilities, in safety and comfort conditions and in the most autonomous way possible

### **3.5. Suppliers**

- To ensure that product and service selection processes are not biased in any way, are transparent, objective and equitable.
- To articulate mutually-beneficial business relationships that generate strategic and forward-looking alliances, underpinned by the establishment of and compliance with Lar España's Sustainability criteria.
- To promote, in commercial relations with suppliers, the adherence to commitments of sustainability of Lar España.

### **3.6. Employees**

- To frame talent recruitment, selection and retention policies with equal opportunities, non-discrimination and diversity criteria and to foster measures designed to integrate minorities.
- To establish a compensation policy that enhances the ability to hire the finest professionals and reinforces the Company's human capital.
- To champion the upgrade of employees' training and skills and to prioritize career promotion by means of performance evaluation.
- To ensure a safe and healthy workplace.

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- To promote equality and coexistence in diversity, whether of gender, culture, age, religion or any other kind.
- To facilitate work and personal-life.
- Maintain a continuous and fluid dialogue by establishing sufficient communication channels.
- To act as a facilitator of means and resources to guarantee the Health and Safety of its employees and third parties.

### **3.7. Fiscal Responsibility**

- Commitment to tax rules and good practices.
- Comply with the Company's tax obligations.
- Avoiding the use of opaque tax or corporate structures.
- Develop a relationship of trust and collaboration with tax authorities.

### **3.8. Transparency**

- A commitment to accountability by developing the indicators needed to deliver measurable information that helps set in motion initiatives designed to improve Lar España's products, services and management processes.
- A transparency pledge, to which end the company commits to compile and report relevant and reliable financial and non-financial information about the company's performance and activities on an annual basis.
- Employ responsible communication practices that prevent manipulation of information and protect integrity and honour.

## **4. Management objectives**

In order to make progress on compliance with its guiding principles, commitments, objectives and strategies, established by this Policy, Lar España undertakes to articulate its management around:

- Diagnosis based on trends and best practices in Spain and abroad.
- Establishment of specific objectives and initiatives.
- Ongoing monitoring of compliance with the objectives so established by means of specific measurable indicators.

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- Monitoring compliance with sustainability policies, associated risks and their management, in particular related to non-financial risk, including that related to ethical aspects and business conduct.

## **5. Responsibility and organization**

The Appointments and Remuneration Committee shall be responsible for monitoring the sustainability strategy and practices in environmental and social matters.

In turn, the Audit and Control Committee will be responsible for supervising compliance with this Policy.

# Code of Conduct of **Lar España Real Estate SOCIMI, S.A.**



<b>Prepared by</b>	<b>Date</b>	<b>Approved by</b>	<b>Date</b>
Corporate Management	24 December 2014	Audit and Control Committee	19 February 2015
		Board of Directors	24 February 2015



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## **1. Scope of application**

The purpose of the Code of Conduct of Lar España Real Estate SOCIMI, S.A. (hereinafter, Lar España) is to establish the guidelines governing the conduct of any and all acting in the name of Lar España and its subsidiaries.

This Code applies to all of the members of the company's Board of Directors, senior management team, the management team of Grupo Lar (Lar España's asset manager), the officers and employees of both the company and its investees and any other person who may be related to Lar España without being an employee thereof (hereinafter, the Bound Parties).

This Code of Conduct complements the internal code of conduct governing securities market dealings, the company's other rules, its Articles of Association and other prevailing legislation applicable to the business of Lar España. It is binding upon Lar España and all the companies with which there is a material contractual relationship. This document will be uploaded onto the corporate website with a view to helping the Bound Parties familiarise themselves with its contents.

Failure to comply with the provisions set down in this Code will constitute an infraction and could result in the application of disciplinary measures, as outlined in section 3.4. *Breaches/disciplinary action*

## **2. General principles**

Lar España's duty is to conduct its business activities in keeping with prevailing legislation such that its employees avoid any form of conduct deemed unethical or unprofessional, potentially harming the company's image. The company demands that all of the people and entities bound by this Code of Conduct comply with the business principles outlined below:

### **2.1. Compliance with the law**

The Bound Parties must pledge stringent compliance with the prevailing legislation governing the business and professional activities of the company in any of its markets, to which end they shall not forge information or undertake illicit practices which could harm the company's reputation, instead upholding and contributing to the company's overriding and ethical objectives.

### **2.2. Ethical and professional integrity**

All Bound Parties must behave in accordance with the company's principles of business ethics and to moral standards that enable every individual to behave with honesty, truthfulness and transparency, in order to prevent any form of legal breach or professional misconduct.

