
ESG (Environmental, Social and Governance)

2.1 Corporate Governance (G) 74	2.2 Social (S) 116	2.3 Environmental (E) 153
---	---------------------------------	--

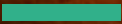


A young man and woman are smiling and looking at each other in a shopping cart. The man is wearing a red and white varsity jacket and sunglasses. The woman is wearing a yellow top and sunglasses. They are outdoors at sunset, with a warm orange glow. The background shows a building and a clear sky.

Lar España's commitments to its economic, corporate, social and environmental surroundings have been with us since our beginnings and have materialised in the operation of our shopping centres and retail parks. We have developed a responsible and transparent management model to strengthen the retail sector in Spain and raise the performance of our portfolio under the highest standards.



**10 years
committed to
growth centred
around corporate
sustainability**



Lar España's commitments to its economic, corporate, social and environmental surroundings have been with us since our beginnings and have materialised in the operation of our shopping centres and retail parks. We have developed a responsible and transparent management model to strengthen the retail sector in Spain and raise the performance of our portfolio under the highest standards.

From the outset, ESG criteria have been integrated into the development of our business, having implemented the principles outlined in our ESG Master Plan and various corporate policies.

In recent years, Lar España has consolidated its position as a SOCIMI with a solid and ambitious strategy for sustainable development.

2018

First participation in GRESB.

100% of our shopping centres BREEAM certified.

First EPRA Gold Award sBPR recognition for the quality of sustainability reporting, leading the way in transparency.

First asset certified in Universal Accessibility.

2014-2017

Approval of Sustainability/ESG policy.

Preparation of the ESG Master Plan.

Implementation of the Risk Management and Control Policy and development of the first Integrated Risk Management System.

Approval of various internal governance rules such as the Corporate Governance Policy, the Selection and Diversity Policy, the Code of Conduct, the Crime Prevention Policy, among others.

Publication of detailed sustainability information with data on our corporate governance, our social contribution and a breakdown of consumption and emissions data for the portfolio.

Implementation of measures to increase the energy efficiency of the portfolio.

Wonderful Summit programme to boost entrepreneurship.

Portfolio audited in Universal Accessibility

2019

Approval of Energy Efficiency and Waste Management plans.

Design and implementation of our own automated platform for gathering operational data.

Promotion of actions for sustainable mobility.

Strategy to improve indoor air quality at the properties.

2021

Issuance of two unsecured green bonds for a combined amount of Euros 700 million.

93% of the portfolio was BREEAM certified.

First Strategic Decarbonisation Plan, with internal targets, and carbon footprint registration.

Implementation of green clauses in lease and supplier contracts.

Monitoring of air quality in our assets.

Members of the IBEX Gender Equality Index.

25% increase in the GRESB rating.

100% of the portfolio with ISO 14001 and 45001 certified quality⁽¹⁾.

Start of the study for the installation of photovoltaic energy.

2020

Adherence to the UN Global Compact initiative in Spain.

Creation of the ESG Committee.

First recording of the corporate carbon footprint for 2018 and 2019.

3 more assets certified in Universal Accessibility.

25% increase in the GRESB rating.

Lagoh rated "Very good" in BREEAM New Construction certification.

MSCI ESG rating of 'BBB'.

(1) 100% of the portfolio under operational control is certified under ISO standards.

2023

BREEAM ratings above "Very good" for almost 100% of our assets.

Update of the portfolio's energy efficiency audits, incorporating the emissions study.

Award from the Spanish Association of Shopping Centres and Retail Parks for the best corporate ESG model.

Update of the Decarbonisation Plan, communicating targets to the market and adherence to the SBTi.

Completion of the climate risk analysis (TCFD).

Water Footprint analysis under ISO 45046 and extensive study to reduce consumption.

Participation in the UN Global Compact Climate Ambition accelerator programme.

Creation of the Social Impact Committee.

Development of internal procedures for cross-cutting sustainability management with the participation of the teams involved in asset management.

Upgrade of our MSCI rating from 'BBB' to 'A' and maintenance of our GRESB rating.

2022

100% of the portfolio BREEAM certified.

First 'Calculo y Reduzco' seal after four years of registering our carbon footprint with the Ministry of Ecological Transition and Demographic Challenge (MITERD).

Continued development of sustainable mobility solutions.

Start of climate risk analysis in accordance with TCFD recommendations.

First mobility study in one of the assets.

Full monitoring of environmental performance data for the assets.

Participation in the SDG Ambition accelerator programme.

GRESB score of 85 points.

A woman with long brown hair, wearing a pink jacket and white pants, is holding a young child with curly brown hair. They are standing in front of a large array of blue solar panels. The background is a lush green forest. The scene is brightly lit, suggesting a sunny day.

Our initiatives and projects at corporate and operational level are carried out in a cross-cutting, ethical and responsible manner in order to ensure financial strength and drive sustainable retail for the future.

We work on the three pillars of sustainability: on "E" to drive an efficient portfolio based on continuous improvement and respect for the environment; on "S" to empower internal talent and create shared value within our value chain and communities to generate the shopping and leisure space of tomorrow's cities; and on "G" with corporate governance based on a robust and strictly compliant structure for an honest corporate culture in accordance with the applicable standards and regulations.

Next steps: For another 10 years full of initiatives and projects

E Environment

Development of measures in line with the objectives set out in our Decarbonisation Strategy, within the SBTi framework:

- Renewal of equipment to improve efficiency and reduce environmental impact.
- Continuation of our policy of obtaining electricity from renewable sources with guarantees of origin.
- Promotion of renewable energy installations for self-supply.
- Progress in the quantification of our Scope 3 emissions.
- Analysis for investment in offset projects, with a focus on allowances and/or absorption projects.
- Update of the Energy Efficiency Plan, in accordance with the energy audits carried out.
- Start of the implementation of projects for the installation of photovoltaic energy in our properties.
- Progress in waste management towards compliance with Law 7/2022, of 8 April 2022, on waste and contaminated soil for a circular economy.
- Complementation of our water footprint analysis with action plans for efficient water consumption, according to the needs of each asset.
- Establishment of an Energy Management System under ISO 50001 for subsequent certification for our portfolio under operational control.

S Social

- Promotion of the training and development of talent in the teams involved in management.
- Extension of Universal Accessibility certification, in accordance with the UNE-170001 management system, to other assets in the portfolio, with certification of Gran Vía de Vigo and Ànec Blau planned for 2024.
- Development of new interaction and active listening activities with stakeholders.
- Design of cross-cutting social actions that allow for a joint contribution of all assets in their different locations.
- Development of a corporate volunteering programme for Lar España employees.
- Development of a social impact analysis in line with standardised methodologies that allow for reliable quantification through established indicators.
- Continued progress on Human Rights and Environmental Due Diligence.
- Progress in the installation of new electric vehicle charging stations and other actions to promote sustainable mobility.

G Government

- Enactment of the plan for an orderly and staggered renewal of the board of directors, achieving a ratio of women on the board of 40% in 2024.
- Continued risk monitoring, integrating risks related to climate change, following the completion of the in-depth analysis in 2023, published in accordance with the TCFD standard.
- Monitoring of environmental and social sustainability issues through the ESG and Social Impact Committees, as well as through follow-up meetings with the teams involved in the development of the activity.
- Compliance with standards for publication and disclosure of financial and sustainability information to remain a leader in transparency.
- Maintenance of our position as leaders in transparency by integrating new disclosure requirements such as the European Taxonomy and the CSRD Directive.
- Establishment of a supplier contracting procedure that integrates issues related to environmental, social and governance indicators in the assessment carried out, aligned with the new corporate Procurement and Outsourcing of Services Policy.
- Continued participation in international indices such as MSCI, GRESB and S&P, as well as organisations such as the UN Global Compact.
- Participation in the international CDP index.
- Update of the Guide on the fitting-out of retail spaces with recommendations for good practice for tenants of Lar España.
- Update of the materiality analysis applying the double materiality approach: outside-in and inside-out.

2.1 Corporate governance (G)

We firmly believe that **business integrity and good corporate governance** are the building blocks to be able to contribute to a more sustainable future. From the outset, the Board set itself the goal of becoming the corporate governance benchmark both at home and abroad.

Our mission is to create value for investors and shareholders alike through responsible and transparent asset management, ensuring financial solvency and our long-term sustainability, as a way to contribute to human, economic and environmental development; one that fosters the social advancement of the communities where we operate.

That is why we are committed to:

- Upholding stringent ethical and compliance standards, fostering a **corporate culture** based on integrity, honesty and, above all, respect for applicable rules and regulations, as well as responsibility in tax matters, in order to be a good governance benchmark.
- Generating **returns for shareholders** and other stakeholders through responsible management that stimulates economic activity.
- Putting in place a robust **risk management and control system** to identify, assess and mitigate potential risks that could impact the Company, and to ensure informed and responsible decision-making.
- Ensuring that governing bodies are **appropriately structured and function properly**, which requires a clear delineation of responsibilities and roles.
- Fostering adherence to Lar España's sustainability commitments in its **commercial relations**.



- Supporting and respecting the **protection of internationally recognised fundamental Human Rights** within our sphere of influence and within the framework of our adhesion to the Ten Principles of the UN Global Compact.
- Adhering to and complying with the principles and rights enshrined in the eight Core Conventions referred to by the **International Labour Organization Declaration** on Fundamental Principles and Rights at Work.
- Fostering promotion of and compliance with the SDG and the **2030 Agenda** in our operations and across the supply chain.
- Making **investments** that promote social and environmental sustainability.
- Promoting **innovation** and new technologies that aid efficient and responsible management and that generate positive user experiences.
- Fostering the maximum **transparency and engagement** both inside and outside the Company, promoting the disclosure of relevant information and facilitating engagement and cooperation with all stakeholders, including shareholders, employees, customers, suppliers and local communities.

These commitments not only contribute to inspiring trust in and the credibility of the Company; they also help to build a fairer, more responsible and more sustainable business environment over the long term.





At Lar España we believe corporate governance is built on four core elements: an appropriate structure and functioning of governance bodies; strict ethics and compliance standards; a robust risk control and management system; and maximum transparency and engagement.

Gran Vía de Vigo





2.1.1 Good governance

Lar España's corporate governance model is organised around its [Corporate Governance Policy](#), which covers the Company's main aspects and commitments in matters of corporate governance. The policy was drawn up taking into account applicable Spanish laws and the recommendations of the Good Governance Code of Listed Companies of the Spanish Securities Market Commission (CNMV), as well as international best practices.

Its purpose is to convey to our shareholders and the broader market the foundations of the organisation and functioning of our governance bodies; to inspire trust and transparency for shareholders and domestic and international investors; and to improve our internal control and best ESG practices. It obliges us to disclose relevant information on its implementation and trends, as well as to ensure the appropriate segregation of functions, duties and responsibilities, all from the standpoint of maximum professionalism and rigour.

Throughout 2023, we continued to make **strides and headway on the corporate governance front** in a bid to further improve the functioning and effectiveness of our governing bodies.

We are committed to a corporate governance model that promotes best practices, both domestically and internationally, while offering a stable and consistent oversight framework that addresses the increasing demands of regulators, investors and shareholders.

As for Lar España's commitment to the recommendations of the CNMV's Good Governance Code, we comply with practically all the recommendation of the CNMV, ranking us among the top companies in terms of good corporate governance practices.

We comply with almost **100% of the recommendations** of the CNMV's Good Governance Code, ranking us among the top companies in terms of **best corporate governance practices**.

Additionally, our [Annual Corporate Governance Report](#) (ACGR), which is posted on the corporate website, includes detailed information on the structure and functioning of our governing bodies and on the oversight of corporate governance best practices and recommendations.

2.1.2 Governing bodies

General Shareholders' Meetings	Representation of all Lar España shareholders.		
Board of Directors	Mr. Jose Luis del Valle <i>Chairman and Independent Director</i>	Ms. Isabel Aguilera <i>Independent Director</i>	Mr. Juan Gómez-Acebo⁽¹⁾ <i>Secretary</i>
	Mr. Alec Emmot <i>Independent Director</i>	Ms. Leticia Iglesias <i>Independent Director</i>	Ms. Susana Guerrero⁽¹⁾ <i>Deputy Secretary</i>
	Mr. Roger Maxwell Cooke <i>Independent Director</i>	Mr. Miguel Pereda <i>Proprietary Director & Deputy Chairman</i>	
Audit and Control Committee	Ms. Isabel Aguilera <i>Chair</i>	Lar España Management Team	Mr. Jon Armentia <i>Corporate Director and CFO</i>
	Mr. José Luis del Valle <i>Member</i>		Ms. Susana Guerrero <i>General Counsel and Board Deputy Secretary</i>
	Ms. Leticia Iglesias <i>Member</i>		Mr. Hernán San Pedro <i>Head of Investor Relations and Corporate Communication</i>
	Ms. Susana Guerrero <i>Secretary</i>		Mr. Jose Ignacio Domínguez <i>Internal Audit Director</i>
	Mr. Juan Gómez-Acebo <i>Deputy Secretary</i>		
Appointments, Remuneration and Sustainability Committee	Mr. Roger Maxwell Cooke <i>Chair</i>	ESG Committee (operational body)	Led by the Corporate and Financial Management of Lar España and comprised of the heads of the various areas involved in asset management.
	Mr. Alec Emmott <i>Member</i>		
	Mr. Miguel Pereda <i>Member</i>		
	Ms. Leticia Iglesias <i>Member</i>		
	Ms. Susana Guerrero <i>Secretary</i>		
	Mr. Juan Gómez-Acebo <i>Deputy Secretary</i>		

At Lar España we firmly believe that a **robust corporate governance structure** is key to sound decision-making, the smooth operation of any company, market trust, value generation, and ultimately, long-term **sustainability**.

(1) Not a member of the Board of Directors

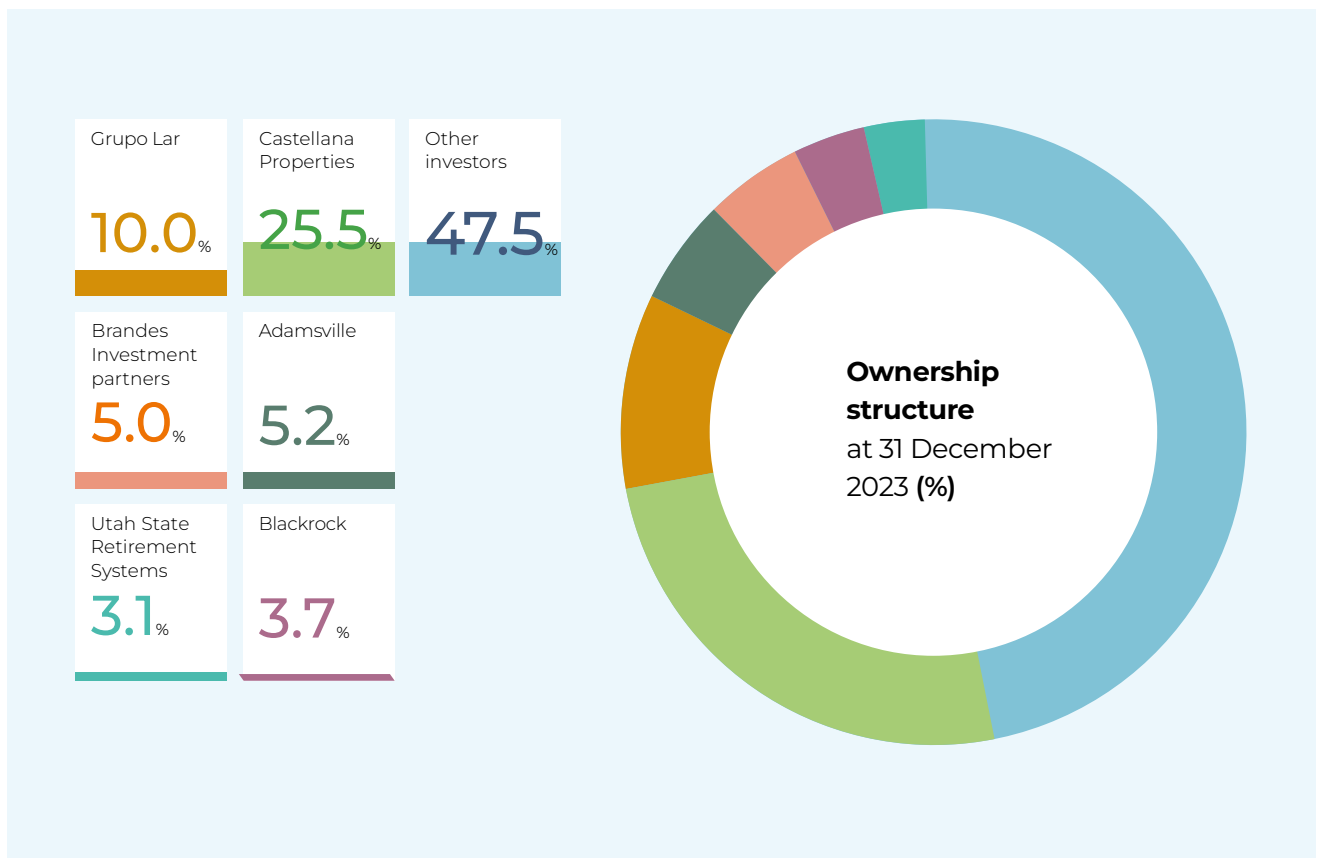
2.1.2.1 General Shareholders' Meetings

The General Shareholders' Meeting is Lar España's **main and highest decision-making and oversight body**. It offers shareholders the opportunity to exercise their right to be involved in the basic decisions affecting the Company that fall within their purview.

Its functions include:

- Approving the financial statements and corporate performance and deciding on the allocation of profit or loss.
- Setting the number of seats on the Board of Directors within the minimum and maximum range stipulated in the Articles of Association and appointing and removing directors.
- Approving the Director Remuneration Policy.
- Approving share capital increases and decreases, issuances of bonds and other marketable securities, transformations, mergers, spin-offs, global asset and liability assignments and appointing the Company's liquidators, among others.

Our shareholders include some of the world's leading investment and financial groups:



In 2023, Lar España's share capital stood at:

Share capital

167,385,938€

Euros

Number of shares

83,692,969

Free float

64.2%

The **General Shareholders' Meeting** was held on 31 March 2023, at which the following resolutions were passed, among others:

- Approval of the individual annual accounts of the Company and the consolidated annual accounts of the Company and its subsidiaries for 2022.
- Approval of the Company's individual and consolidated group management reports for 2022.
- Approval of the Board of Directors' management and activities during 2022.
- Approval of the proposed allocation of profits and dividend distribution for 2022.
- Re-election of the Company's statutory auditor.
- Re-election of the Company's directors:
 - **Mr. José Luis del Valle Doblado** as an independent director of the Company.
 - **Mr. Miguel Pereda Espeso** as a proprietary director of the Company.
 - **Mr. Roger Maxwell Cooke** MBE as an independent director of the Company.
 - **Mr. Alec Emmot** as an independent director of the Company.
- Waiver of the prohibitions contained in article 229 of the Spanish Companies Act pursuant to the provisions of article 230 of the aforementioned law in relation to the director Mr. Miguel Pereda Espeso.
- Approval of the revised Articles of Association.
- Advisory vote on the Annual Report on Director Remuneration for 2022.
- Note for the record on the amendment to the Board of Directors' Regulations and to the Regulations of both the Audit and Control Committee and the Appointments, Remuneration and Sustainability Committee.

All these agreements were approved with majorities exceeding 98%.

With a view to generating trust and transparency for our shareholders and investors, we have an [Policy for communication of information, contacts and involvement with shareholders, institutional investors, asset managers, proxy advisors and other interest groups](#) aimed at fostering ongoing dialogue and interaction with them, developing instruments, channels, and mechanisms of communication and information to facilitate it. Our strategy for financial, sustainability, and corporate communication is a faithful reflection of our commitment to transparency with said stakeholders and other interest groups.

Approved by the Board of Directors in 2017, and updated in 2023, the policy is based on the following principles:

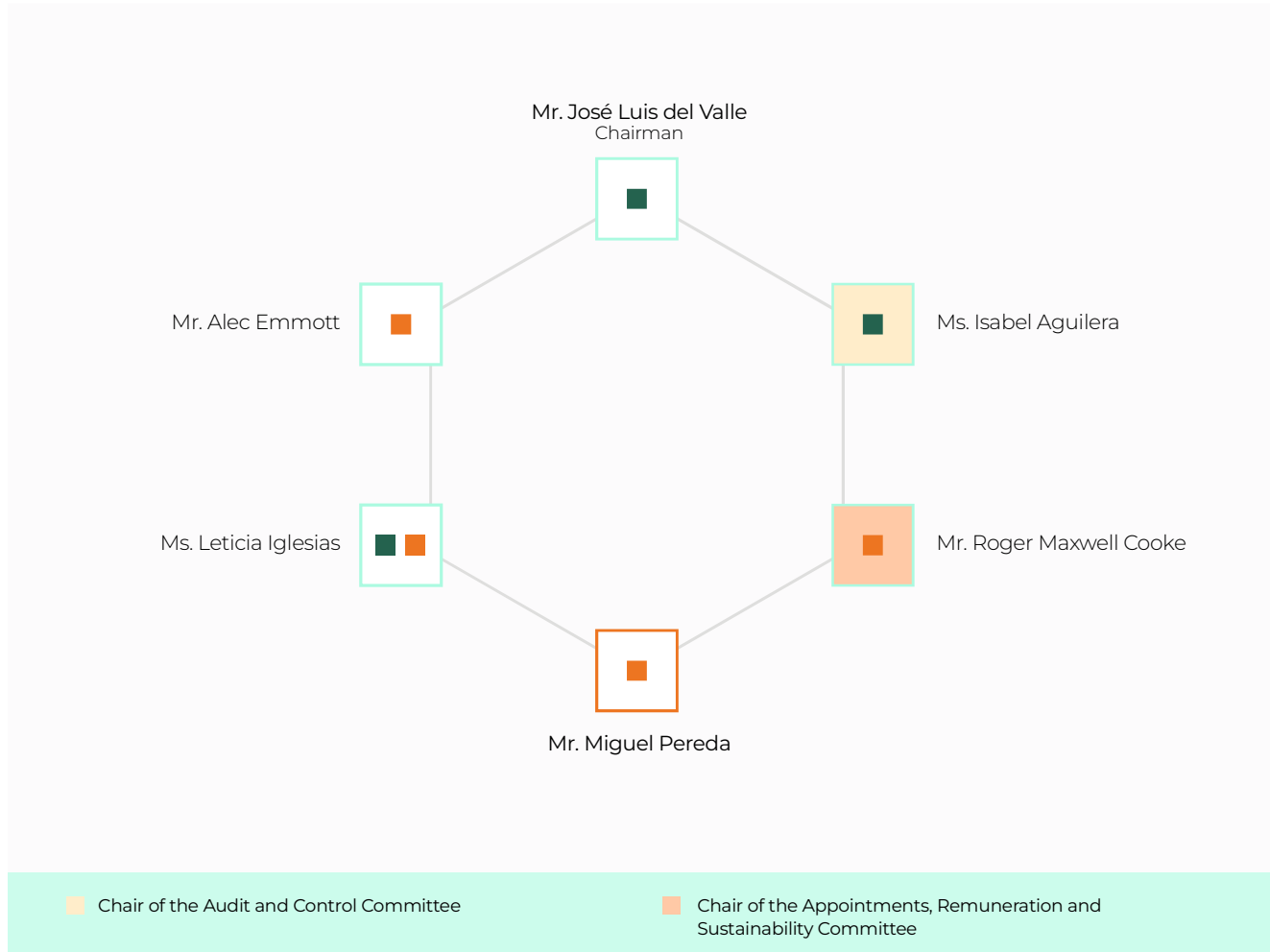
- Truthful, transparency, clarity and accuracy of the information provided.
- The fostering of trust in the Company by underscoring the quality of the information disclosed to stakeholders.
- Respect, equality of treatment and non-discrimination, ensuring that the lawful rights and interests of all shareholders.
- Symmetrical reporting of information among the various stakeholders.
- Continuous dialogue, accessibility, availability and rapidity of information.
- Commitment to promoting the active and responsible involvement and informed engagement of shareholders in the Company.
- Innovation, improvement and development in the use of new technologies.
- Compliance with current legislation and Lar España's Corporate Governance System.
- The policy also defines a **communication strategy** for reporting economic-financial, sustainability and corporate information that contributes to maximising the dissemination and quality of the information reported to the market and stakeholders, whilst respecting applicable regulations on insider information.



2.1.2.2 Board of Directors

The Board of Directors is the **highest governing body** and responsible for oversight of company management. It has the shared goal of upholding the organisation’s corporate interest.

As regards its **composition**, at 31 December 2023 it was made up of six directors, five of whom are independent (83.3%) and one proprietary director (representing Grupo Lar), with no executive directors.



All members of the Board of Directors hold or have held senior management positions in listed companies in the financial and real estate sectors.



At the behest of the Appointments, Remuneration and Sustainability Committee, the Board approved the [Selection, appointment, re-election and evaluation of the Directors and diversity policy](#). The policy establishes objective requirements to be taken into account when selecting potential board members, as well as an impartial director selection, appointment, re-election and evaluation procedure. The goals sought by the Policy include fostering diversity in terms of experience and knowledge, education, age, disability and gender of the members of the Board of Directors .

The Board of Lar España is **balanced, cohesive and diverse** in terms of nationality, age, skills and gender.

The Appointments, Remuneration and Sustainability Committee reviews the Board composition and size on a regular basis to verify compliance with the stipulations of the director selection, appointment, re-election and evaluation policy. This ensures (i) diversity in terms of viewpoints, experiences and genders, and (ii) that the board composition remains balanced and meets the Company's needs.

On numerous occasions over the course of 2023, the Committee and the Board reviewed the director category held by each member of the Board, determining that their current categories were fully appropriate for their circumstances and that non-executive directors were able to dedicate sufficient time to discharge their duties.

We also have a Skills **Matrix for the Board of Directors**, which was approved for the first time in 2020 and is reviewed on an annual basis. This 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.



Further information on the skills matrix can be found in the [2023 Annual Corporate Governance Report](#).

In terms of gender diversity, since 2022 and with the support of the Appointments, Remuneration and Sustainability Committee, the Board has been actively working on reaching a percentage of **40% women on the Board** of Lar España. In 2022 the percentage of women on the Board increased from 29% to the current figure of 33.3%; in the same vein, the Board has approved a **plan for the orderly and staggered renewal of the Board of Directors**, which will be carried out by balancing the principles of representativeness with those of diversity and independence, enabling us to reach a percentage of 40% of women on the Board by 2024. All board members share this goal and have personally committed to adopt as many measures as may be necessary to bring this to fruition.

The Board of Directors met 13 times in 2023

Data on the attendance of Board members can be consulted in the [2023 Annual Corporate Governance Report](#).

