

## 4.1 Stakeholder Engagement

Lar España continues to work in the line of being an open company from which to promote **active dialogue** with the broad spectrum of **stakeholders** with which it relates due to its activity. The sector in which Lar España operates integrates some of the most relevant issues facing today's society as a whole: urbanization, the availability of housing solutions, the design of sustainable cities, the response to demographic changes and the scarcity of resources.

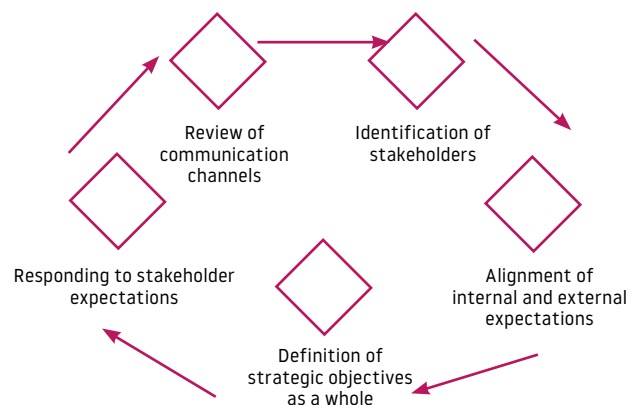
In this way, Lar España interacts with **economic, social and environmental stakeholders** and, based on listening to their expectations and channelling the information that satisfies their demands, has developed the relational model with them.



Lar España strives to build **stable and longlasting relationships with its stakeholders**, to which end it attempts to engage in smooth and constant dialogue with them

The necessary evolution for all companies today is to move from **mitigating risks** that affect them to identifying underlying opportunities that combine corporate objectives and external expectations, something that is only possible through the implementation of a **system of fluid dialogue with stakeholders**. In addition to this advantage, the establishment of this system adapts the reputational risk management tools, creates value by itself and, therefore, helps companies to design and achieve, together with their groups, the strategic objectives in which they are all involved.

For this reason, Lar has proposed to tackle this task by drawing up a **stakeholder management model** which is divided into the following phases:

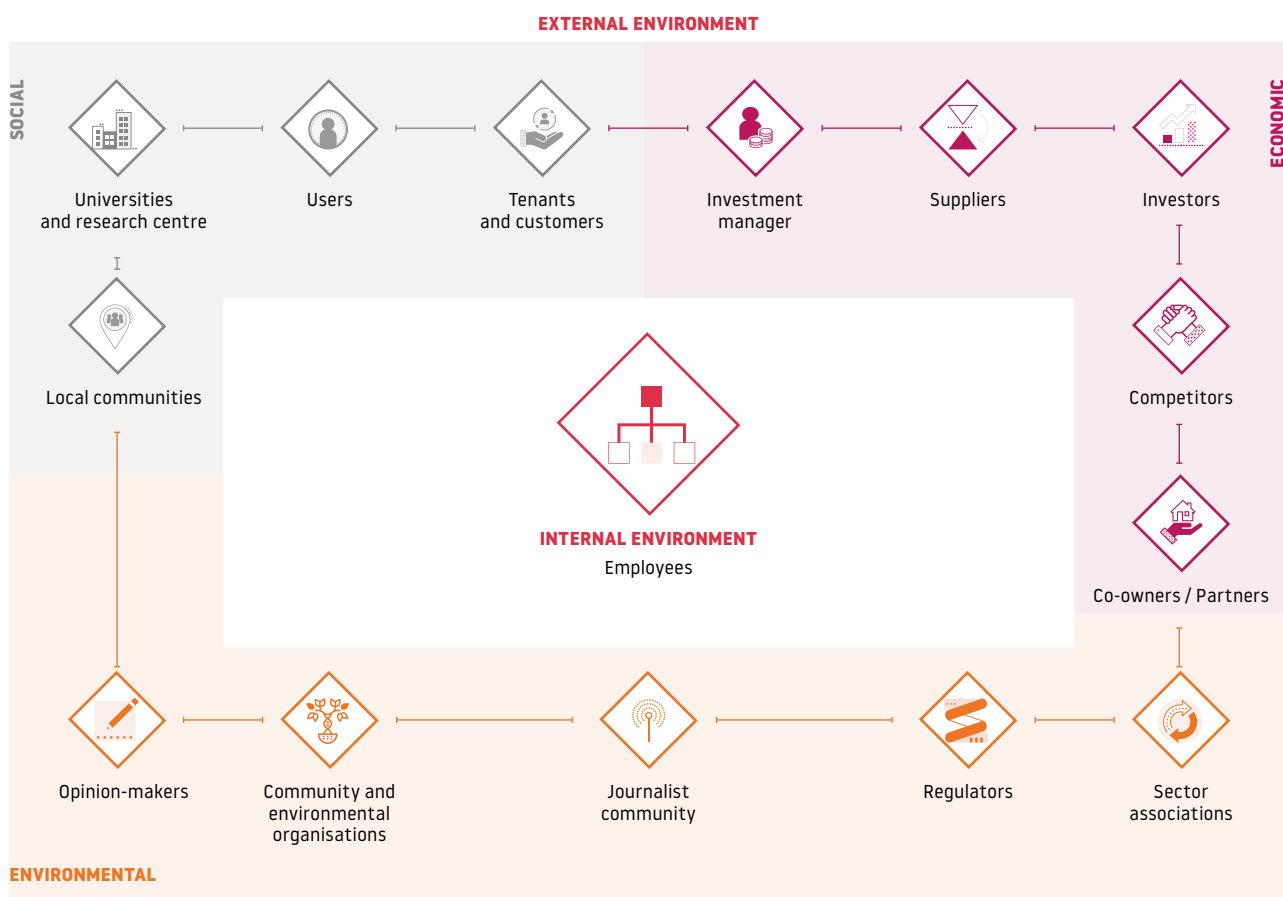


As a result, at year-end you will have a revised **system of communication with your stakeholders** that will revolve around the conclusions of a new expectations analysis and will result in the design of new communication channels for each one. In addition, the analysis of specific action plans associated with each stakeholder group will be accompanied, including the objectives and scope of the commitment to each one, the responsibilities of the team in charge, the communication channels and the information attributed to each group.

## Material aspects for the company's stakeholders

With the aim of better adapting its sustainability strategy to its stakeholders' expectations, Lar España carried out a **specific analysis of the environmental needs for each group's concerns**. Based on four dimensions, Good Governance, Product, Environment

(including its environmental and social scope) and Employment, all according to the identification and classification of its internal perspective (employees) and external perspective (stakeholders, two dimensions were differentiated: external).



Below are the **expectations and needs** - both social and environmental - for each identified stakeholder group:

#### EXTERNAL ENVIRONMENT "ECONOMIC"

##### Investment Manager

- Corporate governance and transparency
- Ethics and compliance
- Risk management

##### Suppliers

- Transparent business relations
- Risk management

##### Investors (includes shareholders, banks and research analysts)

- Corporate governance and transparency
- Ethics and compliance
- Anti-corruption and anti-money laundering
- Risk management
- Investment in CSR
- Responsible investment

##### Competitors

- Corporate governance and transparency
- Building certification
- Accessibility and connectivity
- Relationship with the local community and job creation
- Employment: talent retention and training

##### Co-owners and partners

- Transparent business relations
- Risk management
- Relationship with the local community and job creation
- Investment in CSR





**EXTERNAL ENVIRONMENT “ENVIRONMENTAL”**

**Opinion-makers**

- Corporate governance and transparency
- Anti-corruption and anti-money laundering
- Impact management
- Investment in CSR
- Responsible investment

**Community and environmental organisations**

- Cooperation with other entities and firms for the promotion of knowledge sharing
- Building certification

**Journalist community**

- Relationship with the local community and job creation
- Sustainability permeating products, slogans and campaigns
- Transparent business relations

**Regulators**

- Standardised CSR reporting
- Corporate governance and transparency
- Ethics and integrity
- Impact management
- Relations with tenants and communities
- Accessibility and connectivity
- Urban longevity
- Property refurbishment and conservation

**Sector associations**

- Standardised CSR reporting
- Cooperation with other firms for the promotion of knowledge sharing