The Bound Parties must not accept gifts from third parties which may be construed as illicit payments in exchange for perks or preferential treatment. It is similarly forbidden to bribe or extend gifts for these same purposes. No donation may be made to political parties unless permitted by the national legislation of the business market in question and so long as the fact of the donation is publicly and transparently disclosed.

Gifts, invitations to events, etc., must be kept within the general austerity norm and any gift-giving must fall within the company's expense policy.

### **2.3. Conflicts of interest**

A conflict of interest is understood to arise whenever any of the Bound Parties who must decide, perform or omit an action, in the course of his or her job duties, faces the option of choosing between the interests of the company and his/her own interests or those of a third party, such that choosing those of either of the latter two would benefit a third party, giving rise to a gain that would otherwise not accrue.

In order to prevent these situations, the Bound Parties must act honestly and confidentially, without letting themselves be manipulated or influenced by third parties. They must abstain from voting or issuing an opinion on matters on which they are conflicted that could harm the company's interests and must always act independently, exercising freedom of judgement and loyalty to the company.

Employees, officers and directors who suspect the existence of a conflict of interest should get in contact with the Audit and Control Committee.

### **2.4. Book-keeping and financial information preparation**

Lar España pledges to ensure that the company's financial information, most particularly its annual financial statements, reflects the company's financial reality, in keeping with applicable generally accepted accounting principles and international financial reporting standards. To this end, no professional may conceal or distort the information contained in the company's accounting registers and reports, which must be complete, accurate and precise.

The failure to honestly report the company's financial information, whether internally - to employees, subsidiaries, departments, internal bodies, governing bodies, etc. - or externally - to auditors, shareholders/investors, regulatory bodies, media, etc. - breaches this Code. The delivery of incorrect information, its incorrect configuration or any attempt to confuse its recipients are similarly deemed to constitute financial reporting misconduct.

### **2.5. Internal control, prevention of money laundering and prevention of crime**

Lar España undertakes to establish and maintain an adequate control environment for the purpose of assessing and managing the risks faced by the company, particularly those related to the internal control over financial reporting (ICFR) system, with the aim of ensuring that all Lar España transactions are clearly and accurately reflected in the company's accounting archives and registries and fed into the financial reporting process.

Lar España will not only endeavour to ensure compliance with anti-money laundering regulations but will establish the internal controls needed to correctly identify the financial flows implied by its transactions and duly notify the competent authorities in the case of doubt or conflict.

Lar España shall try to prevent the commission of crimes by identifying the areas and activities susceptible to this form of risk, in keeping with prevailing legislation, and establishing measures and controls designed to prevent them from materialising.

### **2.6. Asset safe-guarding**

In light of Lar España's business, the protection and correct maintenance of the company's assets is of the utmost importance. The Bound Parties must therefore:

- Ensure that the company's assets do not suffer any impairment that could affect their valuation
- Protect and care for the assets available to them or to which they have access, which assets must be used moreover for the professional purposes for which they are assigned
- Not avail of or encumber the assets of Lar España unless authorised to do so
- Take care that the expenses incurred are strictly necessary
- Comply with all the internal control procedures put in place to safeguard these assets
- Not dispose of, transfer or conceal Lar España's ownership of assets with the aim of sidestepping compliance with obligations vis-a-vis creditors
- Not perform any manner of construction, demolition, refurbishment or restoration work without having first obtained the corresponding permits and authorisations

## **2.7. Use and safeguarding of information**

Lar España views information security as one of the cornerstones of its business operations. The parties bound by this Code are obliged to comply with prevailing legislation, to which end they undertake to transmit and communicate accurate and complete information, no matter the recipient, pledging not to forge it or provide erroneous or inappropriate information, most particularly regarding the marketable securities, financial instruments and real estate assets underpinning all of the company's activities.

Any employee or person related to the company who has access to price-sensitive or inside information is bound to keep such information confidential along with the fact of its restricted nature, aware of the penalties applicable to inadequate use of such information.

Lar España has put in place the safety measures needed to ensure proper archiving, access to, reproduction and distribution of inside and price-sensitive information. It shall also keep a register of the communications, notifications and other actions taken with respect to the conduct of the Bound Parties in the course of performing their professional duties at the company. This archive will be kept strictly confidential and will be updated and safeguarded by the Audit and Control Committee. Any suspicion of irregular conduct in respect of the use of information and its security must be notified to this committee immediately.