We have a mostly independent Board of Directors that is cohesive and diverse. **Diverse** not just in terms of the profiles, nationalities, age and knowledge of its members, but also in **terms of gender**. The Company forms part of the IBEX Gender Equality Index, which recognises the gender equality efforts of listed companies.



Board of Directors training

We recognise how important continuous learning is for the Company's employees and directors. As a result, we work to keep the members of the Board of Directors informed of market trends and requirements.

In 2023, the Committee designed and organised various training programmes for members of the Board of Directors, the aim of which was to ensure their ongoing learning of new knowledge and skills. In particular, a **training session on innovation** was organised in October 2023. It covered both general aspects and those that are specific to the real estate sector, with an emphasis on the latest technology, advances and trends. It also comprehensively covered the topic of real estate asset tokenisation.

Over the course of the year, either through direct communication or at the Board meetings themselves, directors have been kept apprised of the **latest developments**, especially from a **legal or regulatory perspective**, providing them with analysis and summaries.

Remuneration policy

The Ordinary General Shareholders' Meeting held in 2022 approved our current [Remuneration Policy](#), which is based on the following principles:

- Independent judgement.
- Attraction and retention of the best professionals.
- Long-term sustainability.
- Transparency.
- Simplicity and individualisation.
- Fairness and proportionality of compensation.
- Involvement of the Appointments, Remuneration and Sustainability Committee.
- Approval of the maximum amount by the General Shareholders' Meeting and delegation to the Board of Directors.

The Remuneration Policy sets out the criteria used to establish a remuneration system that is tailored to the **work undertaken and responsibilities assumed** by each director. The aim of the policy is to attract, retain and motivate members of the Board of Directors, all with the ultimate goal of having on board people with a professional profile that can help achieve our strategic objectives.

Remuneration is set on the basis of the work assumed, qualifications and responsibility required by the position, as well as the experience, functions and duties discharged by each director. Moreover, remuneration seeks to strike a balance between market competitiveness and internal equity.

Under this policy, which sets the remuneration for the members of the Board of Directors, the following amounts are established⁽¹⁾:

Chairman of the Board €150,000 per annum	Independent Directors €70,000 per annum	Proprietary Directors €0 Not remunerated
Directors who sit on the boards of investees €15,000 per annum	Board members who sit on any of the committees ⁽¹⁾ €15,000 to €22,500 per annum	

All directors' remuneration is fixed. There is no variable remuneration or additional compensation and the total compensation of the board in 2023 was 545 thousand euros, with the maximum approved compensation being 650,000 euros annually.

The provisions of our Policy on the Selection, Appointment, Re-election and Evaluation of

Directors, as well as our Policy on the Remuneration of the Board of Directors were met in 2023.

The [Annual Report on Director Remuneration](#) includes a breakdown of the remuneration accrued in 2023 and provides additional disclosures on the Company's remuneration policy and its application.

⁽¹⁾ The Chair of the Audit and Control Committee will receive an additional Euros 7,500 per annum (i.e., a total of Euros 22,500 per annum) and the Chairman of the Appointments, Remuneration and Sustainability Committee will receive an additional Euros 2,000 per annum (i.e., a total of Euros 17,000 per annum).

Evaluation

The board in full conducts an annual evaluation and adopts, where necessary, an action plan to remedy any deficiencies detected. Moreover, every three years, an external consultant, whose independence is verified by the Appointments, Remuneration and Sustainability Committee, assists the Board of Directors with the evaluation.

The results of the evaluation carried out in 2022 by the external consultant show that **our Board of Directors is balanced, cohesive, has all the required abilities to ensure optimum performance** and meets the highest governance standards.

Consequently, major changes to the Board of Directors were not required following the evaluation process.

In 2024 the Board of Directors and its Committees will undergo the annual self-evaluation with regard to 2023.

Board committees

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

BOARD OF DIRECTORS

Audit and Control Committee

- Overseeing and evaluating the process for preparing financial and non-financial information and its integrity and the risk management process.
- Supervising and ensuring that the internal control and risk management policies and systems are effectively applied.
- Promoting the corporate governance strategy.

Members:

Ms. Isabel Aguilera – Chair
Mr. José Luis del Valle – Member
Ms. Leticia Iglesias – Member

Ms. Susana Guerrero - Secretary
Mr. Juan Gómez-Acebo - Deputy Secretary

Appointments, Remuneration and Sustainability Committee

Appointment, performance, compensation, and cessation of directors and senior executives, as well as the supervision and promotion of sustainability practices in environmental and social matters according to established strategies and policies.

Members:

Mr. Roger Maxwell Cooke – Chair
Mr. Alec Emmott – Member
Mr. Miguel Pereda – Member
Ms. Leticia Iglesias – Member

Ms. Susana Guerrero - Secretary
Mr. Juan Gómez-Acebo - Deputy Secretary

Further information on the composition, responsibilities and activities of these committees can be consulted in our [2023 Annual Corporate Governance Report](#).

2.1.2.3 Management Team

Lar España's Management Team, comprising four people (three men and one woman), has amassed vast experience in the real estate sector and continues to acquire new skills through constant training sessions so as to provide a unique edge in the market.

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

He was appointed Chief Financial Officer of Grupo Lar in 2006, being responsible for the retail area. Previously, he worked at Deloitte (formerly Arthur Andersen) for four years.

He holds a Bachelor's degree in Business Administration from the University of Navarra and has completed the General Management Program (PDG) at IESE Business School. Mr. Jon Armentia has over 22 years of experience in auditing, finance, and the real estate sector, where he has been and is a member of various committees and boards.

Ms. Susana Guerrero is the Company's General Counsel and the Deputy Secretary of the Board of Directors. She joined Lar España in November 2014.

She previously worked as a lawyer in the corporate and mergers and acquisitions area at Uría Menéndez for 10 years and has extensive experience in corporate governance, having served as Secretary to the Board of numerous companies in various sectors. She is currently also Deputy Director at the Corporate Governance Center of ESADE and Head of its Opinion and Public Debate Area.

Ms. Susana Guerrero studied Law at the Complutense University of Madrid and holds a Master's degree in Legal Counseling from the Instituto de Empresa.

Mr. Hernán San Pedro is the Company's Director of Investor Relations and Corporate Communication. He joined Lar España in January 2016.

He previously worked as Head of Investor Relations and CSR at Sacyr Vallehermoso, as well as at Skandia-Old Mutual Group and Banco Santander.

Mr. Hernán San Pedro studied Law at San Pablo CEU University College (Madrid) and holds an MTA from the European Business School. With over 30 years of experience, he has held various positions in the financial, insurance, construction, and real estate sectors.

Mr. Jose Ignacio Domínguez is the Internal Audit Director. He joined the Company in September 2021.

He has extensive international professional experience in various fields of the private sector, related to Finance, Internal Audit, Risk Management, Compliance, and Corporate Governance, having previously worked in companies such as Price Waterhouse Coopers, Fomento de Construcciones y Contratas, and most recently, Grupo Ezentis.

He holds a Bachelor's degree in Economics and Business Administration from the Complutense University of Madrid, having studied at the San Pablo CEU University College. Additionally, he holds a postgraduate master's degree from IESE Business School and is a member of the Official Registry of Auditors of Accounts of Spain (ROAC). Furthermore, he holds the CRMA certification from the Global Institute of Internal Auditors (IIA).

Evaluation of officers

In keeping with best practices, Lar España's corporate governance framework includes a **system to evaluate officers**, which was approved in 2016. This evaluation, which is key to enhance both individual and collective performance, determines the basis for the remuneration system.

The Appointments, Remuneration and Sustainability Committee ensures that the evaluation procedure is conducted correctly, analyses the findings and verifies the degree of achievement of the targets set for 2023.

During 2023, the evaluation of 100% of the Company's directors has been carried out, which constitutes all Lar España's employees.

It is also worth pointing out that **variable remuneration measures tied to ESG targets** are also applied within the workforce. This remuneration is linked to the achievement of ESG targets, such as the percentage of the portfolio with sustainability certification, the score awarded by international ratings firms and the performance of assets in terms of their consumption and emissions.

2.1.2.4 Oversight, management and administration of sustainability matters

Our **Board of Directors** is the body that oversees the performance of ESG-related matters, paying special attention to the adaptation of the Company and its assets to climate change, energy efficiency, the circular economy, the creation of shared value in the communities where we operate, environmental sustainability and the existence of an effective corporate governance system.

On performing these duties, the Board has been given the non-delegable power of determining the Company's over-arching ESG policies and strategies which include the following, among many others:

- The strategic business plan
- The [Corporate Governance Policy](#)
- The [Sustainability/ESG Policy](#)
- The [Risk Control and Management Policy](#) (which covers all manner of financial and non-financial risks, including environmental-related risks, and those related to climate, sustainability and tax, etc.), as well as oversight over internal information reporting and control systems.

Additionally, among its functions is the approval of non-financial information that is published, as well as the Annual Corporate Governance Report and the Annual Board Remuneration Report, which are part of the Consolidated Financial Statements that are prepared.



During the year 2023, as in previous years, the Board evaluated Lar España's progress on sustainability issues, as well as all initiatives carried out in this area, the achievements made, and ongoing projects

Meanwhile, our **Appointments, Remuneration, and Sustainability Committee** oversee the company's environmental and social practices to ensure they align with the established strategy and policies, reporting to the Board of Directors accordingly. Additionally, it is responsible for periodically evaluating and reviewing the sustainability policy to ensure it fulfills its mission of promoting social interest and considering, as appropriate, the legitimate interests of various stakeholders, also monitoring its degree of compliance.

In addition to the aforementioned policies, we have an ESG Master Plan, approved in 2017 and periodically updated, which horizontally sets out the planned actions to achieve ESG objectives.

The Plan is structured around fundamental pillars that in turn group specific action lines aimed at incorporating the best environmental, social, and governance practices.

To ensure greater coordination in project implementation and sustainability matters management, we established the **ESG Committee** in 2020, an operational body led by Lar España's Corporate and Financial Department and composed of a cross-functional senior management team with representatives from different departments involved in asset management. This committee includes Lar España employees and representatives from associated companies such as Grupo Lar and Gentalia, responsible for the daily management of assets and the implementation of the ESG strategy within them.



The ESG Committee drives sustainability across all management levels, thus ensuring that technical, operational and financial matters are monitored and assessed. It takes responsibility for the following issues:

- Undertaking environmental initiatives with a direct positive impact.
- Promoting asset health and safety.
- Implementing social responsibility measures.
- Taking into account other business issues, such as tracking the performance of green bond issuances and reviewing the annual reports.

The ESG Committee held **four meetings** in 2023, all based on open dialogue among members and clear guidelines for overseeing and monitoring the ESG strategies and practices followed during the year, in addition to proposing the launch of new initiatives.

Moreover, all **our directors have been assigned ESG-related duties** and are directly engaged in risk management, reporting regularly to the Committees and Board all matters and areas that are closely related to their functions and actively cooperating on the drafting of both financial and non-financial information.

Mr. Jon Armentia

Corporate Director and CFO

Head of the Company's finance area and responsible for defining strategy, monitoring and assessing ESG and climate criteria, among other duties.

Mr. Hernán San Pedro

Investor Relations and Corporate Communication Director

Responsible for communication and relations with investors and *stakeholders*.

Ms. Susana Guerrero

General Counsel, Deputy Secretary of the Board and Secretary of the Committees

Responsible for the legal area and defining and driving the best corporate governance practices, among other functions.

Mr. Jose Ignacio Domínguez

Internal Audit Director

His functions include reviewing the process to compile non-financial data and the integrity of the information gathered, as well as the Company's Risk Map.

2.1.3 Code of Conduct


Our [Code of Conduct](#) was approved by the Board of Directors in 2015 and is **mandatorily binding** upon all Board members, senior managers, Grupo Lar's management team, executives, employees, suppliers and anybody linked to Lar España, whether they are an employee or not.

The highest body responsible for this Regulation is the Board of Directors, assisted by the Audit and Control Committee, which is in charge of to ensure compliance with, update and dissemination of the Code, with the support of the Ethics Committee, as the internal body in charge of analysing non-compliance proposing corrective actions and sanctions.

Our Code of Conduct was reviewed in 2023 in order to bring it up to date and ensure it is consistently aligned with regulatory developments, updated versions of legislation and corporate policies and best market practice.

In line with this code, we are firmly committed to **ethical conduct and compliance** across all our activities, including legal compliance, professional integrity, conflicts of interest, transaction records and preparation of financial information, internal control, anti-money laundering and crime prevention, asset and personal data protection, securities markets and confidential and relevant insider information, equal opportunities and non-discrimination, corporate social responsibility, stakeholder relations, and information usage and security.

Failure to comply could lead to sanctions in accordance with current regulations, without prejudice to any further administrative or criminal liability.

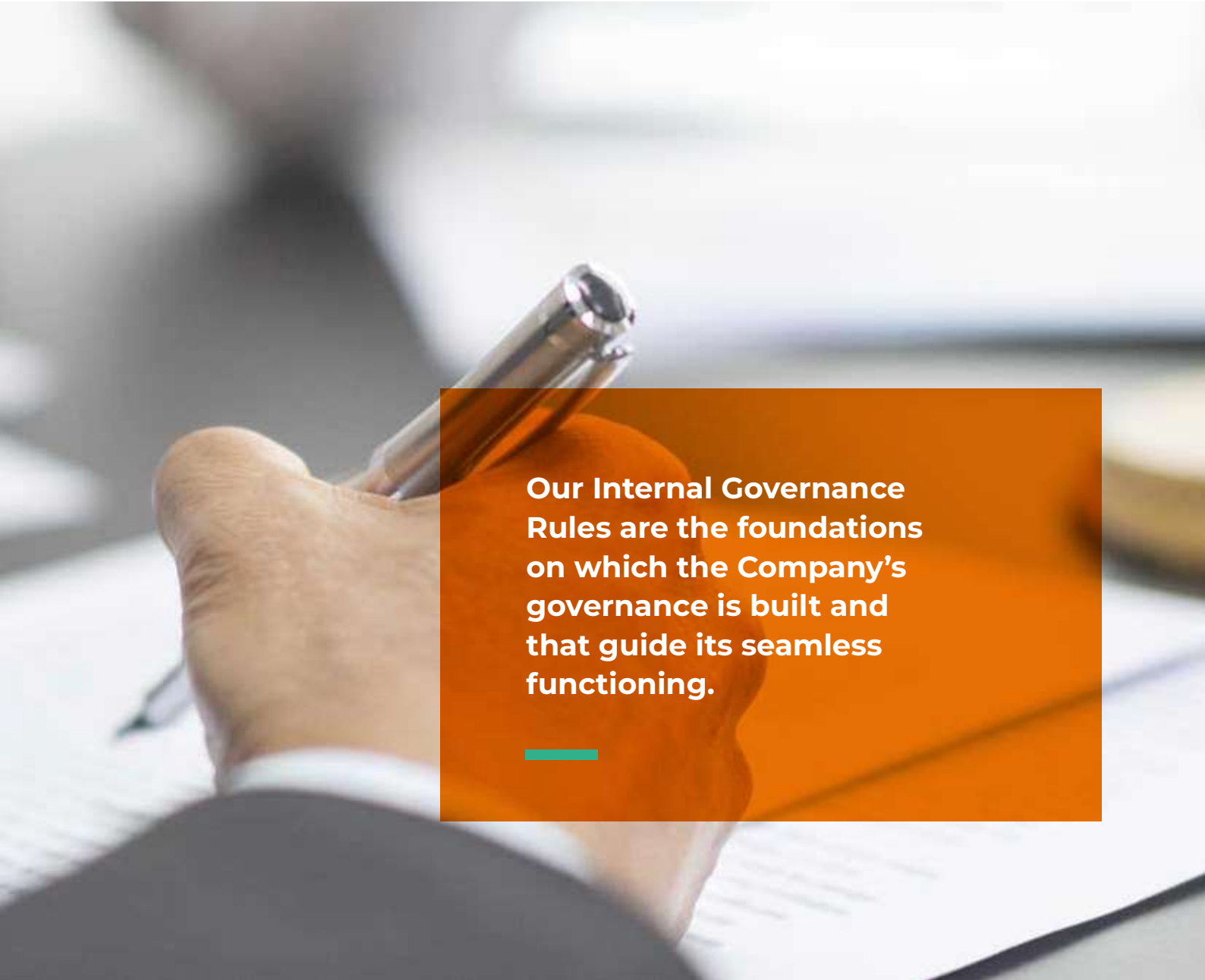


We have a Code of Conduct at Lar España that sets out all our principles in terms of ethical conduct and compliance. We also have a Ethical and Whistleblowing Channel overseen by the Ethics Committee and the Audit and Control Committees.

2.1.4 Internal governance Rules

We understand a good governance system to be a **suite of rules, principles and procedures** that regulates the structure and functioning of a company's governing bodies, outlines the relationships between the various members of an organisation and determines the rules for decision-making.

Within this system, Lar España's Internal Governance Rules are essential for the Company's structure, as they reflect the commitments undertaken by management and the organisation's overall culture.



Our Internal Governance Rules are the foundations on which the Company's governance is built and that guide its seamless functioning.

Corporate regulatory framework at Lar España

[Articles of Association](#)

Our Articles of Association reflect the suite of rules that have been established to ensure **Lar España's smooth running and decision-making** and to regulate basic elements of the Company, such as the functioning of the Board of Directors and the General Shareholders' Meeting.

In 2023, a resolution was passed at the Ordinary General Shareholders' Meeting to amend the Articles of Association as a result of changes to the article on the Audit and Control Committee, as well as to the article on the Appointments, Remuneration and Sustainability Committee.

[General Shareholders' Meeting Regulations](#)

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 in accordance with prevailing laws and the Company's Articles of Association.

[Board of Directors Regulations](#)

These regulations set out the principles governing the conduct 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**.

The basic rules of conduct outlined in these Regulations for the Company's directors also apply to the Company's senior management, to the extent that they are compatible with their specific nature and the activities performed.

[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 (CNMV).

[Appointments, Remuneration and Sustainability Committee Regulations](#)

These regulations establish the rules governing the **organisation and operation of the Appointments, Remuneration and Sustainability Committee**, developing any aspects of the Regulations of the Board of Directors based on criteria established by the CNMV as may be appropriate with a view to better fulfilment of their functions.

In 2023 we modified article 4 of the Audit and Control Committee Regulations and article 4 of the Appointments, Remuneration and Sustainability Committee Regulations in order to amend the prevailing circumstances in respect of individuals who may occupy the position of Secretary and Deputy Secretary of the Committees and the Board of Directors of Lar España.

[Internal Code of Conduct in the Securities Markets](#)

This code governs 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.

2.1.5 Corporate policies

Below are the corporate policies we have implemented in recent years, which are approved by the Board of Directors.

These policies are reviewed and updated on a regular basis as requirements dictate:

NAME	DESCRIPTION	RESPONSIBILITIES
<p><u>Corporate Governance Policy</u></p>	<p>Its purpose is to convey to shareholders and markets the bases for the organisation and functioning of the Company's governing bodies, establish the principles of good governance vis-à-vis all stakeholders, and ensure we undertake certain courses of action. The Policy also helps to maximise Lar España's competitiveness, build trust and foster transparency, improve internal control and sustainability practices.</p> <p>The policy was drawn up taking into account applicable laws and the recommendations of the CNMV's Good Governance Code for Listed Companies, as well as international best practices. It is guided by general principles that are applicable throughout the entire organisation.</p>	<p>The Audit and Control Committee is responsible for periodically overseeing the content, application and development of this Policy, reporting to the Board of Directors and proposing such improvements as it deems appropriate.</p>
<p><u>Sustainability/ESG Policy</u></p>	<p>Its purpose is to generate a business model that creates long-term value, satisfies the needs and expectations of stakeholders and generates socially responsible externalities.</p> <p>Some of the principles of action enshrined in the policy include ethics and integrity, the creation of shared value, environmental management, accessibility, supplier relations, employee management, a responsible tax policy and transparency.</p>	<p>The Appointments, Remunerations, and Sustainability Committee is responsible for overseeing that the company's practices in environmental and social matters align with the established strategy and policies, and reports on this to the Board of Directors. Additionally, it is tasked with periodically evaluating and revising the Sustainability/ESG policy to ensure it fulfills its mission of promoting social interest and takes into account, as appropriate, the legitimate interests of various stakeholder groups, also monitoring its degree of compliance.</p>

NAME	DESCRIPTION	RESPONSIBILITIES
<p><u>Board of Directors Remuneration Policy</u></p>	<p>It was approved by the General Shareholders' Meeting in 2022 with majority support (95.4% of votes).</p> <p>Its objective is to define and monitor the remuneration practices of and aims to establish a remuneration scheme appropriate to the dedication and responsibilities, in order to attract, retain and motivate the members of the Board.</p> <p>This policy defines and controls directors' remuneration practices to generate long-term sustainable value for shareholders. The policy is based on rules and best corporate governance practices, while taking into account the Company's nature as an externally managed SOCIMI (Spanish-registered REIT), market standards and directors' dedication to the Company.</p>	<p>The Appointments, Remuneration and Sustainability Committee reviews the policy on a recurring basis, ensuring it is adequately geared towards achievement of the targets.</p> <p>At least every three years and at the behest of the Committee, the Board of Directors submits to the General Shareholders' Meeting a remuneration proposal for its members.</p>
<p><u>Selection and Diversity Policy</u></p>	<p>This policy aims to ensure an appropriate board composition and to lay down the internal requirements and procedures in member selection, appointment, re-election and evaluation processes.</p> <p>Its purpose is therefore to promote diversity among members of the Board of Directors in terms of experience and knowledge, education, age, disability and gender.</p> <p>It is also working to ensure that at least 40% of all members of the Board of Directors are women by 2024.</p>	<p>The Appointments, Remuneration and Sustainability Committee, periodically monitors the policy and may propose improvements to the Board of Directors.</p> <p>It also verifies annually compliance with the policy, paying particular attention to diversity criteria in the composition of the Board, reporting its findings to the Board and in the Annual Corporate Governance Report.</p>
<p><u>Information, Communication, Contacts and Involvement Policy</u></p>	<p>The policy describes and analyses the main instruments, channels and mechanisms for reporting information on the Company to shareholders, investors and other stakeholders.</p> <p>It also encourages dialogue, builds trust and fosters transparency with Spanish and international shareholders and investors.</p>	<p>The Audit and Control Committee regularly oversees its content, application and development, reporting to the Board of Directors and proposing such improvements as it deems appropriate.</p>

NAME	DESCRIPTION	RESPONSIBILITIES
<p><u>Crime Prevention Policy</u></p>	<p>Updated in 2023, this policy defines management guidelines, functions and responsibilities relating to the adoption, execution, updating, reporting and verification of the organisational and management model in place to prevent crime within the Company.</p> <p>Its seeks to provide reasonable assurance as to the integrity and representativeness of criminal risks by verifying the suitability and operational effectiveness of internal controls that mitigate such risks.</p>	<p>The Board of Directors is the body ultimately responsible for the effective implementation of the organisational and management model for crime prevention, assisted by the Audit and Control Committee.</p> <p>We have designated a person responsible for oversight of the Crime Prevention Model. This person is tasked with coordinating the assessment, monitoring, update and verification of the Crime Prevention Model.</p>
<p><u>Internal Information System Policy</u></p>	<p>Approved in 2023, this policy protects individuals in an employment or professional context who, on detecting serious or very serious criminal or administrative offences that impact the overall interest of the Company, report them through the mechanisms established for this purpose.</p> <p>The Internal Information System (IIS) is applicable to everyone that has a professional or employment relationship with Lar España, including former employees. Moreover, the IIS has been supplemented by means of an Ethics and Whistleblowing Channel that enables us to convey any wrongdoing or reasonable suspicion of illegal activity committed within the Company.</p>	<p>Our Ethics Committee is responsible for the IIS and is tasked with the functions associated with the Ethics and Whistleblowing Channel, as legally stipulated.</p> <p>Day-to-day running of the IIS is carried out by an external third party with experience in this field. This third party meets all independence, confidentiality, data protection and secrecy requirements.</p> <p>The IIS also features an accompanying series of sanctions to which all natural and legal persons are subject should they commit any activity considered a very serious, serious or minor infraction under Law 2/2023.</p>
<p><u>Accounts Auditor Selection Policy</u></p>	<p>The policy governs the procedure to select, appoint and, as the case may be, re-elect Lar España's external auditor. It sets out the principles and criteria that must be considered in order to ensure a fair and impartial selection process and that the audit engagement is entrusted to an independent firm that possesses the necessary technical expertise to undertake the audit effectively and responsibly, all in accordance with applicable legislation.</p>	<p>The Board of Directors is responsible for its approval following the review by the Audit and Control Committee. In 2023, a new version of the policy, initially approved in May 2021, was reviewed and approved.</p> <p>In 2023, the Company re-elected Deloitte as external auditor for 2023, as per the resolution carried at the General Shareholders' Meeting.</p> <p>At the end of 2023, a public tender was called for the submission of bids regarding the hiring of an external auditor for Lar España Real Estate Socimi, S.A. for the fiscal years 2024-2026.</p>

NAME	DESCRIPTION	RESPONSIBILITIES
<p><u>Risk Control and Management Policy</u></p>	<p>The policy sets out the general framework for the control and management of all manner of risks, making it a useful tool for Board and management decision-making.</p> <p>It also defines the role of risk control and management within the corporate governance structure and includes a description of the responsibilities of the various members involved in risk control and management.</p>	<p>The main participants in the Integrated Risk Management System (IRMS) are as follows:</p> <ul style="list-style-type: none"> → Board of Directors → Audit and Control Committee → Internal Audit department → Risk Manager / Risk Controller → Process Manager
<p><u>Procurement and Outsourcing Services Policy</u></p>	<p>Approved in December 2023, this policy forms part of our risk control and management environment. It sets out the general framework and guiding principles governing the procurement and outsourcing process, which employees, management, representatives and directors must follow to identify, control, manage and minimise all major risks associated with these procedures.</p> <p>As part of this policy, we are currently in the process of developing a procurement and outsourcing procedure that will further detail the roles and responsibilities when procuring goods and services from suppliers. The process must meet objectivity, impartiality and equal opportunity criteria, aligning our interest in obtaining the best conditions with the desirability of building stable and fair commercial relationships with ethical and responsible suppliers and service providers.</p>	<p>This policy will be updated when, among other things, changes in strategic objectives, organisational structure or prevailing legislation so require or make it advisable.</p>

2.1.6 Risk and opportunity management

In 2014 Lar España implemented an **Integrated Risk Management System** (IRMS) to ensure that risks are reliably and systematically identified, evaluated, managed and controlled, thus contributing to the fulfilment of the Company's strategies and objectives. The system spans the entire Group and is run continuously by each business unit, subsidiary and support area at corporate level.

The IRMS is reviewed regularly by the Audit and Control Committee, to ensure that the information it contains is up to date and it can be used as a dynamic tool to assist management and the Board of Directors.