## EXTERNAL ENVIRONMENT “SOCIAL”

### Universities and research centres

- Standardised CSR reporting
- Cooperation with other firms for the promotion of knowledge sharing

### Local communities

- Impact management
- Two-way communication channels
- Relationship with the local community and job creation
- Creating shared value

### Users

- Connectivity and accessibility
- Management of eco-efficient buildings
- Safe and healthy environment
- Modern and well-designed facilities
- New experiences and services

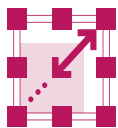
### Tenants and customers

- Transparent business relations
- Safe and healthy environment
- Connectivity and accessibility
- Management of eco-efficient buildings
- Modern and well-designed facilities
- New experiences and services: technological innovation

## INTERNAL ENVIRONMENT

### Employees

- Talent retention and training
- Equal opportunities and non-discrimination
- Safe and healthy environment
- Work-life balance
- Transparent remuneration policy
- Ethics, integrity and compliance: Ethical and responsible company



In 2018, Lar España purchased over €160m of products and services from its suppliers, **so generating wealth in its business communities**

## Investors

The **relationship with all shareholders is in the common interest**. Lar España fosters an organisation-wide culture of informed and two-way participation with the aim of creating close ties with all of its stakeholders.

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

The communication channels in place are designed to ensure that shareholders have access to all the information they need to make informed decisions, to which end Lar España publishes an **Investor Agenda** and updates on its performance on its website.

## Suppliers

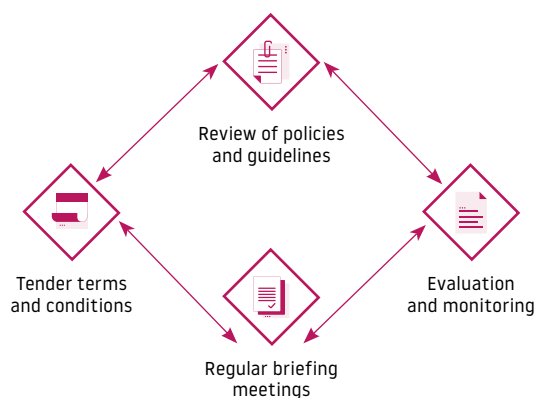
Lar España works continuously on enhancing its relations with **suppliers**, a group of stakeholders of vital importance for the business. As a result, Lar España and its Management Company apply stringent controls so as to only collaborate with suppliers of renowned solvency, making sure that they have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

## Economic impact

Lar España has strong ties with its business communities. The fact that **the large majority of its 643 suppliers** are local firms reflects this bond. Lar España does business all over Spain, so that it generates economic wealth nationwide. In 2018, Lar España paid its suppliers over €160 million.