## **2.8. Securities markets and inside, confidential and price-sensitive information**

The securities markets currently serve as a source of corporate financing and it is crucial to act ethically when using additional money raised in the secondary markets. In addition to this Code of Conduct, Lar España has an internal code of conduct specifically governing securities markets dealings which sets guidelines for conduct when trading in marketable securities or financial instruments, handling inside and price-sensitive information, preventing market abuse and unfair competition and ensuring the absolute confidentiality of data and related disclosures. Accordingly, the Bound Parties may not:

- Trade in marketable securities or with treasury shares on the basis of inside information
- Provide that information to third parties unless specifically required to do so
- Buy or sell marketable securities if aware of inside information until that information has been publicly disclosed

- Be party to portfolio management contracts unless they can warrant that the asset manager does not trade in the company's marketable securities and/or has outright control over the management of the Bound Party's portfolio
- Fake or misdirect price formation by altering supply or demand for the marketable securities under any circumstances by means of direct or media-channelled communication
- Transact for speculative purposes in marketable securities or financial products

Any Bound Party in possession of inside information, this meaning information that has not been publicly disclosed and could have an impact on the trading price of the company's marketable securities, must keep it confidential and not disclose it for his or her own gain, must prevent its disloyal use and notify its existence to the person responsible for the securities market code of conduct or this Code.

## **2.9. Personal data protection**

Lar España pledges due care in using data pertaining to its employees, customers, suppliers, institutional audiences and other people engaged with the company, respecting their privacy rights. Employees must not reveal the personal data of any customer or company party, complying to this end with applicable data protection legislation in order to guarantee the confidentiality, security and confidence of its stakeholders, unless expressly allowed or required under applicable legislation or regulations. Those with access to personal data in the course of their professional duties must use that information responsibly and confidentially.

## **2.10. Equal opportunities and non-discrimination**

Lar España upholds the principles of equal opportunities and non-discrimination, treating everyone who interacts with it equally and managing all its business activities under the spirit of free competition. It undertakes to adopt training policies designed to develop the professional skills of its employees, paying particular attention to the promotion of measures designed to foster gender equality. Lar España shall similarly act to protect the human rights and freedoms enshrined in the UN's Universal Declaration of Human Rights.

## **2.11. Corporate social responsibility**

Lar España pledges to develop its business framed by a responsible attitude articulated around economic, social and environmental dimensions. This framework will enable the company to manage its business sustainably over time from a perspective that encompasses transparent reporting, business cooperation, responsible taxation, creation of value for society and an ever-smaller environmental footprint so as to foster appropriate financial development and the healthy competitiveness.

## **2.12. Stakeholder engagement**

The company undertakes to manage its relationships with its stakeholders (shareholders, customers, suppliers, employees, government and NGOs) in keeping with the principles of transparency and good governance, engaging to this end with them in order to encourage them to participate in the company's strategies and initiatives, attempting to cater to their needs and respond to their suggestions for the good of the company, duly reconciling general interests with those of the company, all of which underpinned by the principle of collaboration. Against this backdrop, Lar España pledges to provide timely, accurate and comprehensible information about the matters negotiated with all the parties with which it has contractual ties.

### **3. Application and monitoring of the Code**

#### **3.1. Approval, date of effectiveness and circulation**

This Code of Conduct was approved by the Board of Directors of Lar España, having been first approved by the Audit and Control Committee, and took effect on the day after its approval. Any questions about the Code, including questions of interpretation or additional information requests, should be addressed to the Secretary of the Board of Directors who is tasked with its administration.

It will be distributed to all those bound to comply with it, who will be required to certify receipt, and will also be uploaded onto the corporate website ([www.larespana.com](http://www.larespana.com)).

#### **3.2. Code oversight body**

The body responsible for ensuring due compliance with, updating of and dissemination of the Code is the Audit and Control Committee.

#### **3.3. Whistle-blowing channel**

Lar España undertakes to analyse and respond to enquiries and complaints lodged in relation to application of and compliance with the Code of Conduct. To this end, anyone who believes they can prove illicit conduct may report such conduct by means of Lar España's whistle-blowing channel, whose use is governed by the channel's dedicated operating rules.

#### **3.4. Breaches / disciplinary action**

Failure to comply with this Code may result in a penalty under prevailing legislation, without prejudice to other administrative accountability or criminal liability which may apply under specific circumstances, including potential termination of the contractual relationship. Regardless, any resulting disciplinary action shall be governed by stringent respect for the fundamental rights and guarantees intrinsic to any disciplinary proceedings.