To this end, at least once a year, the various components of the IRMS are reviewed and the risk map is updated, and risks are included, modified or discarded as necessary in response to changes in strategic objectives, organisational structure, the legislation in force, etc.

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



In 2023 it has been updated again, with the application of the most important risk management standards (particularly those set out in the Corporate Risk Management - Integrated Framework Report. Committee of Sponsoring Organizations of Treadway Commission (COSO) of September 2004, known as COSO II), and enhanced with certain aspects of the systems set out in COSO III ERM 2017.

Our **Risk Management and Control Policy** sets out the components of the risk management process and activities involved, defining the organisational approach and the model of responsibilities required. It is reviewed and updated regularly and, with this in mind, it too was updated in 2023.

Risk map

The result of the identification and assessment of the risks to which the organisation is exposed is set out in a corporate **Risk Map**, a tool that puts the assessed risks into context, identifying and prioritising the most relevant and critical risks, and enabling decision-making on the actions to be carried out. This map is updated annually.

The review carried out in 2023 revealed an increase in the criticality of financial risks (mainly due to the increase in interest rates and the difficulty in accessing

financing/refinancing) and a decrease in the criticality of strategic risks (due to greater stability in operations and customer solvency and dissipating uncertainty regarding health crises at workplaces).

Listed below are the risks that Lar España considers to be its top priority risks and with respect to which the pertinent management and monitoring activities will be carried out in 2024 and subsequent years:



STRATEGIC

- Political climate and socio-economic factors.
- Regulatory changes/legal uncertainty.
- Inadequate adaptation to the effects of climate change and environmental sustainability.



OPERATIONAL

- Value of buildings.
- Cybersecurity and information security.
- Loss of internal talent.



FINANCIAL

- Market risk.
- Interest rates.
- Difficulty in accessing financing/refinancing.



REGULATORY

- Requirements of the SOCIMI regime.



These risks have been defined by Lar España in accordance with the risk tolerance criterion and based on their criticality for the business, i.e. impact by probability. The ultimate objective of identifying these risks is none other than to monitor internal and external variables that can help anticipate the likelihood of the risks materialising.

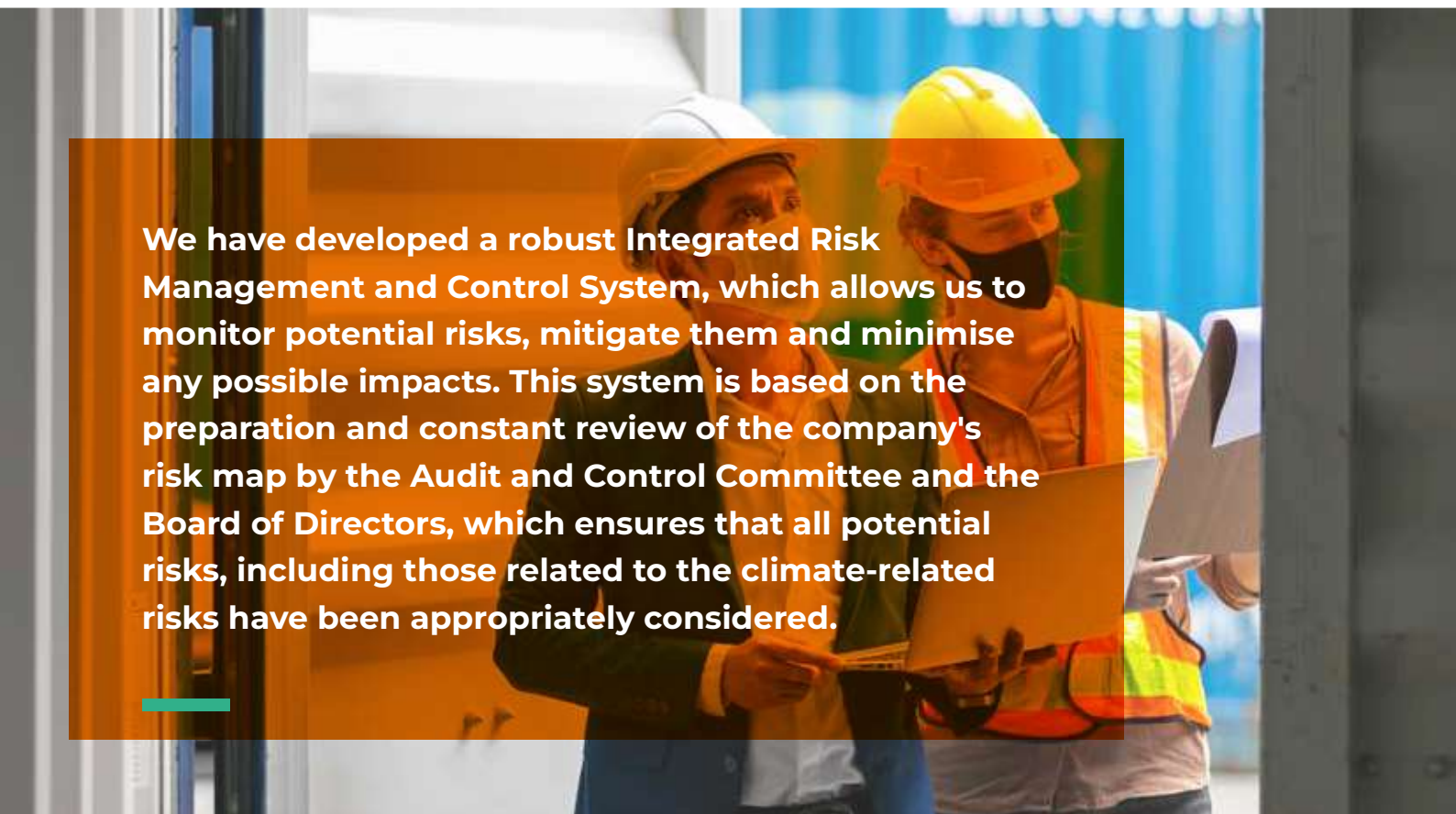
The risk assessment is carried out considering the level of inherent risk, i.e. the level of risk faced by the company in the absence of mitigation measures, and the level of residual risk, i.e. the level of risk resulting from the application of prevention and control measures.

We have established response and monitoring plans for the main risks, as well as four types of strategies to be considered in relation to the level of risk assumed in each case: **Reduce/share/accept/avoid**.

Lar España affords different priorities to each action plan, depending on the criticality of the risks, the cost/benefit ratio of the type of action to be undertaken and the resources available. To this end, the main risks facing the organisation have been identified and **individual risk files** are used to document each risk and improve risk monitoring.

In 2023, we have paid particular attention to **the assessment of climate-related risks and opportunities in accordance with the international standards of the Task Force on Climate-related Financial Disclosures (TCFD)**, preparing climate change- and transition-specific risk maps, and including them within the Company's Risk Management Model.

Further information on the risk management process and responsibilities and on the actions taken to monitor priority risks can be consulted in our [2023 Annual Corporate Governance Report](#).



We have developed a robust Integrated Risk Management and Control System, which allows us to monitor potential risks, mitigate them and minimise any possible impacts. This system is based on the preparation and constant review of the company's risk map by the Audit and Control Committee and the Board of Directors, which ensures that all potential risks, including those related to the climate-related risks have been appropriately considered.

According to our Risk Map, **cybersecurity and information security** are among the priority risks identified.

In this regard, we have a **Cybersecurity Committee** comprising several expert officers with key responsibilities in this area. The Committee meets regularly and monitors the action plans targeting the proposed recommendations. The members of the Committee are Miguel Pereda (Vice-Chairman of Lar España and Chairman of Grupo Lar), Jon Armentia (Corporate Director and CFO of Lar España), José Ignacio Domínguez (Internal Audit Director of Lar España) and Cristina Rodríguez (Human Capital and Media Director of Grupo Lar).

In 2023, our Cybersecurity Committee conducted a review of the status of the cybersecurity **action plans**, mainly by following up on the audits conducted by the external expert engaged to review the information security models implemented at Lar España's main suppliers. It also reviewed the main **cybersecurity risks** included in our risk map, analysed additional tools and measures aimed at more efficient mitigation of the organisation's cybersecurity risk, and followed up on the annual specialised cybersecurity risk training provided during the year. All of its conclusions were presented to the Audit and Control Committee and submitted to the Company's Board of Directors.

In addition, over the course of 2023, the company's compliance with **Data Protection** (DP) regulations and its risks in this connection were reviewed in conjunction with an external DP expert. This involved a review of documents relating to the RPA (Lar

España's record of processing activities) as well as of agreements and schedules containing DP clauses signed with third parties.

Also in 2023, the Board approved a **Procurement and Outsourcing Policy**, which forms part of the Group's risk management and control environment, in order to establish the general framework and guiding principles for these processes.

Meanwhile, since 2022, we have had a **third-party cybersecurity risk management model** in place, which is designed to manage and reduce to a reasonable level information security risks. This model is based on the following phases:

- Assessment and profiling of the supplier
- Approval and contracting, subject to cybersecurity clauses and controls
- Monitoring and audits

Furthermore, as the IT infrastructures are outsourced to Grupo Lar, external on-site audits are conducted every two years, with the help of a specialised technical provider. These audits were carried out in March 2022 and will be repeated in March 2024.

In 2023 we provided a total of **20 training hours** on information security and cybersecurity.

Further information on our response and mitigation plan and on the risks that have materialised can be consulted in our [2023 Annual Corporate Governance Report](#).

2.1.7 Ethical conduct and compliance

We consider it essential to ensure transparency and integrity in everything we do. We have thus developed a **robust compliance model**, together with a comprehensive system of internal rules, regulations, policies and procedures, as detailed earlier in this report, which reflect our commitment to regulatory compliance and best practices in the area of good governance.

The mechanisms that we have implemented include, most notably, the following:

- Code of Conduct.
- Crime Prevention Model.
- Anti-Money Laundering Model.
- Internal Reporting System. New Ethics and Whistleblowing Channel.
- Internal Code of Conduct in the Securities Markets

All of these rules are reviewed and updated on a regular basis, under the direct supervision of the Board, and are publicly available on [our website](#).

In 2023 all of our employees took part in training sessions relating to these areas, and obtained certificates for completing the following specific training courses:

- Ethics
- Environmental sustainability
- Crime prevention
- Data protection
- Money laundering



Compliance and adherence to the highest ethical standards are part of our DNA. We have developed a robust compliance model, together with a comprehensive system of internal rules, regulations, policies and procedures, which reflect our commitment to regulatory compliance and best practices in the area of good governance.

2.1.8 Ethical and Whistleblowing Channel

Our employees, suppliers, customers and any other persons related to Lar España may use our Ethics and Whistleblowing Channel to report any possible infringements, irregularities or wrongdoings that are being or have been committed within the Company, including, in addition to ethics and integrity issues, acts related to employees, health and safety, corporate governance, human rights, social commitment and environmental issues.

Upon entry into force of Law 2/2023 of 20 February 2023 on the protection of persons reporting regulatory infringements and the fight against corruption in 2023, the Board of Directors approved our [Internal Reporting System Policy](#) and we updated our whistleblowing channel.

This policy and the Whistleblowing Channel Management Procedure have thus replaced the former Whistleblowing Channel Operating Rules.

Furthermore, in accordance with the changes that have been made to the channel, a new compliance mailbox (<https://buzoncompliance.com/?locale=en>), managed by an external provider, has been created.

- Our platform is at all times compliant with the requirements set out in Directive (EU) 2019/1937 on whistleblowing channels.
- Complaints may be submitted anonymously or otherwise.
- The internal reporting system is publicised on our website.

- An independent third party collects and analyses the complaints, taking appropriate measures to ensure the whistleblower's confidentiality at all times.
- Whistleblowers receive an acknowledgement of receipt of the report within a period of seven calendar days of receipt thereof, and a response within a maximum period of three months.

This new system ensures that the **whistleblower's identity remains confidential at all times**, thus enabling complaints to be submitted anonymously or otherwise, in writing or orally.

Our **Ethics Committee** is responsible for registering communications, investigating them, notifying those concerned and supervising the proper functioning of the channel, issuing regular reports in this connection.

Throughout 2023, we have trained and encouraged employees to participate in the new Ethics and Whistleblowing Channel, informing them of the new internal reporting system.

Before the meetings of the Audit and Control Committee, the head of internal audit informs the committee members if any complaints have been received through the channel.

As reported by the Ethics Committee to the Audit and Control Committee and submitted to the Board, **we have not received any complaints through the Channel, nor have we detected any relevant issues to be analysed or followed up on by the Committee or the Commission.**

2.1.9 Money laundering and terrorist financing

The real estate sector is subject to strict regulations designed to prevent money laundering and facilitate cooperation with the Executive Branch of the Commission for the Prevention of Money Laundering and Monetary Infractions (SEPBLAC, per its Spanish acronym).

To comply with these regulations, we have developed and implemented our **Anti-Money Laundering Manual**, in accordance with the provisions of Law 10/2010 of 28 April 2010, on the prevention of money laundering and financing of terrorism.

This manual was **updated in 2023 with the assistance of an external advisor** and approved by the Board of Directors. A new version was drawn up, setting out all of the recommendations for improvement made in the last external expert report issued in 2022 on the internal control measures that have been put in place to prevent money laundering and terrorist financing. This new version marks full compliance with the action plan approved by the Audit and Control Committee in July 2022.

It should be noted that this manual is an essential document within our Company. It has been designed in keeping with best practices on the subject, having regard to the analysis of the risk profile inherent to our activities and the Company's operating model. It describes the preventative policies and procedures adopted, along with the organisation and responsibility model.

Regular training and information sessions are given to all individuals related to Lar España and its management unit (Grupo Lar), so as to ensure compliance with all related legislation. Throughout the year 2023, we provided training on anti-money laundering to employees involved in company management.

We have analysed the operation of the Ethics and Whistleblowing Channel and its activity in 2023, and we can conclude that **no relevant issues regarding the prevention of money laundering and terrorist financing were identified**.



2.1.10 Anti-Corruption

We have a **Crime Prevention Policy** where we set out our commitment to carrying out our business activities in accordance with prevailing legislation, so that our employees and third parties will avoid any unethical or unprofessional conduct that may damage the image of the Company or cause harm to the community.

In 2023 we updated this policy to align it with the latest legal developments and bring it into line with the highest standards of compliance.


All Board members as well as employees have been informed of the organisation's anti-corruption policies and procedures of the organisation.

Within this framework, we developed and implemented an **Organisational and Management Model for Crime Prevention (CPM)** with the following characteristics:

- The model is set up according to the different processes and potential criminal risks of Lar España.
- For each process, the model identifies the criminal risk to which exposure is greatest.
- Likewise, 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.
- The crime prevention model (CPM) includes controls which belong to the Internal Control over Financial Reporting (ICFR) 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.

Our CPM applies to all employees, management and board members and covers different compliance procedures and manuals to detect, identify and link potential offences.

We have put in place the position of CPM **Oversight Officer**, shared between the Legal Department and the Internal Audit Department. Its main function is to duly inform our management bodies of the results of the monitoring and verification of the CPM, in particular if significant aspects of non-compliance with the established internal control measures are identified.



In 2023, no cases of corruption have been detected.

2.1.11 Responsible investment

Over the past few years, we have pushed for the integration of sustainability issues into our operations. This strategy has led not only to recognition from national and international organisations, but also to improvements in the efficiency of our assets.

Our holistic approach goes beyond purely economic considerations, encompassing crucial environmental and social aspects.

This has enabled us to access new forms of financing linked to our assets and companies, which consider environmental, social and governance criteria in long-term decision-making, seeking to promote balanced, responsible and sustainable economic development in the long term.

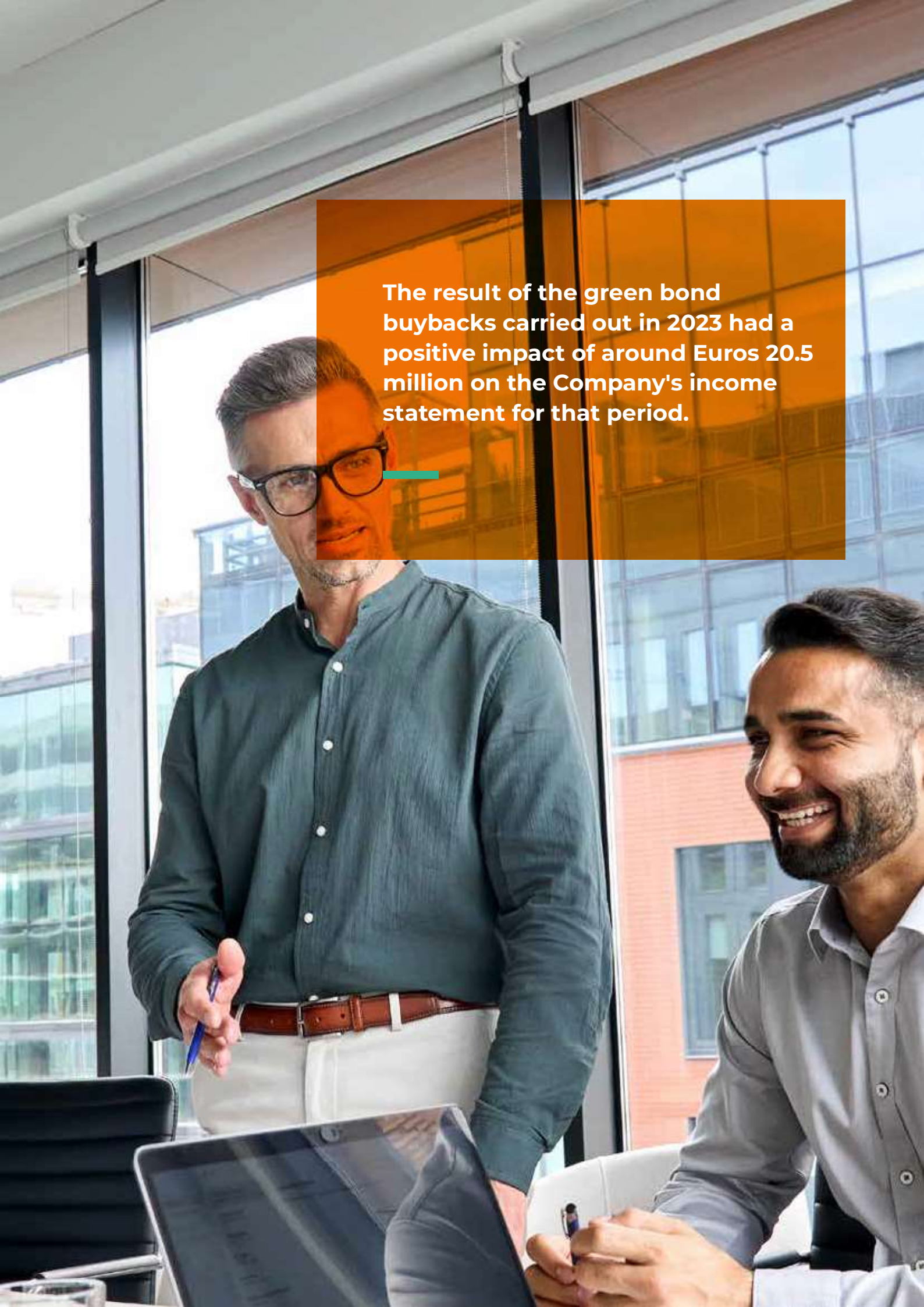
In 2018, we were pioneers in arranging a Euros 70 million, seven-year financing facility with the **European Investment Bank** (EIB). This agreement is supported by the Investment Plan for Europe. As a result, we became the first entity to close a financing line of such magnitude and characteristics. The nature of this agreement contributes to the fulfilment of our business plan, which is underpinned by sustainability as one of its main pillars.

In July and November 2021 we successfully **issued two senior unsecured green bonds** for a combined total amount of Euros 700 million. This allowed us to refinance virtually all of our debt, eliminating the existing collateral on our assets and extending the maturity, as well as reducing its cost to a fixed rate of 1.8%.

In January 2023 we performed the first buyback for a total of **Euros 110 million**, closing at a **discount of 18%**, equivalent to a final total price of **Euros 90.5 million**, which was paid in full with cash held by the Company.

The transaction involved the buyback of **Euros 98 million of the first bond**, which was issued in July 2021 for Euros 400 million and matures in 2026, and of **Euros 12 million of the second bond**, which was issued in November of that same year for Euros 300 million and matures in 2028, leaving a **total outstanding amount of Euros 590 million**.

Moreover, partial buybacks of the first bond issued, which matures in 2026, continued throughout the year, **totalling Euros 9.0 million**. The **average discount rate** recognised in these transactions was approximately **16%**, with a positive impact on the Company's 2023 income statement.

A photograph of two men in a modern office setting. One man, wearing glasses and a dark green shirt, stands and holds a blue pen. The other man, with a beard and wearing a light grey shirt, is seated and smiling while looking at a laptop. The background features large windows with a view of a city building.

The result of the green bond buybacks carried out in 2023 had a positive impact of around Euros 20.5 million on the Company's income statement for that period.

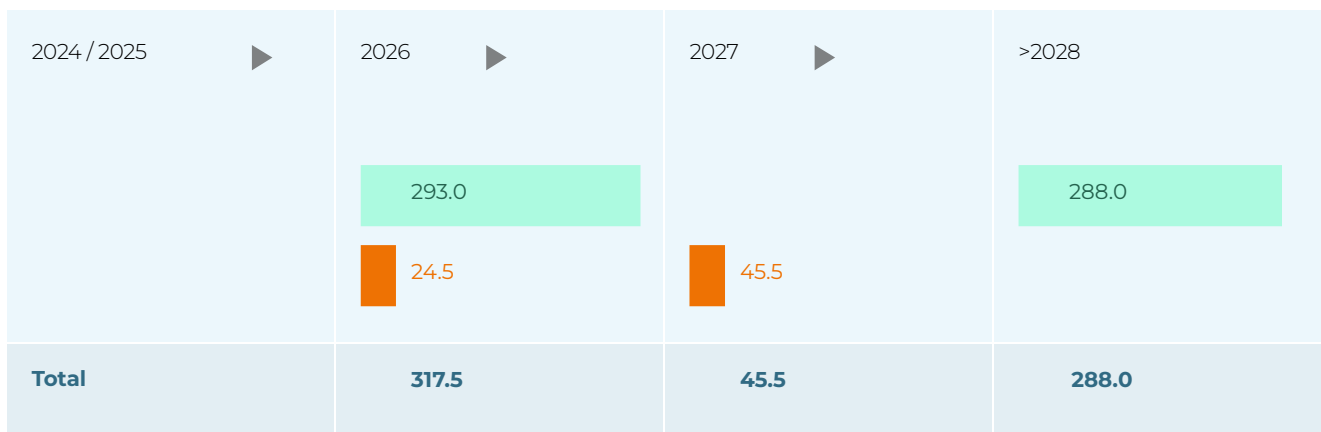


100% of our debt is considered **green**.

Thus, as of 31 December 2023, **100% of our debt is considered green** as it consists solely of a loan granted by the European Investment Bank in 2018 and drawn down in 2020, as well as two green bond issues carried out in 2021.

The transaction was ratified in July 2022 and 2023 by the rating agency Fitch, which has maintained the investment grade rating of BBB with a stable outlook, both for Lar España and its two green bond issues

Debt repayment profile (Millions of euros)





■ Bank borrowings
 ■ Green bonds

Within the context of the bond issuance, the ISS-ESG Company conducted an independent review of our sustainability strategy based on the 2021 Green Bond Principles issued by the ICMA (International Capital Markets Association) .

In this regard, we developed a Green Bond Framework ([July 2021 version](#)) that establishes:

<p>1 PURPOSE OF FUNDS</p>	<p>Promote the transition of a select group of assets towards a low-carbon and climate-resilient economy and activity, according to specific criteria as part of the Green Asset Pool.</p>
<p>2 EVALUATION AND SELECTION PROCESS</p>	<p>We have a Green Bond Committee to oversee the project evaluation and selection process to ensure that the projects selected meet the eligibility criteria.</p>
<p>3 MANAGEMENT OF FUNDS</p>	<p>Our finance team is responsible for establishing a Green Bond Registry in order to record assets and projects in the Green Asset Pool.</p>
<p>4 REPORTING</p>	<p>We report annually on the allocation of net revenue to the Green Asset Pool and its associated impact and metrics. This information is always available on our corporate website .</p>

We monitor compliance with the requirements of green bond issues through our ESG Committee, as well as the evaluation and selection of projects that are aligned with our strategy and meet the **eligibility criteria**:

ELIGIBLE PROJECT CATEGORY	CRITERIA AND PROJECT TYPES	RELATED SDG AND TARGET
Green buildings	<p>New or existing commercial buildings owned and managed by Lar España that have obtained or will obtain the following certifications:</p> <ul style="list-style-type: none"> → Building Research Establishment Environmental Assessment Method (BREEAM): Exceptional, Excellent or Very Good. → Other internationally and/or nationally recognised equivalent certifications (e.g. ISO 14001). 	<p>9.4 Upgrade infrastructure and modernise industries to make them sustainable, with increased resource use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, all countries taking action in accordance with their respective capabilities.</p> 
Renewable energy	<p>New or existing investments in or expenditures on the acquisition, development, construction and/or installation of renewable energy such as solar photovoltaic (PV) technology.</p>	<p>7.2 Increase substantially the share of renewable energy in the global energy mix. On-site solar energy projects.</p> 

In 2023, for the second consecutive year, we published and had an independent third party verify the monitoring report on the use of the funds received in accordance with the established requirements: [Green Bond Allocation Report 2023](#).

The report states that we met the issuance criteria by having used the funds to refinance a portfolio of **100% BREEAM-certified assets, 98% of which are rated "Excellent" or "Very Good"**.

2.1.12 Transparency and good market practices

We place the reporting and communication of financial and sustainability information at the top of our priorities, along with ongoing engagement with our shareholders, investors and stakeholders in general.

In terms of communication and transparency, we have adopted **international standards** with the utmost rigour, through the publication of results reports, annual reports, sustainability reports, press releases, etc. in accordance with GRI, EPRA or TCFD, among others. In addition, we participate in various international indices and benchmarks such as MSCI and GRESB, which evaluate our performance and allow us to compare ourselves with our competitors.

For this purpose, and as mentioned in [section 2.1.4 Internal Governance Rules](#), we have an [Information, Communication, Contacts, and Engagement Policy](#), which analyzes, defines, and develops our main instruments, channels, and mechanisms of information with all our stakeholders, demonstrating our commitment to them.

In this vein, we have been awarded the **EPRA Gold Award** for the ninth consecutive year in recognition of the quality of our financial reporting, and for the sixth consecutive year we have also received the highest distinction for sustainability reporting. In addition, in 2023 the international index MSCI ESG Rating has upgraded Lar España's rating to 'A', rating that only 18% of companies in the sector achieve.