## Supplier certification mechanisms

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

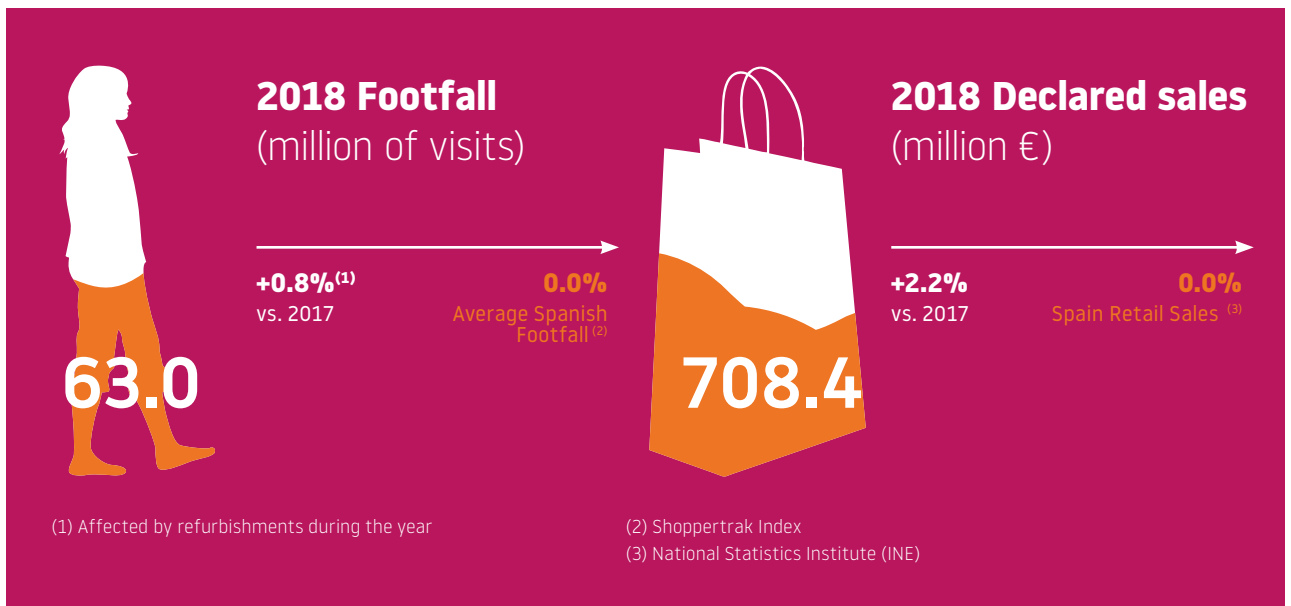
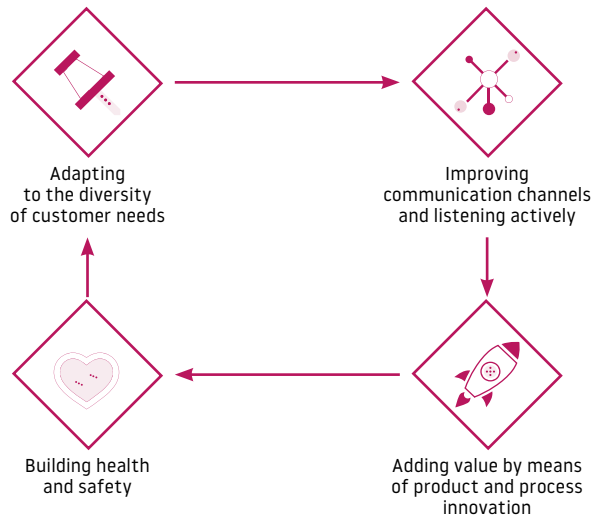


**Customers**

Lar España wants to establish itself as one of the most active REITs in Europe and a benchmark in the Spanish real estate sector. To do so, its customers and end users are essential stakeholders with whom it must engage in continuous dialogue.

**With the aim of providing higher quality products and services, the company attempts to anticipate its customers' needs and demands, while ensuring the health and safety of those that visit its centres.** As a result, it pays special attention to compliance with basic health and safety regulations by duly coordinating its business activities, providing information about safety risks at work centres and correctly distributing the emergency evacuation protocols.

Lar España's philosophy for **maximising customer satisfaction**:



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

- An incident **reporting protocol** with the asset managers in the form of a dedicated e-mail inbox ('Incidencias LAR Project').
- **Customer satisfaction surveys** at office buildings.
- **Mobile app** for the shopping centres featuring relevant content such as promotions of interest, news, etc.
- **Direct dialogue** between the asset manager assigned to each property and its tenants.
- **Customer service/care audits** which Lar España uses as part of its commitment to providing an **excellent customer experience**.



The **active listeners and two-way dialogue** process with clients is vital for developing the business

## Society

Lar España's business activities directly generate economic and social benefits for multiple players, including thousands of direct and indirect jobs. Its activities have a considerable impact on the economy and employment in Spain in general and in the communities in which its properties are located in particular. Specifically, in 2018, Lar España's portfolio is estimated to have **generated over 15,000 direct jobs** regarding the project under construction, Lagoh, the creation of 4,800 additional jobs are expected 1,500 of which are direct jobs, 1,800 are indirect jobs and 1,500 are construction-related jobs.

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

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

- They create new business opportunities
- They transform the social climate
- They encourage citizen participation
- They promote health and wellbeing
- They foster inclusion
- They strengthen society's values