In terms of engagement, our **Head of Communications and Investor Relations** is in charge of media relations and network outreach, which keeps stakeholders informed. We hold around 400 events a year, encompassing road shows, conferences and one-on-one meetings with investors, shareholders, analysts, proxy advisors and stakeholders in general, in which he is often usually accompanied by the Corporate Director and CFO, always with the support and participation of the Board when necessary. At these meetings with investors, we have the opportunity to discuss face-to-face and up-close discussions on a range of issues and our strategic achievements.

In this regard, we disclose all issues related to aspects of our financial, ESG and risk management performance, in detail in both our [Annual Corporate Governance Report](#) and our [Annual Report](#), in line with leading international reporting standards. In this way, we provide all our stakeholders with a wide range of financial, corporate and sustainability information.

Our committees report on all their actions during the year through the reports on the functioning of each committee, which we publish together with the Notice of the General Shareholders' Meeting, and through the reports that the Chairs of the Committees themselves give during the General Meeting.



During the year, we publish **quarterly** financial results and business updates, as well as ESG monitoring and progress.

We are currently working on external communication processes for tenants, end customers and suppliers with specific meetings and content on sustainability.



Koröshi.

Koröshi

EXPERIENTIAL
COMMUNITY

NYP Station

Albacenter



2.2 Social (S)

Given our specialisation in retail properties, we are aware that our activity has a significant impact on the communities in which we operate, **fostering socio-economic progress in Spain**. That is why we work to ensure that our corporate and operational teams are synonymous with sustainable and positive development wherever we operate.

We thus excel due to the following:

- A **management team with extensive experience** in the sector, backed by responsible corporate and operational management in line with best market practices.
- **Active engagement** with our stakeholders
- Our offer of spaces for interaction and leisure, **creating city** and enhancing the quality of its services aimed at all sectors of the public.
- **Generation of wealth**, competitiveness and employment in the commerce of areas in the vicinity of our locations.
- Incorporation of **Universal Accessibility** criteria for the autonomy and safety of all types of users.
- Development of our first guidelines to improve our **value chain** procedures.
- Numerous **collaborations** with institutions, non-governmental organisations and private companies, among others..

In addition, and within the scope of our exercise, during 2023, no legal or regulatory non-compliance in social matters has been identified.



2.2.1 Talent management

Developing **talent** is paramount for us, evidenced by the continuous training of our teams, the creation of an inclusive work environment that fosters equal opportunities and a remuneration policy that guarantees equal pay, based on each person's duties and functions, without gender or other types of personal discrimination.

Our workforce consists of four employees who make up the management team as mentioned in section [2.1.2.3 Management Team](#), personnel management at Lar España relies on the resources made available by Grupo Lar, in accordance with the management contract signed between Lar España and Grupo Lar (Investment Management Agreement). This involves applying Grupo Lar's current policies on personnel, work organization, systems, insurance, fringe benefits, and training plans to the 4 employees of Lar España.

Further information can be found in section [1.4.- Grupo Lar, Manager of Lar España](#).

Our **people management strategy** focuses on promoting a flexible, less hierarchical entity format that fosters the pursuit of excellence, integrity and staff commitment with a transparent, people-first approach.

These basic principles and pillars are assimilated by everybody who forms part of Lar España and define how they interact within the organisation, with partners, customers, suppliers and society as a whole.

The Group's main **people management tools** in the area of human resources are:

- Collective bargaining agreements
- Code of Ethics and Conduct
- Equality plan
- Health and safety policy
- Benefits in kind and flexibility policy
- Protocol for the prevention and reporting of sexual and gender-based harassment
- Rules on the duties and obligations of personnel
- Working conditions policy
- Recruitment and selection policy
- Training policy
- Annual targets policy
- Teleworking policy
- Skills assessment policy
- Data protection manual



Gran Vía de Vigo



Following an analysis of the current situation, one of the **main challenges** facing Lar España, which is included in its corporate Risk Map as it can affect target achievement, is the **retention of talent** in a rapidly changing and highly competitive labour market. Another major challenge that is a medium-term priority is the promotion of a **disruptive way of thinking** that channels innovation and creativity, thus accompanying and enhancing the processes of innovation and transformation that we must face in order to continuously adapt to the needs of the market.

For further information, see section [2.1.6. Risk and opportunity management](#).

In order to address these risks, the priorities in relation to people management are to identify their growth needs and accompany them in their career within the company, as well as create a comfortable environment for collaboration and development. In addition, measures aimed at retaining talent include competitive remuneration and a policy of benefits in kind and flexible working hours to ensure the wellbeing of the people who make up the Lar España team.

Training and skills building

During 2023, all four of Lar España's employees continued to receive ongoing training that contributes to the performance of their duties in accordance with the highest standards. The different types of training can be divided into two segments:

- Financial training, which aims to impart new developments in regulations on the preparation and publication of financial and accounting information.
- Non-financial training, so that its employees are knowledgeable about areas such as prevention of money laundering or data protection, among others.



In addition, the Grupo Lar's people management area works tirelessly to equip the team of professionals with the ability to embrace the challenges of new technologies and markets, establishing training plans and initiatives available to the four employees of Lar España.



These **training and skills** building initiatives are developed on a needs basis and in compliance with the legislative provisions that require training to be given in certain areas. In the case of our manager, Grupo Lar, whose teams manage our properties, it has a **Training Policy** that covers: :

- **Compulsory training:** which encompasses both training required under current legislation and training identified as necessary.
- **General training:** which includes training initiatives on subject matter agreed by Lar España for all personnel concerned. The following types of training are included within general training:
 - Training through Aula Lar: monthly pill sessions on general interest or technology-based topics applicable to the sector's digital ecosystem that allow us to keep abreast of trends and contribute directly to staff training and their professional development.
 - LarMacroTalks: macroeconomic analysis sessions given by industry experts.
 - LarLab: training in new work methodologies.
- **Specific training:** this is imparted in line with the business plan and the need to develop skills for it to be properly executed. Specific training activities are approved for one or more people. These training activities are linked to position and individual career plan, with the aim of fostering the development of competencies for specific projects and/or for internal projects, as well as specific skills and competencies. This type of training is broken down into two categories:
 - Lar Academy: training to broaden and enhance professional skills (technical and regulatory knowledge, use of office tools, languages).
 - A+: individual and specific training to expand the professional profile (specific programmes, masters degrees).



In the area of specific training, the skills training programme launched in 2022 for managers and profiles in charge of internal and/or external teams continued in 2023. In 2023, the programme included distance training in soft skills (project management content, strategic productivity, decision-making, emotion management, etc.) and two intensive workshops in leadership and communication.

In addition, other specific training and programmes have been carried out for specified positions and profiles, including: masters degrees and professional development programmes, coaching programmes, business English, urban planning, Power BI, ESG concepts for governing bodies, among others.

This ensures that the various teams involved in the management of Lar España and the properties have the right skills to **continue to be market leaders**.

In 2023, Grupo Lar launched a new milestone training tool in Spain, **Campus Lar**. This platform, accessible to all four employees of Lar España, facilitates the management, monitoring and reporting of the different training initiatives. Through this virtual campus, each employee will be able to view their training history, access the catalogue of open courses given in the company in recent years and take new courses in different formats

During 2023, Lar España's workforce underwent a total of 243 hours' training, with an **average of 61 hours per employee** compared to 40 in 2022. The distribution by type of training is shown below:

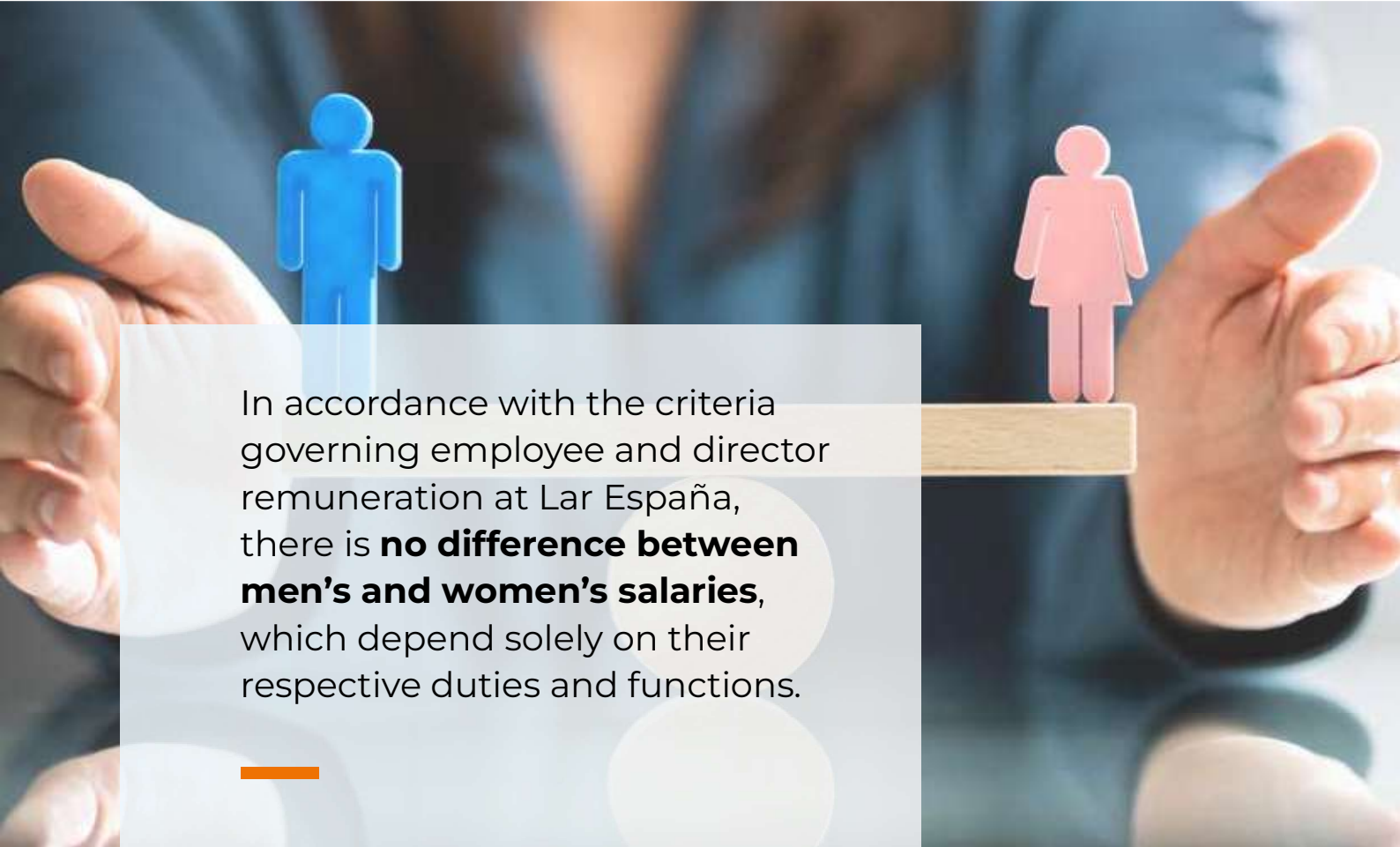
Specific Training	178.0
Skills development by job or professional profile	
General Training	53.5
Cross-cutting	
Sustainability and health	19.0
→ Strategies to improve productivity and reduce stress	3.0
→ Emergency evacuation MM39 (2023)	1.7
→ General sustainability and ESG training	4.0
→ Nutrition workshop: How do fad diets affect our health?	6.3
→ Nutrition workshop: Food and happiness, combating stress and improving health	4.0
Innovation	21.2
→ BuildTech, digitisation for logistics, retail and residential projects	5.5
→ Next-Gen concepts in retail: Infinity	4.7
→ Microsoft 2.0: Copilot and the future of smart work	4.7
→ Hotel sector news	6.3
Macroeconomy (Lar Macro Talk)	11.0
New tools	2.3
→ Targets tool	0.3
→ Green Street: Platform and methodology	2.0
Compulsory training	11.6
Regulatory or corporate compliance	
→ Cybersecurity	4.5
→ Lar España whistleblowing channel training	4.0
→ Personal Data Security Training	3.1
Total	243.1

Specific training for Lar España employees included sessions on ESG, soft skills development, as well as issues related to corporate risk management, among others. .

Equality and non-discrimination

We seek the professional growth of our people by promoting **equal employment opportunities** and avoiding any action that could lead to discrimination on the grounds of birth, racial or ethnic origin, gender, sex, sexual orientation, religion or beliefs, opinion, disability, age or any other personal or social condition or circumstance. In this regard, **we observe Grupo Lar's Equality Plan** filed at the Register of Collective Bargaining Agreements, Collective Labour Agreements and Equality Plans (REGCON) in 2023.

In addition, Grupo Lar has a **Sexual Harassment Prevention and Action Policy** which establishes prevention and intervention procedures for any conduct of this type and which is available to anybody who believes themselves to be a victim of it, enabling the appropriate disciplinary measures to be taken.



In accordance with the criteria governing employee and director remuneration at Lar España, there is **no difference between men's and women's salaries**, which depend solely on their respective duties and functions.



Organisation of work

We believe the **organisation of work** to be essential to creating an appropriate working environment. We have a hybrid system of working in the office and from home. We also have flexible working hours to facilitate the work-life balance and let people take more bank holidays than stipulated in the collective bargaining agreement. Employees work 39 hours a week, with flexitime of between 1 hour and 1.5 hours. In order to be able to work from home, we provide all workers with the technological and connectivity means necessary to perform their tasks.

Switch off from **work measures** are included in the Digital Rights Policy, which covers the four employees of Lar España, to guarantee the enjoyment of free time outside working hours or while on holidays.

Furthermore, among the principles and commitments outlined in our [Sustainability/ESG Policy](#) is the facilitation of conditions for work-life balance.

As regards **maternity and paternity measures**, within the scope of Grupo Lar, our company is in line with the protective measures set out in the regulations and legislation in force.

Our employees are integrated within the **social dialogue** promoted by its manager, Grupo Lar, with the workforce through the usual lines of communication such as e-mail, telephone calls, meetings via Microsoft Teams, and it also has a corporate social network, Workplace, where announcements and information of interest are published.

In addition to their salaries, Lar España employees also receive **various types of benefits** in kind. These include insurance, including medical insurance, restaurant tickets and various services such as transport subsidies, some of which are voluntary.

In 2023 there were no redundancies nor was there any internal turnover of personnel. Employees' average length of service is more than seven years, taking into account the incorporation of Mr. Hernán San Pedro in 2016 and Mr. José Ignacio Domínguez in 2021



100% of our employees
are covered by a collective
bargaining agreement.

Las Huertas



Respect for Human Rights

Lar España's business model is based on the 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 United Nations Universal Declaration of Human Rights, and the International Labour Organization (ILO) Declaration.**

We also have an **Internal Information System** complemented by an **Ethics and Whistleblowing Channel** open to all stakeholders, where it is possible

to report breaches of our Code of Conduct or other mandatory regulations, as well as make enquiries regarding compliance with the Code and regulations, including those related to violations of Human Rights. All the while guaranteeing the protection of informants.

Further information can be found in section [2.1.8.- Whistleblowing Channel](#).

During 2023, **no complaints have been lodged against Lar España** for human rights violations or for actions that contravene the ILO's fundamental conventions



Performance indicators

Below are the main social indicators at corporate level, in accordance with EPRA standards:

Area of impact	EPRA sBPR	Indicator	2022	2023
Diversity	Diversity-Emp	Percentage of direct employees	Men: 75% Women: 25%	Men: 75% Women: 25%
	Diversity-Pay	Percentage of direct employees	N/A ⁽¹⁾	N/A ⁽¹⁾
Rotation	Emp-Turnover	Number and percentage of direct employees	Men: 0% Women: 0%	Men: 0% Women: 0%
Health and safety	H&S-Emp	Injury rate (IR)	IR Men: 0 Women: 0	IR Men: 0 Women: 0
		Lost day rate (LDR)	LDR: Men: 0 Women: 0	LDR: Men: 0 Women: 0
		Accident severity rate (ASR)	ASR Men: 0 Women: 0	ASR Men: 0 Women: 0
		Absence rate (AR)	AR: Men: 0 Women: 0	AR: Men: 4%⁽²⁾ Women: 0
		Number of deaths due to accident or illness at work	Number of deaths due to accident or illness at work Men: 0 Women: 0	Number of deaths due to accident or illness at work Men: 0 Women: 0
H&S-Asset	Number of assets	14 out of 14	12 out of 12	
H&S-Comp	Number of incidents	No non-compliance with health and safety regulations or voluntary codes was identified	No non-compliance with health and safety regulations or voluntary codes was identified	
Training and development	Emp-Training	Average hours of training of direct employees	40 hours	61 hours
	Emp-Dev	Percentage of direct employees	100%	100%

Diversity-Emp: Employee diversity by gender at 31.12.2022 and 31.12.2023.

Emp-Turnover: Total number and rate of new employee hires at 31 December and total number and rate of employee turnover (employees who leave the organisation voluntarily or due to dismissal) during 2022 and 2023.

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 properties 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 during the year.

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

(1) In the case of Lar España this indicator is not applicable as it has four employees, only one of whom is a woman.

(2) During the year 2023, one of Lar España's employees was on sick leave.



The indicators reported are not broken down by gender, age group and professional category as our staff is made up solely of the management team of **three men and one woman.**

During 2023, 100% of the Company's managers, who make up the total number of employees, were evaluated.

Additionally, during the year 2023, **there was only one instance** of sick leave totaling 47 days due to common illness.



Corporate volunteering



We collaborate on the Scholarships, training and food for the students of the **Norte Joven Association** project with solidarity meals, preparation of professional interviews with the students of the association and monetary donations.



Shopping centres and parks are meeting points where relationships and social ties are formed, fostering social interaction and animating our cities.

Lagoh



2.2.2 Contribution to social development

Job creation

At Lar España we are proud to play an important social role, helping to create more sustainable cities by developing infrastructure and services, fuelling local growth and improving quality of life in the community through elements such as the environment, inclusion, safety and resilience of our properties.

By leasing retail floor space to operators across a range of sectors – fashion, leisure, food, health, services, and more – operating in shopping centres and business parks, this in turn **creates jobs and enhances the range of services available in the region.**

Our shopping centres and retail parks have more than 460 employees working in general services (security, cleaning, etc.), with **around 5% of jobs being carried out by people with a disability of more than 33%**. This figure shows that the portfolio exceeds the figure stipulated by the General Law on the Rights of Persons with Disabilities and Social Inclusion, which establishes a minimum coverage of 2%. At Lar España we are working on implementing a methodology that is aligned with the main standards and that allows us to measure the number of direct and indirect jobs created through our business activity.

Furthermore, thanks to tools such as loyalty programs for the employees of the tenants of our assets, we are able to estimate the total number of workers present in our portfolio. Thus, through the presence of various brands in our assets, we create more than 9,600 jobs⁽¹⁾.

On the other hand, thanks to the customers who visit the assets in the portfolio, interaction and relationships with the environment can be established, offering a unique value proposition that **promotes interactions and fosters social cohesion.**

In addition, thanks to the customers who visit the properties in our portfolio, we can interact and establish a relationship with the environment, providing distinct value that promotes interactions and favours social cohesion.

For Lar España, it is essential that our properties be socially invested in their communities, contributing to economic, human and inclusive development and creating opportunities for growth, equality and wellbeing. In this way, we promote a style of management that ensures **participation, communication and transparency** by working with tenants, suppliers, users and the community. Our interaction is based on active listening, which, as mentioned in [1.7 Dialogue with Stakeholders](#), ranges from using digital tools and hosting events to conducting satisfaction and accessibility surveys.

[Appendix 5.5](#) of this report includes a **list of initiatives and actions** carried out at the Company's various properties which highlight the positive impact our activity has on the environment, as well as our communication and collaboration with the different members of the communities in which we operate.

Because our business activity focuses on leasing retail space, we attract new businesses and activities that **create jobs** and improve the supply of services in the regions.

⁽¹⁾ This calculation does not include the Txingudi and Las Huertas assets.

Tax contribution

As part of Spain's business fabric, Lar España has a tax responsibility, derived from our own activities, to contribute to local and national socio-economic development as a whole.

In 2023, our Company's activities gave rise to a **total tax contribution** of more than Euros 24 million, comprising the taxes paid by the company during the year, after deducting the amounts corresponding to output taxes.

Certain taxes such as property tax are recognised locally, **highlighting our Company's contribution to strengthening and promoting community development** wherever we are present.

(€Mn)

VAT	16.0
Withholdings	2.1
Property tax	4.3
Business activity tax	0.8
Tax on construction, installation and works (ICIO)	0.6
Tax on large commercial establishments (IGEC)	0.1
Social Security	0.1
Others	0.2
	24.2

At Lar España, we view fiscal responsibility as an opportunity to develop the potential of the locations in our asset portfolio.



Investment in the local community

Our activity also involves making investments in local infrastructure and services, for example, through the public use of landscaped roofs and car parks, as at Gran Vía de Vigo and Megapark.

In 2023 we managed the maintenance, cleaning and gardening, among others, of areas for public use owned by the local councils, at an estimated cost of more than Euros 550,000.

Social Impact Committee

In 2023 we set up a **Social Impact Committee** at corporate level which will work with the ESG Committee to create and develop strategies to measure social impact on and maintain contact with communities, as well as aligning social actions with Lar España's commitments and its main Sustainable Development Goals (SDGs).

In 2023, the Social Impact Committee carried out the following actions:

- Analysis of the impact and social role of shopping centres and retail parks.
- Improvement in our ESG positioning vis-à-vis our communication on social issues.
- Greater involvement of multidisciplinary teams through more direct interaction.
- Strategic planning of social initiatives in accordance with the Company's internal Action Plan in response to the 2030 Agenda and its SDGs (See section [1.8 Contribution to 2030 Agenda and SDGs](#)).



2.2.3 Customer orientation

At Lar España we want our customers (tenants and users) to have a unique experience. Therefore, we place them **at the centre of our strategy** while focusing on providing innovation and an omnichannel experience.

Due to our business activity, as described in section [1.3.- A business model focused on value creation](#), we distinguish between two types of customer:

Type of customer	Description	Communication channel
Tenants and operators	Retailers who rent floor space from Lar España to sell their goods and services.	<ul style="list-style-type: none"> → Mallcomm platform → Protocol for communication with the Property Manager → Lar España's Ethics and Whistleblowing channel → Service audits and satisfaction surveys for tenants and their employees → Complaint processing systems put in place with Property and Asset Managers → Collaborative initiatives such as the customer journey project
Users (visitors and consumers)	Users visiting the shopping centres and/or the retail parks	<ul style="list-style-type: none"> → Satisfaction surveys at shopping centres and retail parks → Lar España's Ethics and Whistleblowing channel → Contact via websites, apps and social media of the shopping centres and retail parks → Complaint forms available at information points → 'Club de los Disfrutones' (Fun-lovers) customer loyalty club.

We seek to transform shopping centres and retail parks into destination experiences. To do so we have designed actions that focus on evaluating and measuring the visitor's experience and improving customer relations. We are keen to hear their opinions and understand their habits and preferences. Thanks to these communication channels, we promote **active listening** and a two-way conversation to offer a top-quality service that meets their expectations.

To achieve this, our efforts in the field of technology provide us with highly relevant information that enables us to make decisions adapted to the latest trends and avail of new opportunities in our sector.

This ensures that we have the information we need to fully adapt and transform our properties as efficiently as possible, with due regard for current market trends and a **better understanding of consumer behaviour**.

This approach allows us to offer a first-rate service and remain at the forefront of customer satisfaction.

For further information see section [1.9- Transformation: Digital culture and innovation](#).

Our vision regarding customer satisfaction is based on the following principles:



Adapting to diverse customer needs



Improving communication channels and engaging in active listening



Ensuring health and safety compliance in our buildings



Creating added value through product and process innovation

Satisfaction and accessibility surveys

Conducting **satisfaction and accessibility** surveys aimed at our users and our tenants' employees allows us to carry out measures aimed at improvement that are adapted to their perceptions and opinions.

In 2023, the feedback received continues to reflect a high level of satisfaction with the services provided at our properties.

The aspects assessed included:

- Noise, lighting and temperature
- Indoor air quality
- Odours
- Availability of waste-sorting bins
- Drinking-water quality
- Ventilation
- Outdoor spaces, indoor and ancillary areas
- Work structure and communications
- Perceived level of security
- Universal accessibility
- Modes of transport (ease and sustainability)
- Overall score for the shopping centre's environmental conditions, health and wellbeing



The surveys carried out using a quantitative rating system showed an average score of about 4.0 out of 5 among users and 3.6 out of 5 among tenants' employees.

Grievance systems

In order to provide clear and concise responses to our customers in the event of an incident at our properties, we have established protocols for gathering and resolving **claims and complaints**, which enable us to detect and manage any problem.

To this end, we have various communication channels such as official complaint forms, email, social media, a website and customer reviews submitted on Google. Every claim or complaint is recorded and analysed with a view to taking the necessary measures and actions for their resolution.

In 2023, we received 344 customer complaints and responded to all of them. No complaints regarding breaches of customer privacy or loss of data have been filed at any of our properties.

Other customer programmes

Hola Familia

Since 2016, this cross-cutting project has been **providing welcoming, comfortable and family-friendly spaces for the youngest family members**. Aimed at shopping centres, it includes: breastfeeding rooms, child seat lending services, nappy delivery, hosting of birthday parties at restaurant outlets, store discounts, fun play areas for children, and family parking spaces.



2.2.4 Health and safety

As part of our commitment to people, we provide a **culture of safety, health and wellbeing** at our properties for our customers, our workforce and our tenants' workers. This commitment is not only an integral part of our philosophy, but also drives our actions and decisions at all levels of the organisation.

As for the **staff of Lar España**, our four employees also benefit from the measures implemented by Grupo Lar at its office premises, by sharing workspaces. Grupo Lar also fulfils its duty to provide a **safe and healthy working environment** by applying the prevailing legislation. As proof of this, its **Health and Safety Policy** includes as its main commitments:

- To conduct our activities taking people's health and safety as essential values.
- To ensure that the actions undertaken by the Company comply with prevailing legislation on occupational health and safety, as well as with other additional commitments acquired by us.
- To continue to improve our occupational health and safety management, preventing accidents and the impairment of health.
- To inform and train workers on the risks inherent to their work and on the adoption of proper preventive measures, so as to enable a Prevention Policy to be drawn up.
- To allocate the necessary resources and make appropriate plans for their use in order to meet our goals.



In addition, Grupo Lar has a contract with an external prevention service that covers the areas of occupational safety, ergonomics, industrial hygiene, applied psychosociology and occupational medicine, which extends to Lar España's employees. In accordance with the prevention plan in place, the necessary actions have been implemented in accordance with the annual programme of preventive activities.

Grupo Lar also takes responsibility for **periodic monitoring of the health** of Lar España's workforce through regular health checkups conducted in accordance with specific protocols based on the inherent risks of the position.

As a fringe benefit, Lar España's four employees are included in a **private health insurance** policy which provides the option of including direct family members, thus extending healthcare to their immediate family.

In relation to these aspects, in 2023:

- **No instances of non-compliance relating to impact on health and safety have been identified among Lar España employees.**
- **There have been no occupational accidents or diseases.**
- A photocatalysis **air filtration and purification system** has been installed in the Madrid offices, together with an indoor air quality monitoring system, thereby reducing the risk of contamination from chemical compounds and microorganisms as well as improving the health and wellbeing of office personnel. In the medium-to-long term, this is expected to lead to a reduction in health risks in the future, higher productivity and creativity, less absenteeism and lower employee turnover.



- In 2023, Grupo Lar included Lar España's four employees in its **actions to promote health through:** training workshops on nutrition, training 'pills' to improve productivity and reduce stress, weekly physiotherapy, weekly fruit delivery, emergency evacuation training and the possibility of taking part in the Norte Joven Association paddle tennis tournament and in the 2023 Corporate Race event.



Health and safety at our portfolio properties

Since 2022, we hold the **ISO 45001 Occupational Health and Safety Management Systems certification** for all our assets under operational control, reinforcing our responsibility among personnel working at our shopping centres and retail parks. Thus, all our properties are certified and have their own systems in place to protect workers and visitors from accidents, emergencies and occupational diseases.

In 2023, we have continued to create safe and comfortable spaces for our customers and visitors by implementing measures and solutions that ensure a high level of security at our various properties.

Consequently, **no instances of non-compliance have been identified** regarding worker health and safety at the properties in our portfolio.

→ Air quality

We are fully aware of the importance of maintaining good indoor **air quality** for the health and wellbeing of its occupants. That is why we have specialised **monitoring software** that also complements the operational management of HVAC systems, providing opportunities for improvements in energy efficiency.

Through the information collected monthly in specific reports, Lar España is aware of the optimum air quality in its main indicators of: thermal comfort, CO₂, particles in suspension and organic compounds produced by decoration, renovation, cleaning and maintenance materials, among others. **In 2023, the results of our monitoring continued to show very high indoor air quality indices.**

→ Crisis management systems and protocol

In response to the possible threat of a terrorist attack in our shopping centres and retail parks, we have implemented an **Anti-Terrorism Prevention and Protection Plan**. This plan is designed to detect, track, analyse and assess such risks effectively.

Our preventive measures include actions to reinforce surveillance and carry out thorough inspections, paying particular attention to identifying suspicious persons and objects. Furthermore, we work closely with local authorities, organising meetings with the national police, regional police and civil guard (Guardia Civil) to ensure efficient cooperation.

We have also established procedures for the heads of the security companies in our shopping centres to activate a series of measures should they detect any suspicious behaviour. In the event of danger, we have the operations personnel, electronic systems and resources to provide support and a quick and safe response to both users and staff of the shopping centre.



In addition, we have drawn up an **Operating Manual** setting out the procedures to be followed in the event of incidents in the management of our properties. We are committed to communicating these actions via appropriate presentations and disseminating the measures beyond the management level to ensure widespread understanding and implementation of the security protocols.

2.2.5 Universal accessibility

As part of our commitment to meeting the needs of our stakeholders, and in order to ensure inclusion and equal opportunities, we promote environments that are accessible to all. Thus, we rely on the UNE-170001 **Universal Accessibility** certification to verify and demonstrate that our assets meet the relevant requirements.

Adopting this **Universal Accessibility Management System (UAMS)** ensures that everyone, regardless of their age or disability, is equally able to access any part of a built environment, and to use and enjoy the facilities and services that they provide with the highest possible level of autonomy.

2023 saw the Company continue to extend Universal Accessibility certification under the UNE-170001 standard, **raising the number of certified assets in its portfolio to eight**, namely: Parque Abadía, El Rosal, VidaNova, Lagoh, Megapark, Albacenter, As Termas and Portal de la Marina.

The Company is currently working on defining the system to be put in place at Gran Vía de Vigo and Ànec Blau, so that they too may be certified in accordance with this standard.

Similarly, to illustrate our commitment to extending accessibility criteria, the Lagoh shopping centre entered into a partnership agreement with the **Seville Autism Association** in 2023 with a view to adopting various measures to make the shopping centre accessible from a cognitive, as well as physical, standpoint.

Under this agreement, the Seville Autism Association offers Lagoh an action programme led by a team of experts, who will provide shopping centre staff with advice on how to **improve the centre's cognitive accessibility** and the handling of situations involving people with Autism Spectrum Disorder (ASD) to make the centre more welcoming for them and their families.

Also, **stoma-friendly toilets** have been installed in the Albacenter, Portal de la Marina and Gran Vía de Vigo shopping centres as an additional measure to improve the accessibility of our assets.

In short, all of these lines of action demonstrate our commitment to accessible leisure and the creation of an inclusive social space in which everyone can feel integrated and cared for. Overall, the progress made as regards the accessibility of our portfolio entailed an investment of **around Euros 320,000 in 2023**.



About **70%** of Lar España's portfolio has been awarded UNE-170001 Universal Accessibility certification.

2.2.6 Sustainable mobility

At Lar España we are aware that, besides reducing environmental impacts, sustainable mobility is a solution for **improved urban transport** and we therefore offer various mobility solutions to the entire population. The implementation of these solutions moreover entails benefits, including social communication, time management awareness and quality of life.

Our Company is committed to the present-day needs and expectations of the various communities, and is currently working on the following areas:

- Initiatives regarding the **installation of charging points for electric vehicles** in accordance with Royal Decree-Law 29/2021 of 1 August 2021. Moreover, the Company requires that the appropriate Renewable Energy Guarantee of Origin certification has been obtained for all energy contracts entered into for the supply of energy at the properties.
- Car sharing initiatives.
- Improvements to pedestrian access routes and campaigns to encourage use of **public transport**. Furthermore, all of our properties are accessible by public transport.
- Promotion of personal mobility through the installation of **electric scooter charging points** at various properties in the portfolio.



We are also continuing to work on the employee-oriented Mobility Plan at Megapark, which commenced in 2022. Progress was made this year in the preparation of the technical documents for internal and external communication of the Plan.



Our options encompass a variety of solutions, including charging points for electric vehicles, parking provision for motorcycles, bicycles and scooters, and access routes using the main local public transport networks.

2.2.7 Value chain relations

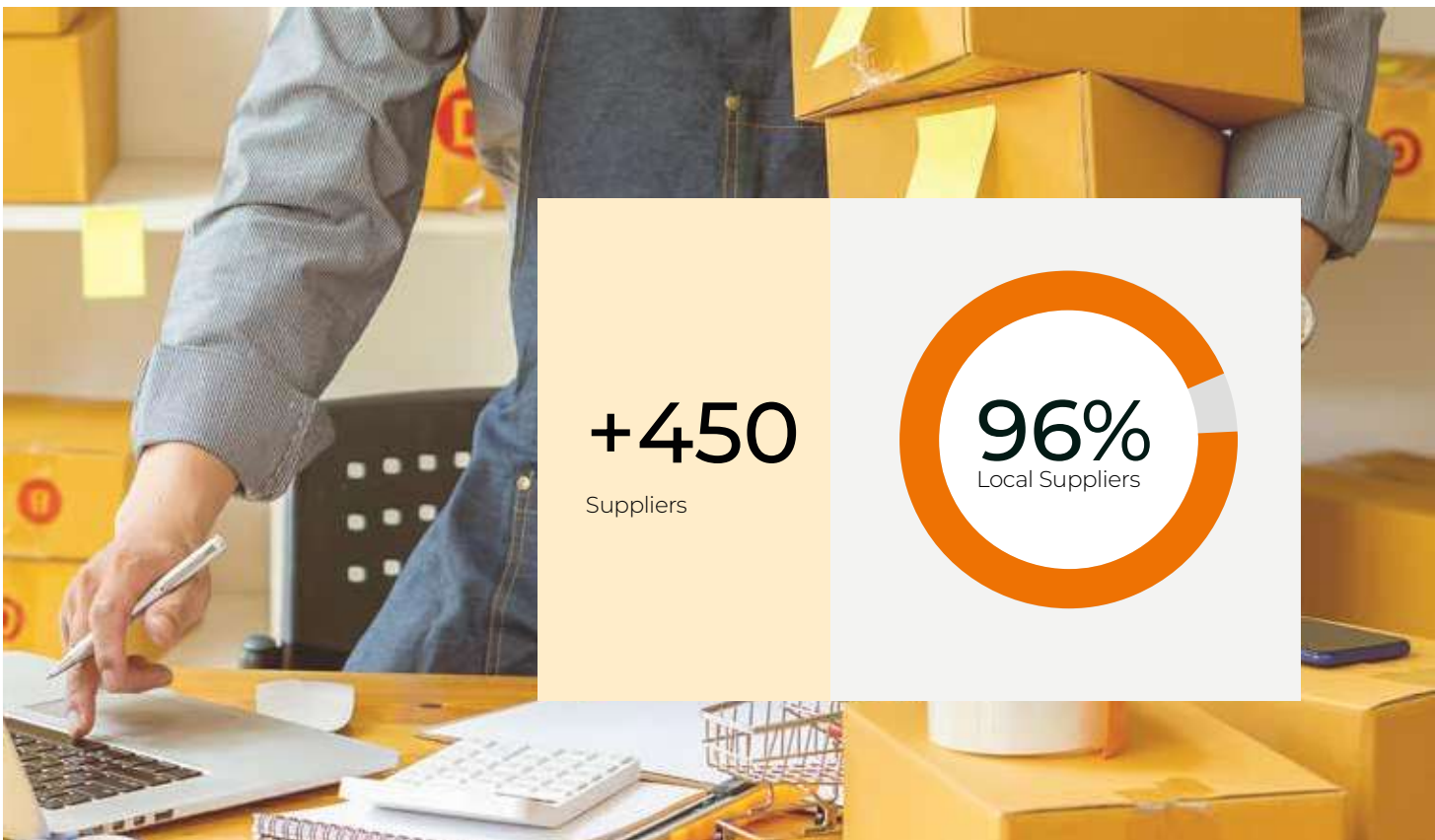
Aware of our role in the retail sector, we understand the transformative effect that we have on our value chain and thus ensure that our suppliers share our commitments and standards.

Additionally, through our Sustainability/ESG Policy, we ensure the presence of environmental, social, and governance criteria, serving as a key tool for suppliers to integrate corporate social responsibility and transparency criteria in their collaboration with us. We also include clauses related to social, environmental, and good governance commitments in supplier contracts, in accordance with these criteria.

Our agreements with suppliers also include clauses **on commitment to social, environmental and good governance matters**, in accordance with those principles.

In our case, we draw a distinction between corporate suppliers that provide us with consulting, accounting, legal and technology services, etc. and, on the operations front, service providers that cater for the day-to-day running of our properties, such as cleaning, security and maintenance companies.

With the aim of generating wealth in Spain and boosting the local economy, we prioritise the contracting of suppliers from the communities in which we operate. In 2023 we procured goods and services from **more than 450 suppliers**, 96% of which were domestic suppliers, with expenditure exceeding Euros 53M, of which almost 100% has been spent nationally.





New Procurement Policy

In 2023 our Board of Directors approved our [Procurement and Outsourcing of Services Policy](#), which contributes to the implementation of our pledge to take all of the relevant steps to identify, monitor, manage and minimise significant risks arising from our activities.

This policy forms part of our risk control and management environment and sets out the general framework and guiding principles governing the procurement and outsourcing process. It also defines the roles and responsibilities of the people involved in these processes.

The policy is implemented on the basis of the following **principles**:

- Objectivity, impartiality and equality in the selection of suppliers, maintaining stable and fair commercial relations.
- The inclusion of financial, environmental, social, governance and information security criteria in contract award decisions for a supply chain aligned with ethical and responsible values.

- Comparability of offers for fair competition in selection processes.
- Acting with ethical and professional integrity, refusing gifts or illicit benefits.
- Compliance with legislation, regulations and the Code of Conduct.
- Protection of reputation, business and financial stability, and defence of the interests of shareholders, customers and other stakeholders.
- The reporting of any wrongdoing or suspected unlawful conduct via the Internal Reporting System's Ethics and Whistleblowing Channel.

The policy also identifies certain risks associated with our procurement and outsourcing of services processes, such as business or contractual risks and reputational, legal or regulatory, credit, environmental, social or governance, compliance, technology, operational, exit strategy and incapacity risks.

We are currently working on the development of a **supplier engagement procedure** to supplement this policy, which will describe, inter alia, the following elements:

- The **organisational units** involved in the process.
- The financial, organisational, environmental, social, governance, **information** use and security, cybersecurity, confidentiality and data protection criteria to be met by suppliers and service providers, as well as criteria related to their ability to perform the services, compliance with current regulations, knowledge of the principles of the Code of Conduct and alignment with our values.
- A **definition** of the main elements involved in the process (contract, contractor, tender, outsourcing, time limits, etc.).
- The **process for requesting and submitting tenders**, and the minimum number of suppliers required to submit tenders in accordance with the value of the order.
- The **award and procurement process**, the criteria underpinning award decisions and the systems for recording documentation related to the tender process.
- The **process of reviewing contracts** in accordance with the regulations in force, the matrix of authorisations and powers of attorney for the execution of contracts and the steps to be taken before acquiring contractual obligations vis-à-vis third parties.
- The **performance criteria applicable** to providers of outsourced services, and monitoring of the performance of the engaged service by assessing the performance criteria and any risk situations that may require corrective action, or the suspension or termination of the relationship with the counterparty.



Supplier cybersecurity

Our business involves the handling of a large amount of confidential data and information. Given the characteristics of our organisational model, a significant proportion of our operations are outsourced to specialised third parties.

We developed a **Third-Party Cybersecurity Risk Management Model** in 2021 to mitigate the risks associated with information security. This model evaluates our key processes to ensure that the principles of integrity, confidentiality and availability are upheld in accordance with cybersecurity best practices and standards.

In addition, we have implemented a **Supplier Cybersecurity Risk Management Procedure** to ensure that data is processed correctly and to establish and maintain controls that comply with our corporate security objectives and prevailing legislation. No complaints regarding privacy breaches or loss of data have thus been identified.

For further information, see section [2.1.6.- Risk and opportunity management](#).

Integrity

Confidentiality

Availability



2.2.8 Investor relations

We are committed to maintaining a close and transparent relationship with **our investors** by offering relevant and quality information.

We have an [Information and Communication Policy](#) aimed at fostering dialogue, trust and transparency with both Spanish and foreign shareholders and investors.

For further information, see section [2.1.5. Corporate policies](#).

We also have an **Investor Relations and Communication Department**, which hosts roadshows and other communication events throughout the year, attracting new investors and strengthening our ties with existing investors.

In addition, our website provides an **Investor's Agenda**, together with progress reports on the Company's performance, thus ensuring advance access to such information.

To illustrate our commitment to transparency and facilitate an open and effective flow of communication, our **website** provides all of our stakeholders with a variety of relevant and transparent information. This information includes sustainability reports, financial information (quarterly results, investor presentations, etc.), policies and commitments (internal policies, commitments and guiding principles in areas such as sustainability, diversity, gender equality, ethics and CSR), releases, communication and the [Ethics and Whistleblowing channel](#).



Interactions
with
shareholders
and investors
in 2023

357

One on
Ones

19

Financial centres
covered

126

Conference
calls

16

Roadshows

25.1%

Upside potential
according to
analyst consensus

100%

Positive Sell-side
recommendations

Media

91

Impacts on
distribution list

142

Impacts on
social media

29

Media
appearances

13,152

+15.7% vs 2022

Social Media
users in 2023

+137

Posts

199,127

Reactions to social
media posts

20.5 Mn €

Our mainstream media and social media appearances were the equivalent of 20.5 million Euros worth of press and digital advertising.



2.2.9 Social action

In the context of our [Sustainability/ESG Policy](#), we pledge to work alongside institutions, NGOs, private enterprises and other parties in order to effectively implement social initiatives aimed at supporting economic and social wellbeing in the medium- and long-term and channelling employees' social and community participation concerns through corporate volunteering and the proposal of specific social action initiatives.

In 2023 we carried out **223 initiatives** at our twelve shopping centres and retail parks to support the creation of shared value in all of the communities in which we operate.

Quantitatively speaking, these initiatives translated into:

- Over **2,300 hours** devoted to social engagement and initiatives.
- Almost **Euros 360,000** earmarked for social investment, in addition to Euros 11,000 for donations, Euros 3,000 for scholarships and more than Euros 44,000 for sponsorships.
- Collaboration with over **165 organisations, companies, NGOs and foundations.**

Area of Impact	EPRA: Sustainability Performance Measures (Social)			
	EPRA sBPr	Indicator	2022	2023
Indicator	Comty-Eng	% of assets	100% (14 out of 14)	100% (12 out of 12)

Further information can be found in the list of the various actions carried out at each of our properties in 2023, provided in [Appendix 5.5.- List of social actions](#).

We conduct local impact assessments for 100% of our property transactions and developments to ensure that any adverse impact on the local communities in which our properties are located can be mitigated in a timely manner.

Moreover, by undertaking these actions, we are contributing to various priority SDGs set out in our Action Plan and others which, while not identified as priority, are nonetheless considered to support the 2030 Agenda.

Further information can be found in section [1.8.- Contribution to 2030 Agenda and to SDGs.](#)

Cross-cutting action at properties in 2023: Dumbo the musical. An inclusive show for families and children. Addresses SDG 10 to reduce inequality in our leisure offering.

The international award-winning musical Dumbo has been adapted with a cast **comprising people with special needs**. The leading role is therefore played by a young actress with Down's Syndrome, while a sign language interpreter is present throughout the show to translate for members of the audience with hearing impairments. A heartwarming story containing a powerful, awareness-raising message against all forms of bullying and harassment is thus told in a warm, moving, empathetic and entertaining visual setting.

This initiative, linked to the Club de los Disfrutones and the Club's new app, offers members the opportunity to enjoy this leisure option free of charge.

The show has been held in the Gran Vía de Vigo, As Termas, El Rosal, Ànec Blau, Portal de la Marina, Lagoh and Albacenter shopping centres.



In the spirit of collaboration that characterises the social actions undertaken by Lar España, we invited more than 46 local associations that work with the deaf-mute and the disabled, for whom seats were reserved and monetary donations and charity cheques collected.

This initiative has involved more than 13,000 participants in total, including registered members, the people accompanying them, new Club de los Disfrutones members and new app users.

albacenter

ànecblau

el Rosal

Portal de la Marina

as termas

GranVía de Vigo

lagoh

Responsible fashion

In 2024, before the closing of this report, a well-supported sustainable fashion charity initiative, involving the exchange of gently-used clothing for special occasions and events, was held at Lagoh.

At this shopping centre, **we have thus contributed to other consumption models within the framework of the circular economy** to give used clothing a new lease of life.

Furthermore, any clothes that were not exchanged were donated to Cáritas to support its own specific charitable causes. This alternative action led to the donation of 83kg of clothing to upwards of 200 Cáritas members.



2.3 Environmental (E)


Our commitment to the sustainable management and running of our properties was drawn up and enshrined in our **ESG Master Plan**, which is our first set of guidelines aimed at reducing adverse environmental impacts. Since then and in keeping with the principles and goals of our [Sustainability/ESG Policy](#), we have worked to improve our environmental performance through energy efficiency, the control of GHG emissions, responsible water use and waste management, among others initiatives. Our way of working has also been consistently shaped by evaluations and methodologies recognised both internationally and domestically so as to ensure a uniform and quality performance.

We apply the precautionary principle in our day-to-day operations in order to avoid serious

and irreversible damage to the environment, championing the efficient use of resources and looking out for people's health and safety.

Apart from being underpinned by a strong sense of responsibility, all our initiatives feature the twin perspective of economic profitability and environmental impact. In this respect, detailed analysis is conducted to determine each project's economic viability, while also measuring the expected return in terms of improved performance.

No incidents of non-compliance with environmental legislation or standards have been identified during 2023, the period covered by this report.



Our commitment to sustainable asset management is reflected in our ESG Master Plan, in which we prioritise the reduction of environmental impacts, the application of the precautionary principle and the comprehensive assessment of initiatives, thereby extending our commitment to the entire value chain.

2.3.1 Lines of action 2023

As part of our effort to achieve sustainable development in our activity, we worked on the following courses of action in 2023:

- Minimising the impact of our assets by promoting **energy efficiency**, the rational use of natural resources and sustainability certification.
- Updating our **decarbonisation targets**, in line with the needs and expectations of the market and our industry.
- Promoting sustainable and resilient infrastructure, thereby promoting the adoption of measures that help to **combat climate change**.
- Promoting the principles of the **circular economy** and improving the traceability of waste generation data.
- Forging ahead with our in-house **data automation** system to assess our assets' consumption systems.
- Continuing to roll out other **innovative initiatives** that contribute to greater control and more powerful analysis regarding asset performance.
- Promoting electricity from **renewable sources** and advocating the installation of photovoltaic panels at our properties.
- Optimising **water** consumption.
- Extending **green environmental clauses** in lease contracts.
- Making headway on the deployment of more electric vehicle **recharging points**, as previously mentioned.
- Fostering urban **biodiversity** in the vicinity of our assets.



As noted previously in this report, as part of our ongoing monitoring of performance, each year we set out the priorities and objectives to be achieved in the current year. These are in line with our business strategy and the requirements and needs of our stakeholders. This roadmap, which is submitted to the Board of Directors, details the upcoming environmental priorities:

ENERGY CONSUMPTION

- After updating the energy audits, quantitative targets will be set at the asset level that are in accordance with the proposed Energy Saving Measures (ESMs). They will then be consolidated at the portfolio level with a view to setting an overarching target and action plan, which will contribute to a company-wide improvement in energy efficiency.
- Establishment of an Energy Management System under the ISO 50001 standard for subsequent certification. The aim in this regard is to improve energy efficiency and equipment at the properties.

BREEAM CERTIFICATION

- The goal is to ensure that 100% of the portfolio remains certified through the renewal of accreditation (where necessary) and to improve on the ratings already awarded.
- BREEAM "In Use" certification at Lagoh.
- Pre-assessment at Gran Vía, As Termas and El Rosal based on the new certification standard published by BREEAM

CLIMATE CHANGE

- Climate Neutral and Net Zero
- Ongoing registration of the carbon footprint with the Ministry for the Ecological Transition and Demographic Challenge (MITERD).
- Annual monitoring of fulfilment of our Decarbonisation Plan in order to remain on a par with the market, particularly with the international SBTi and Carbon Risk Real Estate Monitor (CRREM), as well as making any updates as may be necessary.
- Analysis of investments in absorption/offsetting projects.
- Monitoring of initiatives and investments that reduce our emissions.
- Disclosure of the strategy to the market.

PHOTOVOLTAIC ENERGY

- The conducting of technical and economic studies to equip strategic assets with solar photovoltaic energy and preparation of these sites for installation, thereby promoting renewable energy facilities for self-supply.

WATER CONSUMPTION

- Calculation of our water footprint in accordance with ISO 14046, taking into consideration the uses and environmental impacts linked to this natural resource.
- Analysis of measures aimed at optimising water consumption.

WASTE MANAGEMENT

- Unification of waste handling, enabling us to achieve greater control and traceability over data on waste generation, transportation, treatment and disposal.
- Subsequent measurement of the carbon footprint (Scope 3) tied to waste management.
- Initiatives linked to waste separation and treatment, such as the Eco-Zones already present at some of our assets.

THE COMPILING OF TENANT DATA

- The compiling of tenants' operational data (consumption, emissions, waste) as part of our strategy to make progress on our Scope 3 carbon footprint calculation and to improve our positioning in the industry rankings.
- Progress on the inclusion of green clauses in tenant lease contracts.

2.3.2 Asset quality

The hallmark of our portfolio is the high standard of management, design and operation, all thanks to guidelines that contribute to the responsible running of our properties. As a result, **100% of our properties have sustainable certifications** and carry out environmental and social initiatives in various fields.

Details of certifications awarded and their classification in terms of sustainability are set out below.

The Company has turned to international benchmarks to verify the **quality** of its **portfolio** assets.



BREEAM certification




Since 2022, 100% of Lar España's properties have been BREEAM certified, with the following salient advances made in 2023:

- Renewal of the Txingudi shopping centre's certification with a score of "Good" in the building's characteristics section and a "Very Good" rating in the building management section, the latter linked to the policies, procedures and practices in place at the property.
- After the work carried out in the second semester of 2023, in April 2024, **Lagoh has obtained the BREEAM 'In-Use' certification with an "Exceptional" rating**. This certification makes Lagoh the shopping center in Spain with the highest BREEAM "In-Use" rating in the latest version (V6) of its manual, achieving a double exceptional, in part 1 (Building) and part 2 (Management).
- In the second half of the year, pre-analysis work got underway for assets that will need to renew their certification in 2024. The pre-analysis was focused on the new version of the assessment scheme released by BREEAM in 2022.

100% of Lar España assets are BREEAM certified; Measured in GAV terms, **98%** of assets are rated "Excellent" or "Very Good".



		2023	
 Shopping Centres	Rating ⁽¹⁾	Certification Type	Status
Lagoh ⁽²⁾	Very Good	New construction	Certified
Gran Vía de Vigo	P1: Excellent / P2: Excellent	In Use	Certified
Portal de la Marina	P1: Very Good / P2: Excellent	In Use	Certified
El Rosal	P1: Excellent / P2: Excellent	In Use	Certified
Ànec Blau	P1: Very Good / P2: Excellent	In Use	Certified
As Termas	P1: Excellent / P2: Exceptional	In Use	Certified
Albacenter	P1: Very Good / P2: Excellent	In Use	Certified
Txingudi	P1: Good / P2: Very Good	In Use	Certified
Las Huertas	P1: Very Good / P2: Very Good	In Use	Certified

		2023	
 Retail Parks	Rating ⁽¹⁾	Certification Type	Status
Megapark ⁽³⁾	P1: Very Good / P2: Excellent	In Use	Certified
Parque Abadía	P1: Very Good / P2: Very Good	In Use	Certified
VidaNova Parc	P1: Very Good / P2: Excellent	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) Certifications relate to asset areas over which Lar España has operational control

ISO 14001 and ISO 45001 certifications



The entire portfolio under our operational control has been certified since 2022 in terms of Environmental and Occupational Health and Safety Management Systems under the international ISO 14001 and ISO 45001 standards, respectively.

In 2023, 97% of our portfolio assets (in GAV terms) are ISO 14001 and ISO 45001 certified.

Additionally, we are currently working on enhancing the quality of our assets through the implementation of the Energy Management System. This implementation is in accordance with the stipulations of the ISO 50001 standard and affects the portfolio of assets under operational control.



2.3.3 Environmental performance assessment

2.3.3.1 Methodology

We consider the following criteria in our performance analysis to ensure it is aligned with the EPRA sBPR indicators:

Footfall

Given the nature of our properties -shopping centres and retail parks- footfall is the key activity indicator and the primary factor that shapes our calculations of energy and water consumption intensity, as well as GHG emissions.

Data are collected automatically from the ShopperTrak SFTP installed at all sites, except the Rivas and Vistahermosa⁽¹⁾ retail parks, which have their own separate automatic counting systems.

The rest of the retail parks have vehicle counting systems that generate footfall counts using conversion factors that range from 2.1 to 2.3 occupants per vehicle, depending on the counting controls established at the specific site.



(1) The Rivas and Vistahermosa retail parks have not been part of the portfolio since July 2023.

Floor space considered

For internal control purposes, we calculate energy and emissions intensity figures for the common and shared areas at our sites.

Consequently, we exclude the gross leasable area and common outdoor spaces (such as gardens, accessible rooftops, outdoor car parks) from this equation, as they do not properly qualify as built area in accordance with the stipulations of Royal Decree 1020/1993 of 25 June 1993, the criteria of which is used for this measurement

Energy consumption

None of our assets uses district heating and cooling systems (EPRA sBPR: DH&C-Abs). All energy consumption data are based on direct meter readings and bills. Consequently, as regards energy consumption:

- We report total electricity consumption, disclosing renewable energy, both in absolute terms and as a percentage.
- We also report energy from renewable sources.
- We also record energy from non-renewable fossil fuels (natural gas and diesel).

GHG emissions

Scope 1.- For emissions from fuel consumption at our assets, we break down the combustion emissions for CO₂, CH₄ and N₂O, based on MITERD emission factors, which are then totalled as emissions in kg of CO₂eq. No emissions of SF₆ were recorded at any of Lar España's assets in either 2022 or 2023.

Refer to [Annex 5.3](#) for a breakdown of CO₂, CH₄ and N₂O emissions

The EPRA reporting format does not explicitly require the provision of information on emissions of ozone-depleting fluorinated gases⁽¹⁾, although it is calculated and reported in a separate table.

Refer to [Anex 5.3](#) for a table on fluorinated gas emissions

Scope 2.- We calculated emissions from electricity consumption in 2022 using the market-based approach, whereby consumption is multiplied by emissions factors that are published for each electricity supply company operating in Spain.

In the year 2023, Lar España has completed its renewable energy acquisition program, thus we can consider Scope 2 emissions, according to the market-based approach, to be zero in 2023.

Additionally, in 2023, as we did in 2022, we continue to report on emissions due to the use of electricity following a location-based approach, using the [emission coefficients provided by Red Eléctrica Española \(REE\)](#) for peninsular electricity.

Scope 3.- During 2023 work has continued on obtaining representative data for these types of emissions. However, it is not always possible to count on the cooperation of tenants and the accuracy of the data they share with us. For the time being, we can only report data obtained from our own metering equipment and from evidence of energy rebilling to the retail units that require it.

Water consumption

Our water supply is almost exclusively from the mains networks. Accordingly, we calculate all consumption in two ways. Consumption is measured directly through our own water meters, which is in turn evidenced by the data reflected on the bills issued by the water company. As an exception, a very small part of consumption at the Lagoh shopping centre is groundwater drawn from a well at the site, but it only accounts for 1.3% of all water supplied. No changes were made to the water storage systems in our portfolio in 2023. We report water consumption in accordance with the "landlord-obtained supply" rule, deducting water consumption that is sub-metered and rebilled to tenants, so as to calculate the consumption for common areas.

All data was obtained from meter readings and bills, which have been documented and verified by an independent auditor.

(1) [EPRA Sustainability Best Practices Recommendations Guidelines Chapter 8.8.4](#)

Energy, water and GHG emission intensities

One of our most significant indicators is the energy, water and GHG emission intensities, for which we use the 'per visitor per year' ratio and common area square metres.

The energy use and emissions intensity data for common areas (sqm) provides us with a constant denominator across annual data series.

It also avoids distortions in the like-for-like values (LfL) from year to year which could be due to exceptional circumstances, such as asset divestments, as has occurred in 2023, or fluctuations in footfall during the slow recovery process since 2020.

Calculation of intensities based on footfall

Intensity, energy consumption =	$\frac{\text{Landlord-obtained energy}}{\text{No. of visitors}}$
Intensity, emissions =	$\frac{\text{GHG emissions generated by landlord-obtained energy}}{\text{Per 1000 visitors}}$
Intensity, water consumption =	$\frac{\text{Litres of landlord-obtained water}}{\text{No. of visitors}}$

Calculation of intensities based on surface area

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

To calculate the **intensity of water consumption**, using the common area flow space (sqm) as the denominator may not be appropriate, given the specific features of each shopping centre or retail park. Unlike other commercial buildings, where the landlord does not provide air conditioning or ventilation services, at some specific commercial facilities, the landlord may indeed provide tempered water for the tenant's climate control systems. This tempered water supply may constitute a substantial portion of water consumption at the building. As this practice is not uniform at every shopping centre and retail park, calculating water consumption intensity based on common area square meterage could severely distort the analysis.

In our asset type, a substantial portion of water consumption could relate to climate control equipment, the scope of which goes beyond common and shared areas.

We therefore have to adjust the approach to calculate water consumption intensity per visitor to take these differences into account.

These adjustments in data presentation ensure a more accurate and meaningful comparison over time, enabling a more comprehensive assessment of trends.

Assurance and checks

The information in this annual report reflects the consumption data (energy and water) recorded in invoices settled with suppliers and utility companies, which therefore constitutes documentary evidence.

Waste management is verified by means of the respective recycling certificates.

Moreover, we engaged the audit firm EY to carry out a review of the content in accordance with the standards proposed by the Global Reporting Initiative (GRI), as well as to perform a limited assurance review in accordance with the requirements established in ISAE 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.

Operational boundaries

Firstly, it should be borne in mind that we divested two retail parks in 2023: Rivas Futura and Vistahermosa, so we have to pay greater attention to Like for Like (LfL) values than to absolute values (Abs) in order to assess portfolio performance. In any case, this analysis encompasses all assets under our management that were operational in 2023.

We will draw a distinction between two asset types in this assessment:



→ **Wholly owned assets:** We provide details on total energy and water consumption at the six shopping centres and one retail park that are fully owned by us and fully operational in 2023, as well as Vistahermosa up until the divestment date (July 2023). We include detailed information on the supply of electricity, thermal energy and water that has been rebilled to tenants. The Scope 3 GHG emissions are calculated on the basis of this total amount of rebilled energy, which are the only fully verifiable amounts for the moment.

→ **Co-owned assets:** We provide available information on the environmental performance of the co-owned assets, which include three shopping centres and two retail parks, as well as Rivas Futura which was divested in July 2023. We do not have full authority at these sites to implement our sustainability policies due to the existence of shared ownership areas, coupled with the fact that the co-owners do not always provide complete information (especially in the area of waste and its treatment). However, we have a direct influence on the adoption of sustainability and energy efficiency measures to the extent of our ownership interest in each asset.



Shopping centre



Retail park

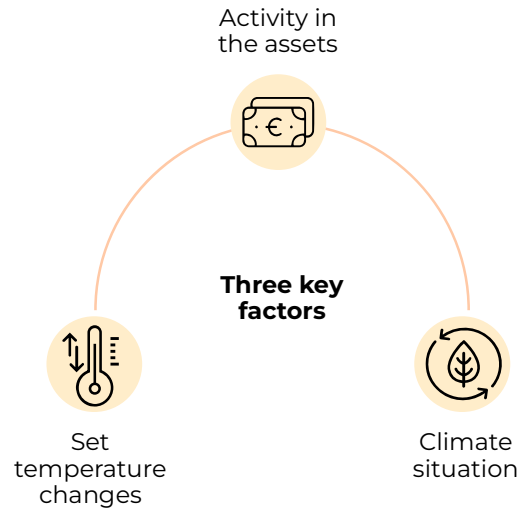


2.3.3.2 Key environmental performance factors in 2023

As regards the evaluation of energy consumption in 2023, we have to consider three key factors that have impacted the performance of our assets during the period under consideration:

Growth of activity and footfall at our shopping centres and retail parks.

To analyse the performance of our assets in 2023, we first have to consider the days the sites were open, which impacts energy and water consumption, as well as GHG emissions:



YEAR		Fully Open ⁽¹⁾	Partly Open ⁽²⁾	Shut-down ⁽³⁾
2019	no. of days	318	43	4
	%	87%	12%	1%
2020	no. of days	227	121	18
	%	62%	33%	5%
2021	no. of days	273	88	4
	%	75%	24%	1%
2022	no. of days	320	42	4
	%	88%	11%	1%
2023	no. of days	313	48	4
	%	86%	13%	1%



(1) **Fully Open:** Includes weekdays and Saturdays with normal retail and restaurant opening hours, as well as assets opened on Sundays and public holidays.

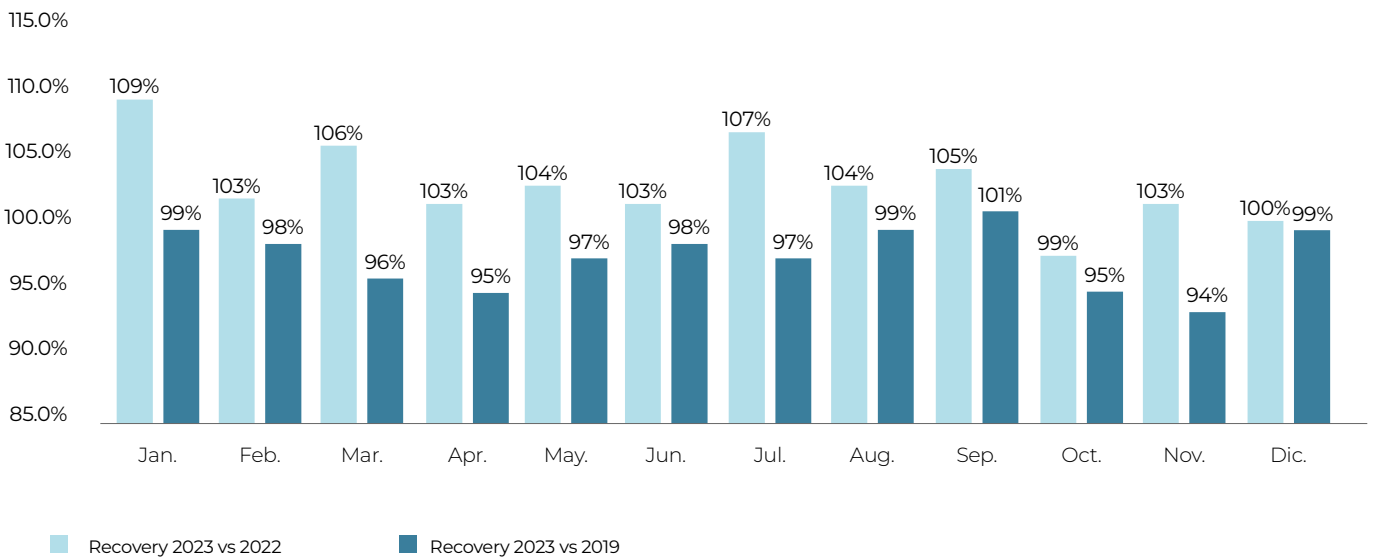
(2) **Partly Open:** Includes Sundays and public holidays with only restaurants in operation, as well as pandemic lockdown days when only authorised essential activities were in operation. All business days subject to time and space restrictions.

(3) **Shutdown:** Site completely shut down other than exceptional activities such as petrol stations and pharmacies with direct access from outside the site boundary.

The number of visits to the portfolio's assets during 2023 reached 76.2⁽¹⁾ million, an increase of 3.7% in like-for-like terms compared to the previous year.

The footfall ratio with respect to 2022, as well as to the pre-COVID benchmark year of 2019, provides a clear picture of the strength and resilience of the retail sector in the face of extraordinary situations - pandemics, energy supply crises and rising inflation - as well as the shifting and turbulent geopolitical situation - the invasion of Ukraine and the growing tensions in the Middle East.

Footfall Recovery



(1) Including the Rivas and Vistahermosa retail parks.

Weather conditions

Temperatures. 2023, the second-warmest year since the start of the series in 1961 (only 2022 was warmer), saw temperatures set a record, with a temperature anomaly of +1.5°C. On the Spanish peninsula, the values recorded in 2023 were slightly lower than those in 2022, with an average **annual temperature anomaly** of +1.3°C.



SOURCE: State Meteorological Agency (AEMET). Ministry for Ecological Transition and the Demographic Challenge (MITECO).

The map above shows the average annual temperature distribution. These averages include the average for the winter, spring, autumn and summer of 2023.

The red areas (**EC = Extremely warm**) show where the temperature exceeded the mean value of the historical series from 1991 to 2020.

Orange areas (**MC = Very warm**) indicate where temperatures were in the top 20th percentile of warmest years in the series.

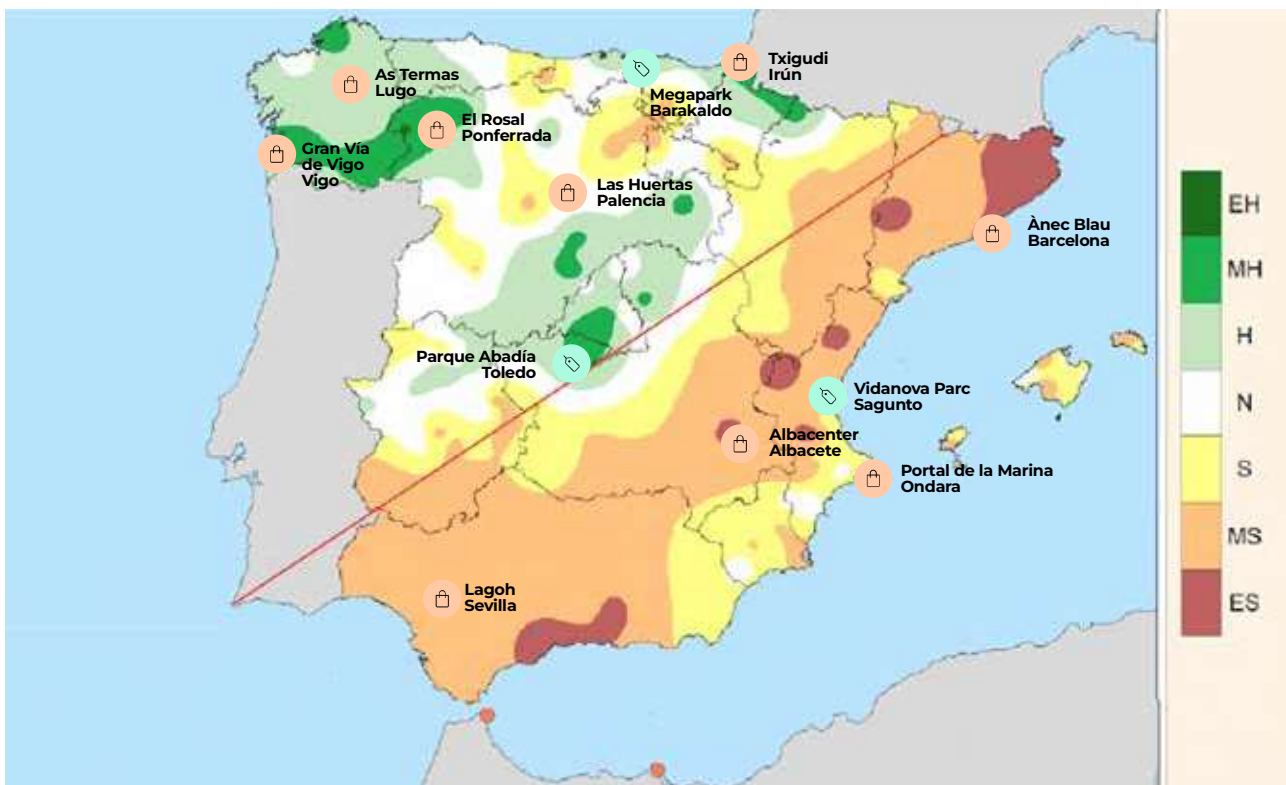
In southern Galicia, western Castile and Leon, Extremadura and central Castile-La Mancha, 2023

was very warm. In the rest of the Spanish peninsula, it was extremely warm, with temperature anomalies of close to +2°C in some areas of Catalonia, Aragon, La Rioja and central Andalusia. Elsewhere on the Spanish mainland, temperature anomalies hovered at around +1°C for the most part.

In all, **the summer of 2023 brought four heatwaves** to the Iberian peninsula, two in July and two in August, with maximum temperatures of over 40.0°C in much of the territory and, in some areas of the Valencian Community and the Guadalquivir valley, highs of over 45.0°C.

Rainfall.- Overall, 2023 was a very dry year, with the average values for 2022 repeating themselves and reaching 84% of normal values for the 1981-2010 reference period. The spring months were extremely dry. In March, April and May, barely 53% of the rain that had been expected fell, preventing river basins from replenishing their water supplies as they usually do. The situation was particularly severe in the Ebro valley and Catalonia, resulting in drought which, in the first quarter of 2024, has turned into a full-fledged emergency, leading to restrictions on water consumption in Catalonia.

As shown on the map below, the distribution of rainfall was very uneven. However, by drawing a line from Cape St. Vincent in Portugal to the Principality of Andorra in the Pyrenees, we see a peninsula clearly divided into two areas, one of which holds practically half of our properties.



SOURCE: State Meteorological Agency (AEMET). Ministry for Ecological Transition and the Demographic Challenge (MITECO).

In the northwestern half, white areas show normal rainfall (**N = Normal**) amounting to between 40% and 60% of the historical series; these alternate with light green areas (**H = Wet**), where recorded rainfall is between 60% and 80% of the series, while emerald green areas (**MH = Very wet**) indicate where rainfall is in the range of the wettest 20% of years for the 1991-2020 reference period.

In the southeastern half, the predominant trend is one of low rainfall. The dark brown area (**ES = Extremely dry**) shows where rainfall does not reach the minimum values for the 1991-2020 reference period; the area marked in orange (**MS = Very dry**) indicates where rainfall falls into the range of the driest 20% of years; and the yellow area (**S = Dry**) illustrates where rainfall is in the 20%-40% range of the historical mean for these areas.

Change of the setpoint temperature in HVAC systems

Since the entry into force on 2 August 2022 of **Royal Decree-Law 14/2022 of 1 August 2022**, a positive impact has been observed on various aspects of shopping centre and retail park operation and on the measures implemented, as part of property management, relating to savings, energy efficiency and reducing energy dependency on natural gas.



2.3.3.3 Energy efficiency

In recent years we have carried out studies to analyse and select the best strategies for installing **photovoltaic facilities**, the purpose of which is to generate electricity on site at our properties for our own consumption. The procurement phase to bring photovoltaic energy to various properties in the portfolio is currently at an advanced stage.

In addition, we are moving ahead with the implementation of initiatives as part of our **Energy Efficiency Plan**, carrying out energy audits of the properties in order to draw up ad hoc **action plans** based on the appropriate selection and planning of Energy Saving Measures (ESMs). These include objectives and targets for each of our shopping centres and retail parks, based on their economic

feasibility and specific characteristics. In this way, we are addressing each of the challenges in terms of environmental impact reduction and energy efficiency.

Our aim is to:

- Continue to obtain certifications for our properties, evidencing our commitment to the environment.
- Align our portfolio with the requirements set out in the European Taxonomy.
- Lower costs and increase efficiency.



**We continue to progress
with the implementation of
initiatives linked to our Energy
Efficiency Plan**

We have also completed the roll-out of smart meters for the **automated data gathering project**. This complex system allows us to break down consumption by energy and water use, providing those tasked with managing the properties with more powerful analytical and monitoring tools.

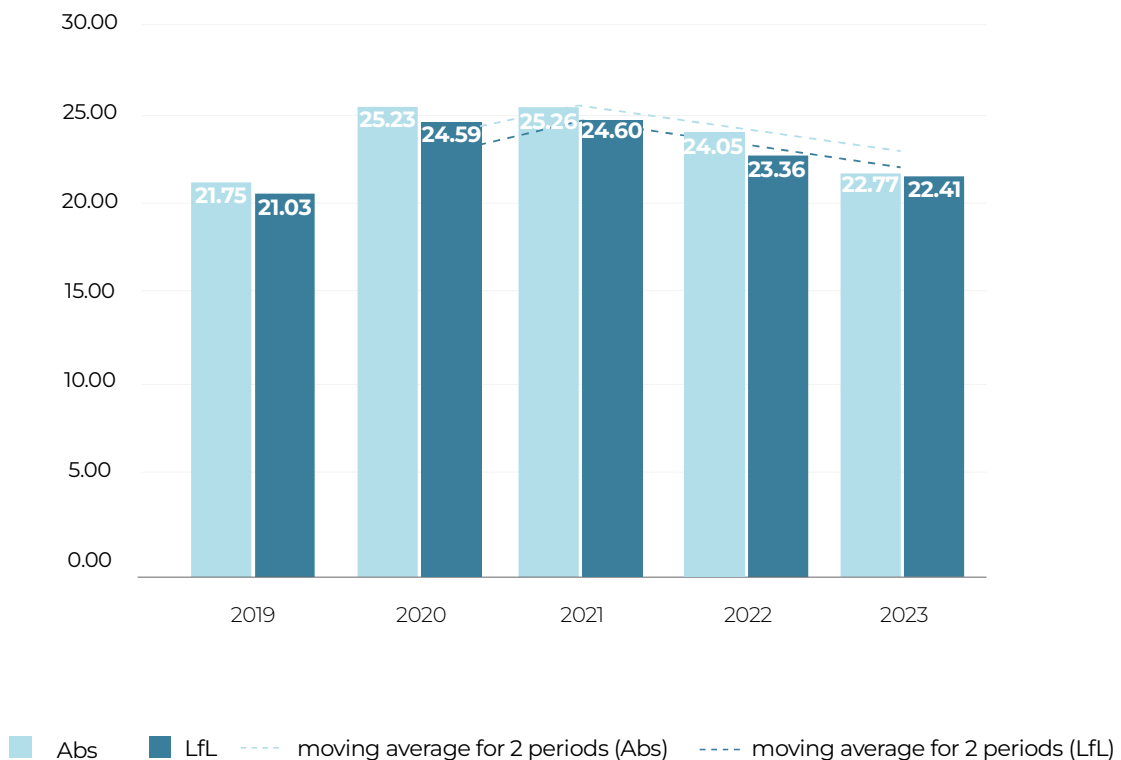
Technical projects carried out in 2023 to increase the energy efficiency of the portfolio include the following:

- Renovation of LED lighting in Las Huertas, Albacenter.
- Renovation of roofing sheets, such as that carried out in Txingudi, As Termas, Abadía and Megapark.
- Replacement of HVAC equipment in Portal de La Marina, Ànecblau, As Termas and Albacenter.
- Installation of variable frequency drives in motors for lifting and transport equipment at Albacenter.

In like-for-like (LfL) terms, excluding the two properties sold in 2023, **electricity consumption in the communal areas of our properties was 4.1%** lower than in 2022. In absolute terms (Abs) the difference was even greater, -5.3%.

Reduction of **4,1%**, in electricity consumption in the common areas of the assets compared to 2022 in Like for Like (LfL) terms.

Electricity consumption in communal areas (GWh)



In 2023, we purchased 1.68 GWh of fossil fuels, mainly natural gas for heating⁽¹⁾, of which 1.60 GWh was used for the communal elements of the shopping centres and retail parks under our management.

This was just 6.7% of all energy consumed in 2023.

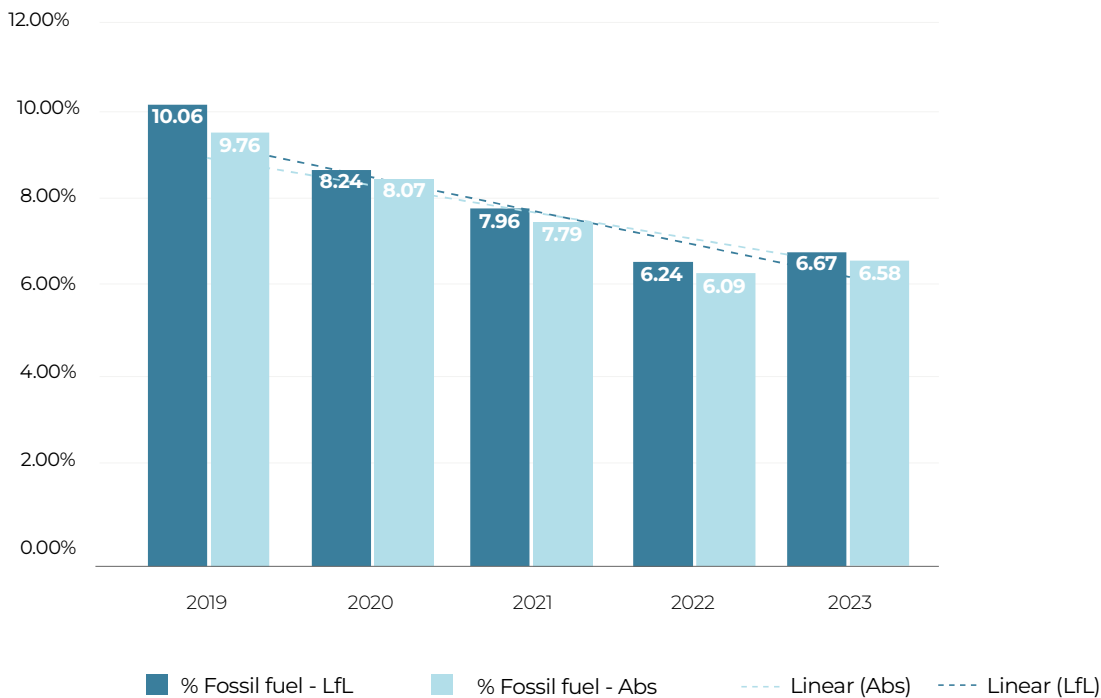
Some of the key factors behind the steady decline in fossil fuel consumption are as follows:

- The **operational measures** set out in our Energy Efficiency Master Plan were favoured during 2023 by the regulations put into effect by RDL 14/2022.
- As 2023 was not as warm as 2022, there was a slight rebound in the use of fuel for heating. However, this did not stop the trend towards lesser use of fossil fuels to heat our properties.

As can be seen in the following figure, in recent years there has been a downward trend in the percentage of fuel consumption for heating compared to total energy use for communal elements of the buildings, highlighting the effects of climate change.



Fossil fuels / Total energy consumption (%)

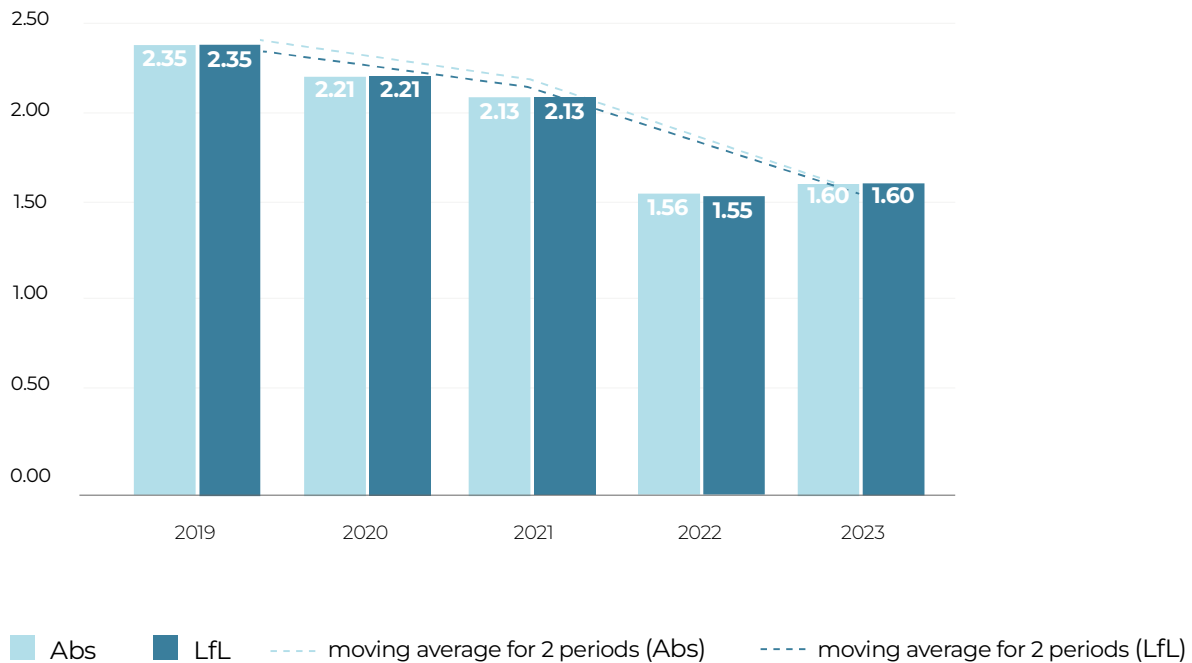


⁽¹⁾ 47,477.74 kWh (0.05 GWh) of diesel has been purchased for use in emergency equipment: generators and fire protection systems.

The decrease in fossil fuel consumption can be observed in the historical series from 2019 to 2023, where a decrease of -32% in the composition index of our fuel consumption relative to the total energy used is observed, both in relative terms (LfL) and absolute terms (Abs).

In addition to this trend, the above series (2019-2023) also reflects decreasing fuel use as a result of the implementation of the Energy Efficiency Master Plan in 2021.

Fuel consumption in communal areas (GWh)



Focusing on our performance in 2023, we can see that the increase in fuel use (mainly for heating) between 2022 and 2023 is very small: +2.8% in absolute terms and +3.0% on a like-for-like basis, reflecting the difference between the weather anomalies in 2022, +1.7°C, and 2023, +1.3°C.

Excluding the two properties sold in 2023, i.e. on a like-for-like (LfL) basis, **energy intensity**, both static (kWh/sqm) and dynamic (kWh/visitor) fell during 2023.

Energy consumption per square metre in communal areas diminished by **-3.6%** compared to 2022, due to the energy efficiency measures adopted by our teams of engineers.

Meanwhile, relative energy consumption per visitor declined even more, falling by **-7.0%**, which is explained by the increase in footfall.

Including the divested properties, gross consumption declined in absolute terms, with energy intensity per sqm down by -4.8% while energy intensity per visitor performed somewhat less favourably, climbing +0.7% vis-à-vis 2022.

See detailed EPRA-ENERGY indicators in [Annex 5.3](#)

2.3.3.4 Response to climate change and decarbonisation strategy

During 2023, we continued to work on assessing the impact of our activities on the environment, as well as making efforts to adapt to and mitigate climate change. While our business activity does not have the criticality associated with other sectors of the economy, we work very actively to monitor and mitigate the potentially adverse effects of our impact on the environment, including proactively expanding our scope and designing our response to the challenge of climate change and our commitment to decarbonising our business.

Climate risk assessment according to TCFD

To assess our impact, we applied the recommendations of the **Task Force on Climate-related Financial Disclosures (TCFD)**, an international task force created by the Financial Stability Board to improve climate-related financial disclosures.

We published our report on climate-related risks and opportunities in accordance with the four pillars established by the Task Force on Climate-related Financial Disclosures (TCFD): governance, strategy, risk management and metrics and targets.

In it, we disclosed the analytical process followed during comprehensive mapping of the climate-related status of our properties in order to define strategic and specific adaptation measures to mitigate these effects.

Governance

We define the **role of our governing bodies**, such as the Board of Directors, the Board committees, senior management and the ESG Committee, to ensure compliance with the Company's strategic policies on monitoring climate-related risks and opportunities.



Strategy

Description of the strategy followed to identify **short-, medium- and long-term risks and opportunities** according to the following scenarios and time frames:

Physical risks			Transition risks	
Scenarios			Scenarios	
<p>RCP (Representative Concentration Pathway) 2.6 IEA CPS (Current policies scenario)</p> <p>The lowest emissions scenario. This scenario is characterised by stable GHG emissions that will decrease in the future, becoming negative by 2100.</p>	<p>RCP 4.5</p> <p>This is described by the IPCC as an intermediate scenario. GHG emissions will peak around 2040 and then decline.</p>	<p>RCP 4.5</p> <p>This represents a reasonable worst-case scenario that is widely used for climate risk assessment and stress testing.</p>	<p>SSP1 (Net zero) IEA NZE 2050</p> <p>The only IPCC scenario that meets the goal of the Paris Agreement and attempts to limit global warming to 1.5°C by 2100.</p>	<p>SSP5 (Business as usual)</p> <p>The most pessimistic scenario in terms of greenhouse gas emissions. Current emissions would treble by 2075, leading to an average temperature increase of 4.4°C by 2100</p>
Time frames:				
<p>Short term</p> <p>Until 2030</p>	<p>Medium term</p> <p>2030 to 2050</p>	<p>Long term</p> <p>From 2050</p>		

Based on these scenarios and time frames, **seven physical risks and six transition risks** have been identified as having a potentially negative impact on Lar España's activity.

Physical risks

- Increased operating costs due to intensive climate control.
- Disruption in construction and renovation activity due to high temperatures that make it difficult to work.
- Increased operating costs due to maintenance of green areas suffering from high temperatures and drought.
- Increased maintenance costs due to more frequent damage to properties (due to heavy rainfall, etc.).
- Increased insurance premiums due to more frequent catastrophic events (fires, floods, etc.).
- Damage/impairment of properties.
- Business interruptions due to difficulties in providing basic services linked to water consumption.

Transition risks

- Decrease in rental income due to lack of adaptation of properties.
- Loss of value of assets and difficulties in obtaining finance.
- Increased costs linked to emission allowances and energy prices.
- Increased costs linked to regulatory and transparency requirements.
- Increased raw material costs.
- Increased cost of transition to a lower-emission technology and premature obsolescence.

Based on a model that considers exposure, vulnerability and capacity for adaptation in the aggregate, the conclusion of the risk assessment is that the residual risk is predominantly low. Consequently, our asset portfolio **shows limited exposure to climate change risks, mitigating exposure by implementing adaptation and mitigation measures**, as we have done in recent years, and a robust governance model and strategy. Given the inherent uncertainty of risk analysis and the underlying climate models, we track and update risks annually, monitoring their influence on asset performance.

Risk management ⁽¹⁾

In the published report we include **details of the processes followed to identify and assess climate-related risks** and the processes for managing them. At the beginning of 2024, as part of the update and review of the general corporate Risk Map 2023/2024, we modified the description of the "Inadequate adaptation to the effects of climate change and environmental sustainability" risk to include reference to the development and integration of this risk with other more specific risks of climate change adaptation (physical and transition risks), as well as to adapt the reporting of these risks in accordance with the international standard TCFD..

Our asset portfolio shows limited exposure to climate change risks, mitigating exposure by implementing adaptation and mitigation measures, as we have done in recent years, and a robust governance model and strategy.



(1) Further information about our risk management process can be found in section 2.1.6 Risk Management and Opportunities of this Report.

Metrics and targets

The metrics presented have provided an objective basis for monitoring our performance within the spectrum of possible scenarios previously mentioned, also taking into account sectoral criteria within the Carbon Risk Real Estate Monitor (CRREM). Tracking these metrics constitutes a practical tool to tailor the strategic planning of each asset and define measures to reduce risks in an informed manner and aligned with the sustainability objectives of the organization.

In this table, we provide relative results or Like for Like (LfL):

Category	Metric	2022	2023
Use of the asset	Gross leasable area (m ²)	480,226	480,226
Energy	Energy intensity (LfL) (kWh/m² common areas)	42.6	41.0
	Percentage of renewable electricity (%)	98.6%	100%
Emissions	Carbon intensity (kg CO₂e/m²/year) Scope 1+2 ⁽¹⁾	0.65	0.51
Water	Water consumption in common areas (m³)	122,436	128,209
	Assets with medium, high or very high exposure to water stress	9	9
Asset management	Percentage of portfolio with BREEAM certification (%)	100%	100%
	Frequency of asset maintenance	Ongoing	Ongoing
	Level of insurance policy coverage	High	High




(1) Market-based.

(2) Since 2020 Lar España has regularly reported Scope 3 emissions, however, only those relating to energy re-invoiced to tenants are included for now as this constitutes verifiable information. Lar España's decarbonisation strategy includes progress in the measurement and control of Scope 3 emissions. Therefore, at this stage this is not a relevant indicator for the assessment of climate-related risks.

Climate opportunities

On the other hand, climate change also presents significant **opportunities** for a retail real estate company. Thus, in the specific case of Lar España, we have identified the following potential opportunities:

OPPORTUNITIES	
Short term	Local energy generation and storage
	Increased footfall and diversification of services
Medium term	Exploration and use of innovative building materials and technologies to increase energy efficiency and reduce costs
	Greater appeal to tenants through improved performance and reputation
Long term	Attraction of capital through asset adaptation and decarbonisation
	Increased asset resilience



Economic impacts generated

In turn, for each asset we have internally analysed the estimated financial effects of the economic impacts generated by each risk in the different scenarios and time horizons mentioned above. Taking into account that, in the case of Lar España, a risk is considered material from a financial point of view when it represents a percentage greater than 10% of total revenues, **the aggregate impact of all the risks considered and consolidated in the portfolio would in no case exceed the financial materiality threshold.** However, every year possible deviations and further management improvements will continue to be calculated and analysed

Actions to improve our climate resilience

In 2023 we already implemented **actions to improve our climate resilience** such as: conducting energy and climate audits and replacing obsolete equipment, studying water consumption in accordance with ISO 46046, updating our Decarbonisation Plan, assessing assets through certification schemes such as BREEAM and monitoring and analysing our consumption and emissions for operational optimisation, among others. In addition, in the analysis of new acquisitions we also have an environmental due diligence procedure in place to continue to meet Lar España's high standards in these matters.

Following the analysis of our exposure to potential risks from the effects of climate change, some of the priority actions we will work on are as follows:

- **Adaptation of assets through investment in new technologies or advances in innovation.**
- **Reduction of operating costs** by improving energy efficiency and achieving savings in resource consumption.
- Alignment of asset and company performance with the established **decarbonisation** strategy.
- **Forging of partnerships across our value chain** to align suppliers, customers, tenants and others in achieving our sustainability goals.
- Continued setting of objectives and strategies that contribute to the adaptation of the portfolio and allow us to make progress in measuring the impact of our activity.



Decarbonisation Strategy

However, in this regard, our most important milestone last year was the approval by the Board of Directors of the update of our **Decarbonisation Strategy**, integrating international science-based calculation initiatives such as the Science Based Targets initiative (SBTi) and the Carbon Risk Real Estate Monitor (CRREM) sectoral tool. In this way, we have set out to respond to the following commitments::

- Verification of short-term targets of a 60% reduction in Scope 1 and 2 emissions by 2030 (market-based approach) compared to 2019, also achieving Climate Neutral status.
- Working towards Net Zero by 2050 (Scope 1+2+3).
- Analysis and planning of investment in absorption/offset projects to mitigate residual emissions.
- Progress in the calculation of Scope 3, focusing on tenant consumption, embedded carbon in our value chain, transport and waste management, and emissions from refurbishment works in shopping centres and retail parks.

Some of the initiatives envisaged to achieve our objectives are:

- Installation of photovoltaic solar panels for self-supply.
- Optimisation of HVAC consumption in shopping centres due to the integration of air quality monitoring in control systems.
- Programme for the progressive renewal of HVAC equipment with more efficient machines that have a lower impact on GHG emissions.
- Implementation of protocols for refilling refrigerant gases and continuous accounting of emissions due to leaks.

The choice of **2019 as the base year** derives from certain characteristics of that year:

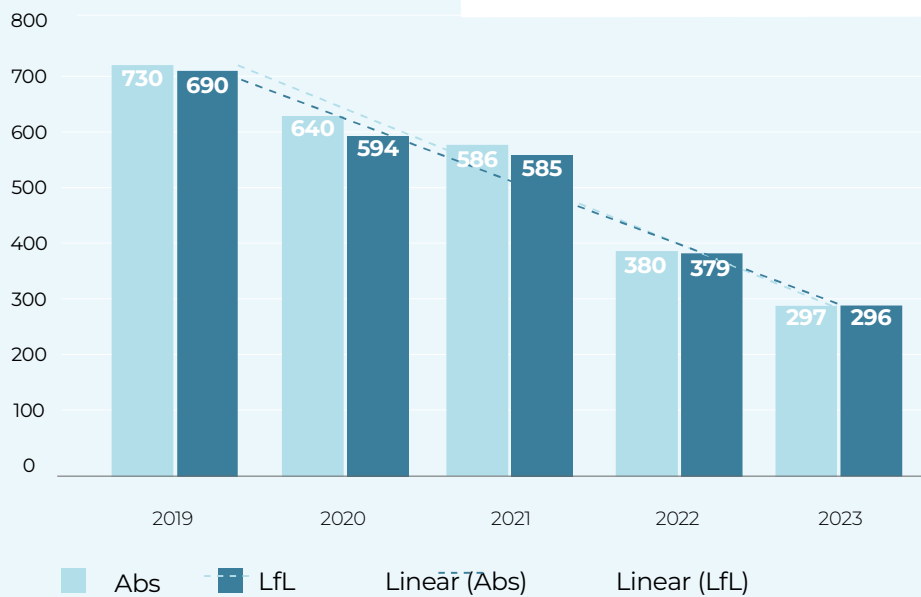
- It is the year before the 2020 pandemic, which saw shopping centre and retail park footfalls plummet.
- In 2019, the calculation of fluorinated gas emissions due to leaks from HVAC equipment was consolidated.
- Our most significant asset, Lagoh Shopping Centre, entered into service in 2019, meaning that its consumption is included from the outset in absolute terms.

In any case, it must always be considered that, both due to the type of business and the sector in which we operate, our portfolio is subject to potential variations (acquisitions or divestments) which, if significant, could require a recalculation of the decarbonization trajectory to achieve the proposed goals.

Due to the different methods of calculating emissions (including or excluding fluorinated gas emissions) or the different criteria used in carbon accounting (market-based or location-based), we have undertaken the exercise of evaluating our current situation compared to our base year 2019.

In the first chart below, we can see the trajectory according to the EPRA format where emissions due to the use of fossil fuels and electricity consumption are accounted for, according to the market-based criterion, showing that our emissions have fallen since the base year by -59.39% in absolute terms and -57.06% in like-for-like terms.

Scope 1+2 market-based emissions (does not include fluorinated gases) (tCO₂eq)



As mentioned in section [2.3.3.1.- Methodology](#), the EPRA format does not require disclosures on fluorinated gas emissions ⁽¹⁾.

In Lar España, in our desire to go a step further in the transparency of our information, we report on this aspect, based on the estimate for the 100-year horizon of the IPCC Fifth Assessment Report ⁽²⁾.

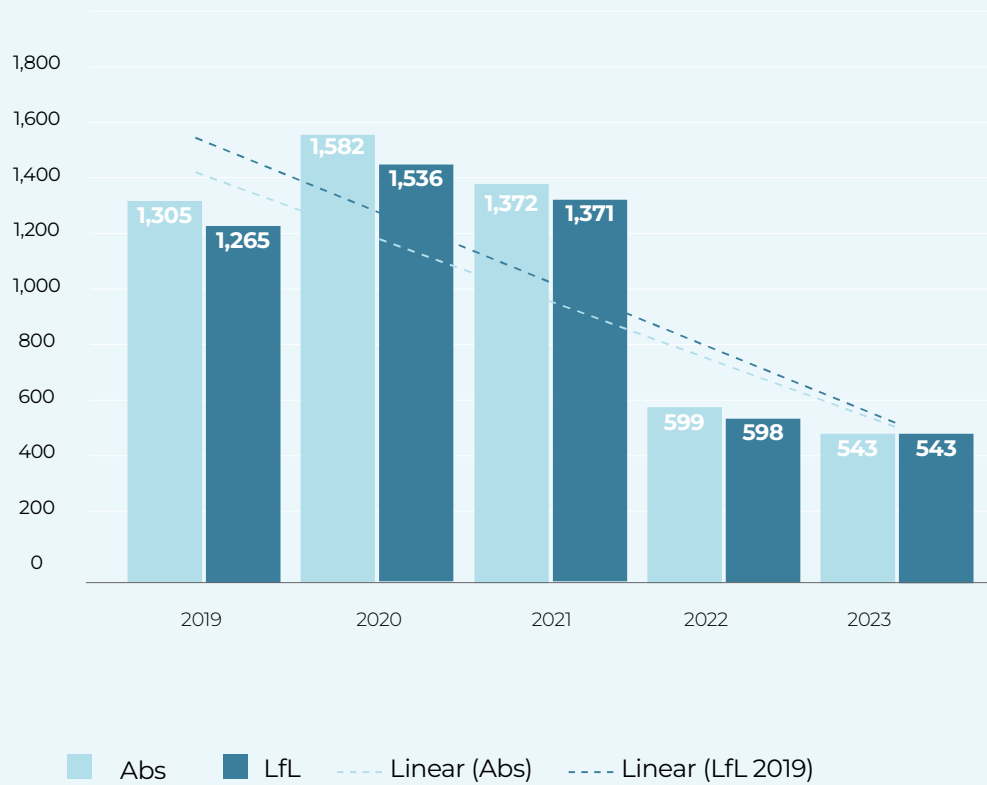
See details in the fluorinated gas emissions chart [Annex 5.3 Environmental results \(sBPR\)](#)

⁽¹⁾ EPRA Sustainability Best Practices Recommendations Guidelines Chapter 8, 8.4

⁽²⁾ https://www.ipcc.ch/site/assets/uploads/2018/02/WG1AR5_Chapter08_FINAL.pdf

If we include emissions due to fluorinated gases with the market-based criterion, we can see the influence of the purchase of electricity with a guarantee of origin.

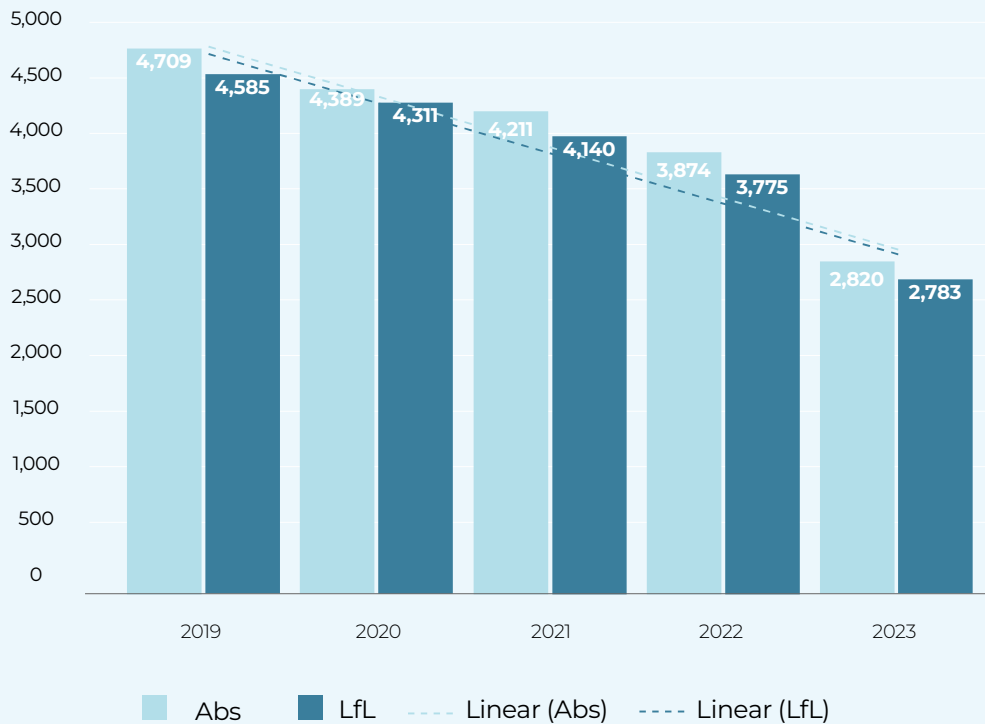
Carbon footprint (including fluorinated gas emissions) - market based (tCO₂eq)



In contrast, under the location-based criterion, the trend lines are practically parallel in absolute terms and like-for-like with respect to the base year 2019 and reflect the overall progress of the country and Lar España in moving towards a decoupling from fossil fuels and the Company's efforts to improve its energy efficiency and contain fluorinated gas leaks.



Carbon footprint (including fluorinated gas emissions) - location based (tCO₂eq)



Greenhouse gas (GHG) emissions

Although we have already provided some data, we will now report on the performance of our equipment in 2023 with respect to carbon emissions, according to EPRA indicators: emissions due to combustion of fossil fuel fluids within our assets and indirect emissions due to electricity consumption, according to the market-based criterion.

[Scope 1](#)

In relation to the results obtained in 2023, it should be noted that there was a spike in Scope 1 emissions, due to a higher use of heating (natural gas) than in 2022. This is almost exclusively due to the difference in thermal anomalies between 2022 (+1.7°C) and 2023 (+1.3°C) which led to an increase in Scope 1 emissions of **+3.2%** in like-for-like (LfL) terms and **+2.9%** in absolute terms (Abs).

[Scope 2](#)

With regard to Scope 2, indirect emissions due to electricity consumption, we can point out that Lar España's emissions are zero, in accordance with the market-based approach.

If we consider the location-based criterion, there was a very significant decrease in emissions compared to 2022 (**-31.5%** like-for-like). This decline in location-based emissions is the combined result of the implementation of renewable energies in Red Eléctrica Española's mainland mix and the good management of our engineering teams, enabling us to meet the targets for reducing electricity consumption in 2023 compared to 2022 (-4.1% like-for-like), which is higher than the -1% set out in our Energy Efficiency Plan for this year.

[Scope 3](#)

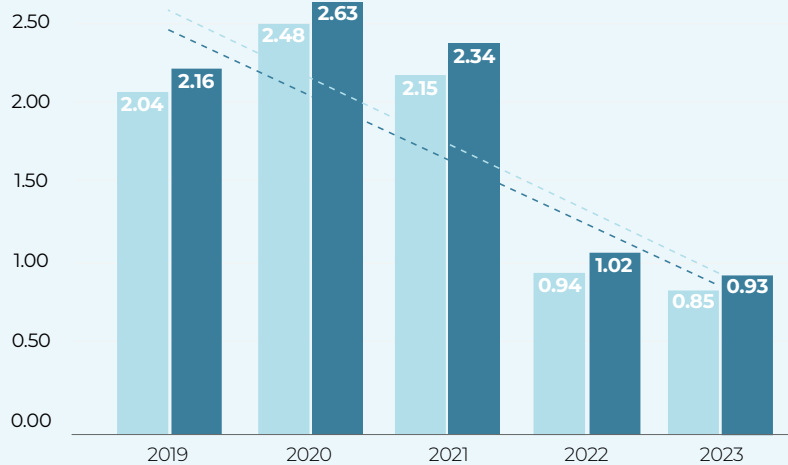
For the time being, we cannot consider the verifiable Scope 3 emissions to be representative. We are therefore continuing to work on obtaining consumption data from tenants and on the measurement of emissions due to the treatment and transport of waste produced in the common areas we manage, in order to complete the Scope 3 emissions calculation.



Emissions intensity

The results of the GHG emissions intensity, both in terms of the static denominator: Scope 1+2 (kg CO₂/sqm of common areas), and the dynamic denominator: Scope 1+2 (kg CO₂/1000 visitors), are very positive, posting significant reductions compared to 2022: **-21,9%** y **-24,7%** respectively, according to the market-based criterion and in like-for-like terms. [See Annex 5.3 Environmental results \(SBPR\)](#)

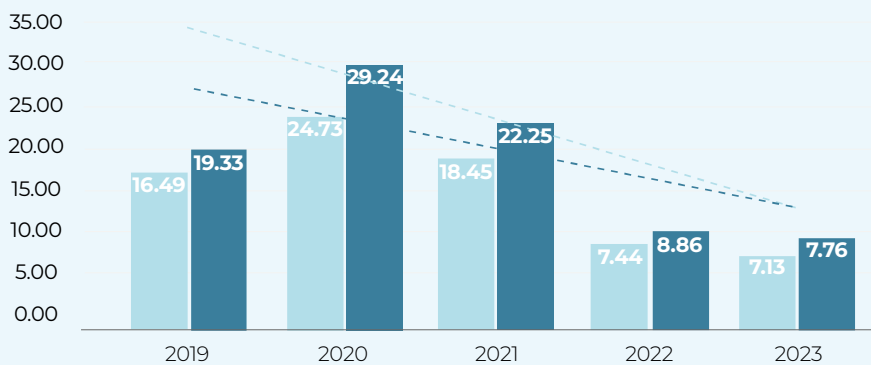
Emissions intensity (including refrigerant gases) market-based Scope 1+2/sqm (kg CO₂eq/sqm)



Emissions intensity per sqm (variations 2023 vs 2022 and 2019)

2023 vs 2022	Abs	-9.35%	2023 vs 2019	Abs	-58.40%
2023 vs 2022	LfL	-9.24%	2023 vs 2019	LfL	-57.09%

Emission intensity (includes refrigerant gases) market-based Scope 1+2/1000 visitors (kg CO₂eq/1000 visitors)



Emission intensity per 1000 visitors (Changes 2023 vs 2022 and 2019)

2023 vs 2022	Abs	-4.21%	2023 vs 2019	Abs	-56.78%
2023 vs 2022	LfL	-12.48%	2023 vs 2019	LfL	-59.88%

■ Abs ■ LfL - - - - Linear(Abs) - - - - Linear (LfL)

In the trajectory of these two indicators in the series 2019-2023, from our base year 2019 and including refrigerant gas leaks, we can observe a notable decrease in 2023 vs 2019: **-58.40%** in Scope 1+2 (kg CO₂/sqm of common areas) and **-56.78%** Scope 1+2

(kg CO₂/1000 visitors) in absolute terms. In Like for Like terms, the progress is also remarkable: **-57.09%** in Scope 1+2 (kg CO₂/sqm of common areas) and **-59.88%** in Scope 1+2 (kg CO₂/1000 visitors).

On the other hand, for the **fifth consecutive year** we completed the registration of our Carbon Footprint with the Ministry for the Ecological Transition and Demographic Challenge (MITERD), renewing in 2023 the **"Calculo y Reduzco"** seal that we achieved thanks to the decrease in our emissions registered after the efforts made in recent years. We are the **first listed real estate company in Spain to achieve this for the second consecutive year**.



Our registered emissions are also **independently verified** by Bureau Veritas in accordance with the *Carbon Footprint Declaration of Conformity*.

2.3.3.5 Sustainable water use

In 2023 we conducted a contextualised study on the water impact of our assets. We calculated our **water footprint** following the methodology given by **ISO 14046**, with data from 2022. The characteristics of this calculation method are as follows:

- Calculation according to metrics that assess potential environmental impacts related to water consumption.
- Life-cycle Assessment (LCA) and use of environmental impact methods affecting water, without focusing only on its possible scarcity, thus considering factors such as toxicity, eutrophication, etc.
- Analysis of geographical and temporal aspects, as water has a local impact unlike climate change which is global. For this purpose, contextualised information on the hydrology of the catchment areas in which the shopping centres and retail parks are located is used.
- Identification of the amount consumed and the impacts of its use on the natural environment.

Through the use of our **own network of meters**, integrated in the automated data gathering platform, we have been able to carry out an exhaustive analysis of consumption broken down by use: HVAC, irrigation, sanitary/cleaning, and other uses (fire prevention, refurbishment, leaks).

Furthermore, thanks to the periodic chemical analysis of the effluents produced, we have been able to model⁽¹⁾ the environmental impact of water use at our facilities in terms of: acidification, ecotoxicity, eutrophication and deprivation of the flow of the basins in which our assets are located.

The most significant **conclusions** of the analysis are:

- The impact of water discharge from our disposal networks is very low in relation to industrial uses and it is even very low compared to residential use.
- Water contamination is completely under control, as the entire volume of effluent water passes into the public mains for treatment.
- The greatest environmental impact comes from water deprivation in river basins with water stress problems due to the evaporation inherent in HVAC and irrigation uses, and this is where we can make an impact.

The calculation of the Water Footprint was the prelude to drawing up **Action Plans related to water consumption**, on which our technical services are already working, and in which specific objectives and goals will be established, contextualised according to the hydrological situation and the requirements of public policies and restrictions imposed by the Autonomous Region in which the asset is located.

(1) The impact has been modelled with the latest available versions of the [openLCA 2.0.0](#) software (version released in May 2023) and the [ecoinvent 3.9.1](#) database (version released in December 2022).

We have seen that we have the water effluents discharged into urban infrastructures under control. Therefore, the main content of the Action Plans should focus on controlling and minimising the impact of water deprivation in the basins in which our assets are located by reducing the evaporation of water used for irrigation, cleaning and HVAC through the following basic measures:

- Reduction and rationalisation of irrigation, for which we plan to carry out audits of water use in irrigation in the assets that require it. In addition, we will study the replacement or refurbishment of cooling towers.
- Procurement of water from sources other than the public mains: storing and reusing rainwater or treating own wastewater, which can be used for irrigation, cleaning or HVAC once treated.

All these measures require studies by our engineering teams who have to assess the feasibility and cost of the infrastructure needed to achieve these objectives.

As we have pointed out, in 2023 in Spain, there was a significant rainfall deficit. In the Iberian Peninsula as a whole, rainfall for the year was 84% of the expected amount. As a result, the trend in recent years of irregular rainfall distribution was accentuated, leading to a drought that particularly affected the Mediterranean region and caused a hydrological emergency in Catalonia in 2024, paving the way for a scenario of water consumption restrictions with a potentially significant impact on the operating conditions of shopping centres.

Water intensity 2022

3.17

Litres/visitor

Water intensity 2023

3.14

Litres/visitor

Aspects such as HVAC equipment that uses cooling towers, irrigation of landscaped areas or cleaning operations in loading bays and car parks could be compromised.

Against this backdrop, in 2023 our engineering and management teams managed to achieve savings in the precious resource of water. Especially in the most significant indicator, that correlated to footfall, which shows a **decrease of -1.0% in the litres/visitor consumption intensity metric**, standing at **3.14 litres/visitor** in 2023, down from 3.17 litres/visitor in 2022.

Meanwhile, like-for-like supply metrics are up +2.7% compared to 2022. However, excluding the water re-invoiced to tenants, we see that the increase in water consumption actually used in common areas and shared spaces is +4.7%.

In any case, it is important to point out that water consumption has very different patterns, both by climate area and by type of use, as can be seen in section 2.3.3.7.- Analysis of results.

See detailed EPRA-WATER indicators in [See Annex 5.3 Environmental results \(sBPR\)](#)

2.3.3.6 Circular economy and waste management

The **Waste Management Plan** was implemented in January 2021 and is aimed at increasing data control and monitoring, preventing pollution and making a more sustainable use of resources, and promoting the Circular Economy, in line with the principles of reducing, recycling and reusing waste.

The aim is to consolidate waste management to:

- Achieve greater control over the whole process.
- Develop improvement projects.
- Increase traceability of all unitary waste.

In 2023, we made progress in the identification and treatment process following the waste classification methodology of the European Waste Catalogue (EWC) and its transposition to the LER Code, having standardised the handling of information and internal reporting.

We have also continued the **procedure for identifying points of generation and types of waste**, collection points in each shopping centre or retail park, and the disposal or treatment routes.

As discussed in section [2.3.3.1.- Methodology, on operational boundaries](#), in the case of co-owned assets, the co-owners do not always provide complete information (especially in the area of waste and its treatment).



The increased accuracy in the process of acquiring and analysing data on waste generation and treatment has allowed us to estimate the potential trends of two co-owned shopping centres (Txingudi and Las Huertas) for which we only have access to very incomplete information.

Based on the trends of shopping centres of a similar type which we fully own and control, and taking into account footfall patterns, we have been able to estimate the generation and potential treatment of waste from these two shopping centres.

The amount in weight of waste calculated using estimates was consolidated in 2023, the **estimated data** representing **8.30%** of the waste generated in the total portfolio in absolute terms. We trust that the trend towards transparency pushing companies forward in the retail sector will soon allow us to replace the estimates with direct and verifiable information, which is essential for the circular economy to take off.

In 2023, the amount of waste that we delivered for treatment through processes of: reuse, recycling, composting or energy recovery, grew by **+17.77%** compared to 2022 in like-for-like terms, and analysing comparable data we see that the proportion of waste taken to landfills fell **(-11.60%)** compared to 2022.

With regard to the volume of waste generated, we achieved a treatment rate of **46.51%** in 2023, improving on the **39.49%** of 2022 in like-for-like terms.

See detailed EPRA-WASTE indicators in [Annex 5.3 Environmental results \(sBPR\)](#)

These percentages are due to the fact that most of the solid urban waste (SUW) is still entrusted to municipal management which, in general, does not provide reliable data on its activity and, with some exceptions, is considered waste taken to landfills due to the lack of verifiable information on its treatment.

On the other hand, both recyclable inorganic waste: paper, cardboard, glass or plastic, and waste designated as hazardous, are in the hands of authorised professional waste managers who are obliged to document the traceability of the waste treatment.

The current composition, broken down by type, of waste generated in our assets, has a pattern that can be expressed in the following table:

Type of waste		SUW (t)	Plastic (t)	Paper and cardboard (t)	Other (t)	Glass (t)	Metal (t)	E-Waste (t)	Total (t)
Total (Abs)	2022	9,330	498	1,501	567	169	12	4	12,080
	2023	8,005	795	1,700	583	140	5	3	11,282
(Abs) Var 2023 vs 2022 (%)		-14.21%	59.64%	16.72%	2.78%	-17.23%	-53.05%	-25.84%	-6.60%
Total (Lfl)	2022	9,084	446	1,386	560	81	11	4	11,572
	2023	7,865	765	1,679	582	83	5	3	10,983
(Lfl) Var 2023 vs 2022 (%)		-13.42%	71.70%	21.12%	4.00%	2.21%	-51.37%	-25.78%	-5.09%

In which we can see a relative downward trend in solid urban waste (SUW) and a flat trend in other waste, compared to the growth in packaging waste (plastics and paper and cardboard) and a notable decrease in the collection of waste with high reuse and recycling value (metal and electrical and electronic waste), which we intend to improve upon.

To this end, we are working on the waste management unification project that will allow us to make significant advances in the control and traceability of waste treatment and transport, which will be key to integrating the retail sector's activity in its progress towards the circular economy and in the face of reporting requirements.

Other initiatives

We provide **ecozones** in a number of our centres, including at the entrances to the car parks of the Portal de La Marina and Gran Vía de Vigo centres, and in a rest and green coworking area in the As Termas centre.

In these assets, specific containers are made available to the public for various types of waste (used oil, batteries, printer cartridges and

toners, lights and small lamps, clothes, packaging, fluorescent tubes, among others).

These facilities involve creating spaces to make it easier for our users to increase waste recycling, to promote the circular economy, and to make it easier for waste management companies to increase the amount of resources recovered.



Portal de la Marina



As Termas



Gran Vía de Vigo

2.3.3.7 Analysis of results

Analysis by climate zone

Details of our analysis of energy and water consumption and emissions by climate zone, using Köppen-Geiger’s classification of the Iberian

Peninsula published by Spain’s State Meteorological Agency, are provided below.



Cfb temperate climate

Temperate oceanic climate

Gran Vía de Vigo

Vigo (Galicia)

Megapark

Biscay (Basque Country)

Txingudi

Irún (Basque Country)

Csb temperate climate

Dry, mild summer

As Termas

Lugo (Galicia)

El Rosal

Ponferrada (Castilla and León)

Las Huertas

Palencia (Castilla and León)

Csa temperate climate

Hot-summer Mediterranean climate

Ànec Blau

Castelldefels (Catalonia)

VidaNova Parc

Sagunto (Valencian Community)

Lagoh

Sevilla (Andalusia)

Bsk dry climate

Cold semi-arid climate

Parque Abadía

Toledo (Castilla-La Mancha)

Albacenter

Albacete (Castilla-La Mancha)

Portal de la Marina

Ondara (Valencian Community)



Assets located in the **Cfb climatic zone (Atlantic climate)** did not experience a significant impact in the year 2023 compared to 2022, resulting in a year-on-year decrease in heating fuel consumption in common areas of -2.9% in Like for Like terms. Additionally, we have seen a decrease in electricity consumption (mainly due to reduced cooling) of -13.6% in Like for Like terms. Regarding energy intensity, both per surface area and per visitor, the 2023 results have been very favorable compared to 2022: 30.0 kWh/m² (-12.8% vs 2022) and 0.31 kWh/visitor (-15.7% vs 2022), all in Like for Like terms.

The peninsular rainfall deficit has not affected Cfb Atlantic climates as much in 2023 as it did in 2022, hence decreases of -3.1% in water consumption used in common areas have been recorded, especially in the fraction intended for irrigation. In terms of consumption intensity, in Like for Like terms, it has decreased from 2.07 l/visitor in 2022 to 1.90 l/visitor in 2023, representing a year-on-year decrease of -8.5%, demonstrating the efficiency of the assets.



In the **Csb climatic zone (Northern Plateau)**, the values of average temperatures and precipitation have been very similar to 2021 and with a winter not as warm as 2022. Only a slight decrease in electricity consumption (-5.1%) and a moderate increase of +5.4% in heating fuel for common areas are recorded.

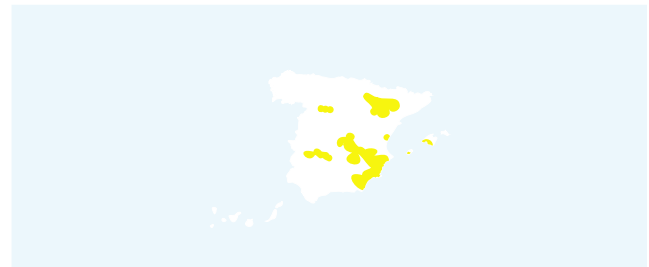
In this climatic zone, three assets are located, which, together, have had significant increases in attendance, positively affecting the energy intensity values per visitor, which have decreased by -10.2% compared to 2022, while the static value (kWh/m²) has barely decreased by -3.5%. The consumption of water in common areas shows a year-on-year increase of +12.2%, which is offset by an increase in attendance, explaining the decrease in water usage intensity per visitor (-1.8%) between 2022 and 2023, all in Like for Like terms..



In the **Csa climatic zone**, internal operational measures and the temperature setpoint limitations enforced since the entry into force of RDL 14/2022 have contained the consumption of electrical energy in heating and lighting until achieving a modest increase (+1.2%) compared to 2022. However, the increase in gas consumption for heating could not be limited as much, returning to 2021 levels, representing a +10.2% increase in fuel usage compared to 2022. All this has resulted in a very slight increase in energy intensity per square meter compared to 2022 (+1.2%). However, the energy usage intensity indicator per visitor has decreased from 0.44 kWh/visitor in 2022 to 0.43 kWh/visitor in 2023, representing a decrease of -2.8%, all in Like for Like terms.

Regarding water usage, the Mediterranean area has been the most affected by drought, and our technical services have managed to contain consumption in assets located in Catalonia (Ànecblau) and the Valencian Community (Vidanova Parc) with significant decreases compared to 2022 in water consumption per visitor (-17.1% in Ànecblau in Castelldefels and -16.6% in Vidanova Parc in Sagunto). It has been in the Guadalquivir Valley where extreme temperatures have been recorded, and it has been necessary to incur a significant increase in water consumption (+14.6% in Lagoh in Seville), especially for use in heating, to maintain operational conditions in a situation where thermal anomalies reached over +3°C and with monthly average temperatures in August of 30°C, exceeding even the records of 2022.

Despite these very adverse conditions, water consumption per visitor in the Csa climate area experienced a very slight year-on-year increase of +1.4%, from 4.10 litres/visitor in 2022 to 4.16 litres/visitor in 2023. The hike in like-for-like water use in common areas was +15.2%.



With regards to the assets located in the **Bsk climate area**, the southern mainland plateau, which has a characteristically arid-cold climate and, as in 2022, is subject to very adverse weather conditions, electricity consumption in common areas remained stable and edged up slightly compared to 2022 (+0.2%). Following the same trend as the other climate areas, fuel consumption grew slightly (+7.4%); however, this did not lead to significant spikes in the static energy intensity per sqm indicators (+0.5%) or in the dynamic energy intensity per visitor indicators (+0.4%) compared to 2022.

Water consumption in communal areas was down considerably compared to 2022 (-4.0%). The growth in footfall in this climate area has not been as strong as in other areas, only +0.17% year-on-year in like-for-like terms, which has led to water use per visitor climbing +1.1% on the previous year

See the EPRA-Environmental performance indicators by climate area in like-for-like (LfL) terms in [Annex 5.3 Environmental results \(sBPR\)](#)

Analysis by typology

Our assets comprise two different types of real estate assets: **shopping centres and retail parks**.

In the retail parks, we do not manage the consumption of the different units, which have their own electricity, gas and water connections, limiting ourselves only to the common and shared areas. Nor do we manage the tenants' waste, as they usually have their own collection bays.

Conversely, in the traditional shopping centres, we control the consumption within the common and shared areas and, unlike in the retail parks, in some cases we offer a thermal energy supply to tenants for their HVAC equipment, which is subsequently re-invoiced. In terms of waste treatment, waste is managed jointly for the whole building.

See the EPRA-Environmental performance indicators by climate area in like-for-like (LfL) terms in [Annex 5.3 Environmental results \(sBPR\)](#).



Thanks to the data gathering platform that has been designed especially for our assets, we have measurement equipment throughout the portfolio, which allows us to monitor and disaggregate water and electricity consumption, offering a very specific overview of the consumption patterns of the two types of indicators we analyse.

Thus, by knowing the different resource uses, we have the data that enables us to analyse, in a more specific and precise way, the actions or measures to be implemented and the associated returns.



Water

We have observed that **water intensity** per visitor is significantly lower in the retail parks (1.11l/pers) than in the shopping centres (4.44l/pers), in like-for-like terms⁽¹⁾.

Water usage in HVAC systems is much greater in shopping centres than in retail parks, where the common areas floor sqm is much smaller and hardly any water is consumed in HVAC units.

Furthermore, almost half of the water consumed by the shopping centres is dedicated to sanitation and cleaning, with this factor being highly sensitive to increases in footfall, whereas in the retail parks, where visitors remain in the tenants' units, this factor is less decisive and does not exceed 30%.

In 2023, due to exceptional circumstances, consumption owing to the fire protection systems had a significant weighting in water consumption at the retail parks.

At our Toledo asset (Parque Abadía) in the summer of 2023, the hydrants at our facility had to be used exceptionally by the local fire-fighting services to control a fire that broke in the vicinity of the retail park.

Although this had a negative impact on our performance for the year, it highlights the **Company's contribution to providing the communities with facilities and its collaboration with those in its surroundings.**

Energy

HVAC systems play a decisive role in the **electricity consumption** of the traditional shopping centres, which allocate more than half of their consumption for this purpose. It should be noted that the average for this type of centre is between 60% and 70%, so the result obtained by our assets of approximately 50% demonstrates the effectiveness of the internal operational measures adopted by our teams.

Most of the consumption at the retail parks is due to lighting and the power used in the movement of engines (pumps and lifting equipment (lifts and escalators), so measures to control the lighting and ensure the machinery is efficient is key.

The contribution of **fuels** to the breakdown of energy by use shows its limited relevance to an extensively electrified portfolio. Fossil based energy, which is used almost exclusively for heating, accounts for 6.7% of the portfolio's energy consumption and is on a downward trend, due to the increase in average temperatures and to the process of electrification and decarbonisation of our activity.

Therefore, the analysis reveals, with respect to Lar España's assets, that in 2023 energy consumption intensity (fuels + electricity) per sqm at the retail parks (19.4 kWh/sqm) was approximately two fifths less than at the shopping centres (47.2 kWh/sqm). That proportionality drops even further, to one sixth measured in terms of energy consumption per visitor: 0.09 kWh/visitor at the retail parks, compared to 0.52 kWh/visitor at the shopping centres.

(1) These data do not include the assets of Rivas and Vistahermosa.

2.3.3.7.3 Corporate office

In 2023, we **continued to lease space for our head office** in an office building that is not part of our portfolio, sharing our office with the employees of our holding company Grupo Lar and other group companies. Consequently, our environmental policies can only be applied to a limited extent to this building.

When analysing the data, it is worth noting that there is no stationary direct combustion equipment dedicated to heating the building and, therefore, **there are no Scope 1 emissions**. Both the energy consumption of our four employees and the Scope 2 emissions that can be attributed to them due to annual electricity consumption account for 0.0084% of the Company's total emissions. Additionally, the water consumption of the four employees is approximately 0.0072% of the organisation's total water consumption.

We report data on energy consumption, emissions, water and waste, but these are excluded from the calculation of the Company's environmental performance, given the irrelevance of the amounts.

It is worth noting that in 2023 a practical exercise was carried out in our offices to weigh and calculate the density of waste produced by type of waste, recording the results in the following categories: organic, paper and cardboard, and plastic. The results were considerably lower than those estimated by the Spanish National Statistics Office, which are based on household waste. Therefore, it must be borne in mind that the significant difference between the 2023 and 2022 figures results from the distortion produced by the change in methodology used to calculate the data.

See EPRA-Environmental performance indicators of the Corporate Office in [Annex 5.3 Environmental results \(SBPR\)](#).



2.3.4 Urban biodiversity

Although our portfolio is not located in any area of special environmental or ecological protection included under the protected natural areas of the Spanish Ministry for Ecological Transition and the Demographic Challenge⁽¹⁾, we are aware of the impact our activity has on our immediate surroundings. Therefore, every year we continue to gain an understanding of the fauna and flora located in our surroundings to be able to advance in our integration with them. Promoting urban biodiversity in the population centres in which we operate is one of our drivers of change for the environmental wellbeing of our communities.

In 2023, 58% of our assets included ecological reports as part of their processes for the BREEAM rating. These included Lagoh's new ecological report complementary to its "In Use" rating. This study included 35.9% of the total landscaped area of the site, with a variety of native Mediterranean species in 70% of that area, including species such as *Olea europaea*, *Cistus purpureus*, *Myrtus communis*, *Pistacia lentiscus* and *Cupressus sempervirens*.

We promote the conservation of the urban environment in which our assets are located and **promote their biodiversity.**

The report also concludes that there is no vegetation included in the Spanish Catalogue of Invasive Alien Species.

Other supplementary actions carried out in the portfolio included:

- In As Termas, the placement of ten bird's nests located in its outdoor car park.
- In El Rosal, the planting of native *Rosmarinus* and *Lavandula* flora as part of the centre's landscaping. This flower bed is located strategically to attract lepidoptera. A continuous check for invasive vegetation is also carried out, and no specimens such as *Ailanthus altissima* have been detected.
- In Portal de la Marina, the lawn in the outdoor garden areas has been replaced with native plants that demand less water, such as *Rosmarinus*, *Nerium* and *Agapanthus*.



(1) For further information: www.miteco.gob.es/es/cartografia-y-sig/ide/descargas/biodiversidad/enp.html

Success stories


Lagoh: biophilic architecture in the city.

The Lagoh shopping centre, located in the city of Seville, is the best example of Lar España's desire to integrate into the urban and interior spaces of the communities where it operates.

That is why, from its design and subsequent development in 2019, all the values that represent our [Sustainability/ESG Policy](#) were incorporated, especially that of respect for the environment and the elements that compose it.

In 2023, Lagoh was supported for another year by the **research institute of the University of Seville (FIUS)**, which, since its creation, has provided academic and scientific advice on the attractiveness of the centre's biophilic environment through analysis of its performance and characteristics.

In addition to its high landscaping potential, Lagoh has a number of vegetation spaces inside the centre in its rest areas and children's play areas to extend contact with nature and as a reminder of the natural elements.



Biophilic urbanism in 10,904 sqm of vegetation cover, together with 19,443 sqm of outdoor spaces, of which 6,644 sqm comprises its unique lake.

Caring for our own aquatic ecosystem

Every week samples are taken from the lake and a series of basic parameters are analysed to determine its quality. The results are used for the annual, comprehensive study, in which the set of parameters analysed is also broadened to ensure that the lake is healthy. In 2023, the centre's lake continued to have optimal biological safety and good health.

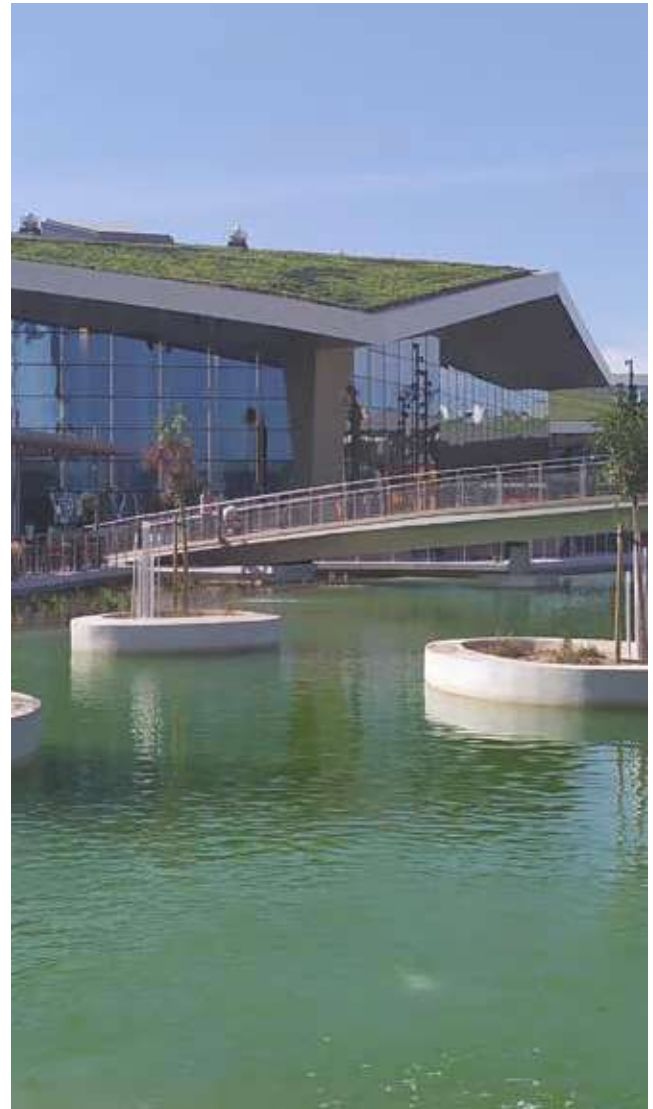
As part of the conservation of the lake, surface cleaning is also carried out on a daily basis, thanks to an electric motorboat that facilitates this work, as well as using trapping nets to contain and clean floating microalgae.

Leisure experience connected to environmental wellbeing

With good air quality, noise and electromagnetic radiation indicators both inside and outside the centre, Lagoh's environmental quality continues to provide a healthier urban space compared to its neighbouring areas.

- In terms of the microclimate relative to a city as hot as Seville, its vegetation results in a greater reduction of the temperature with respect to options such as the use of pergolas or awnings.
- It creates a space designed for walking and other physical activities outside the premises, as the surrounding woodland poses less risk compared to a prolonged time practicing sport in the sun.

As for its fauna, the centre's nesting boxes for birds and bats promote awareness-raising and environmental education initiatives with informative posters on their ecological value.



Furthermore, the greater contact with green spaces that Lagoh represents for the city of Seville is not only a comforting space, but also a great contribution to the city model that Lagoh aspires to follow as a benchmark city to be more environmentally, socially and economically sustainable.



Lagoh creates a healthy and relaxing space that is of great value for raising awareness on the environment, as well as being a leisure and consumption offering for users.

The Megapark urban garden: rest area and children's play area

Since 2022, our Megapark retail park has had an urban allotment as part of its new outdoor space called Lyfe Stylers. The garden stands out for its aromatic herbs and seasonal fruit and vegetables.

This space also provides an opportunity for environmental education workshops to learn about and enjoy the urban ecosystem.

An example of this is the event held to commemorate the latest World Soil Day ([See Annex 5.5. List of social initiatives](#)). This initiative has also promoted the relationship with tenants such as Leroy Merlin which provided its own products.



In the Megapark retail park, an **urban allotment** has been set up with the aim of providing a practical space with numerous uses for the community, thus **promoting the natural environment.**
