



Pathway to

Net Zero Carbon

April 2022

Making an impact

Following the 2.0 °C pledge made at the COP21 Convention on Climate Change in Paris, **we announce our commitment to become a net zero carbon business by 2030**, aligned with science-based targets (SBTi) and fully committed with the SDG goals set by the UN

It is an ambitious strategy with clear actions to support the world to **limit global warming to 1.5 °C**. We have set **highly challenging targets** focused on reducing the embodied and operational emissions across our portfolio

Our targets build on the strong progress we have made since inception. During this time, **we have significantly reduced landlord carbon intensity across our portfolio** from a 2018 baseline

► Sustainable assets

MERLIN designs

and operate assets that have a lasting positive impact in our users and in our planet

► Well being of people

MERLIN cares

about the well being of our users and tenants by improving the quality of our portfolio and encouraging sustainable ways of moving

► Reshaping cities

MERLIN rethinks

the way cities are shaped, focusing on preserving limited resources and creating new vibrant spaces in harmony with the environment



Principles

Goals

SDG

Actions undertaken



- ▶ Develop and operate **sustainable assets**
- ▶ Mitigate the **carbon footprint** of the whole value chain



Installation of energy **efficient** systems and equipments

Photovoltaic plan (Project Sun)

Launch of **Pathway to Net Zero**



- ▶ Enhance the end-user **experience**
- ▶ Create **quality spaces** for tenants
- ▶ Contribute towards a more **sustainable mobility**



Focusing on the **air quality, lighting and accessibility**



Creation of **Merlin HUB** for all business park users



Installation of **electric vehicle chargers** in all Offices and Shopping Centers



- ▶ **Reduce** resources consumption
- ▶ **Improve the cities** in which we operate
- ▶ Promote **cohesion and integration** through our assets



Asset management for **peak operational efficiency** (energy, materials and waste, water)

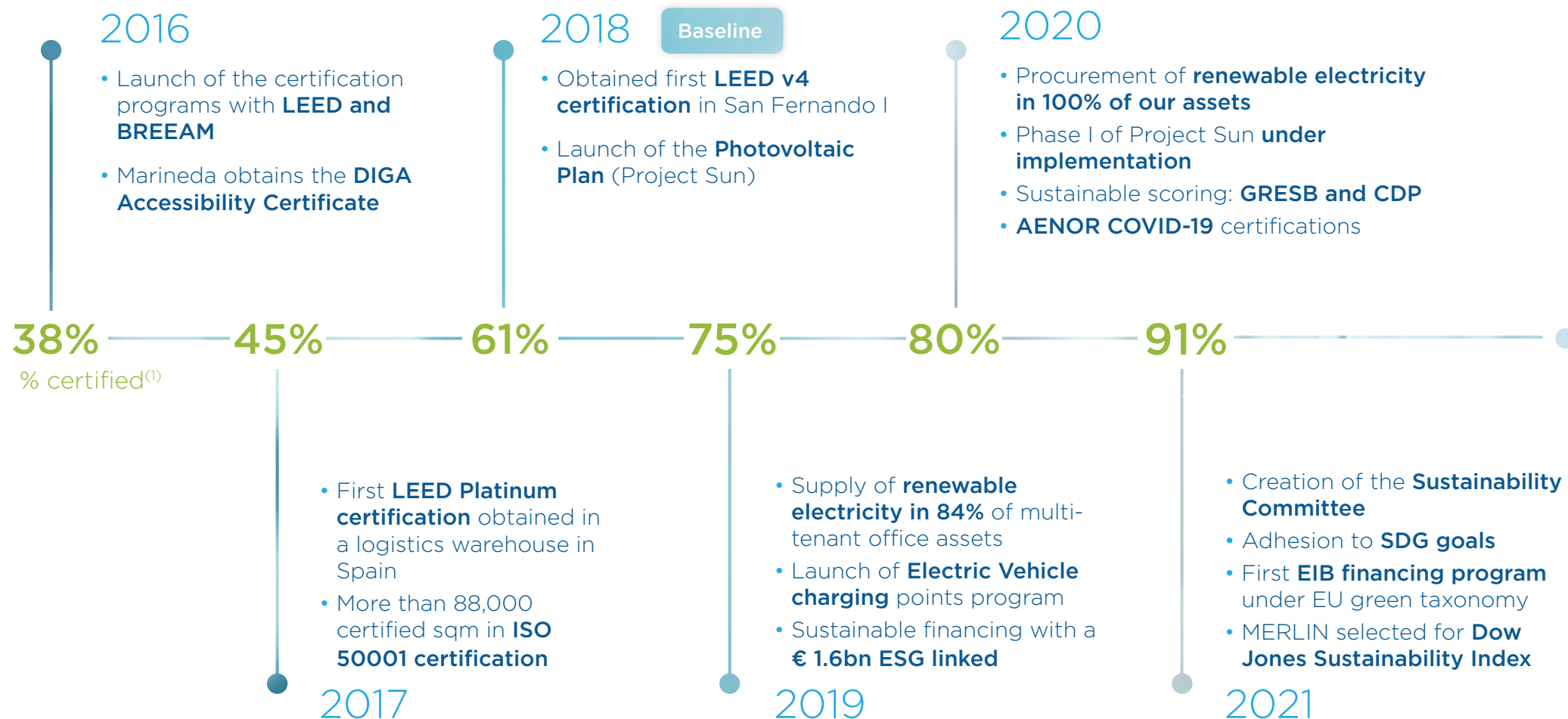


Launch of **Renazca** to revitalize, integrate and transform the area



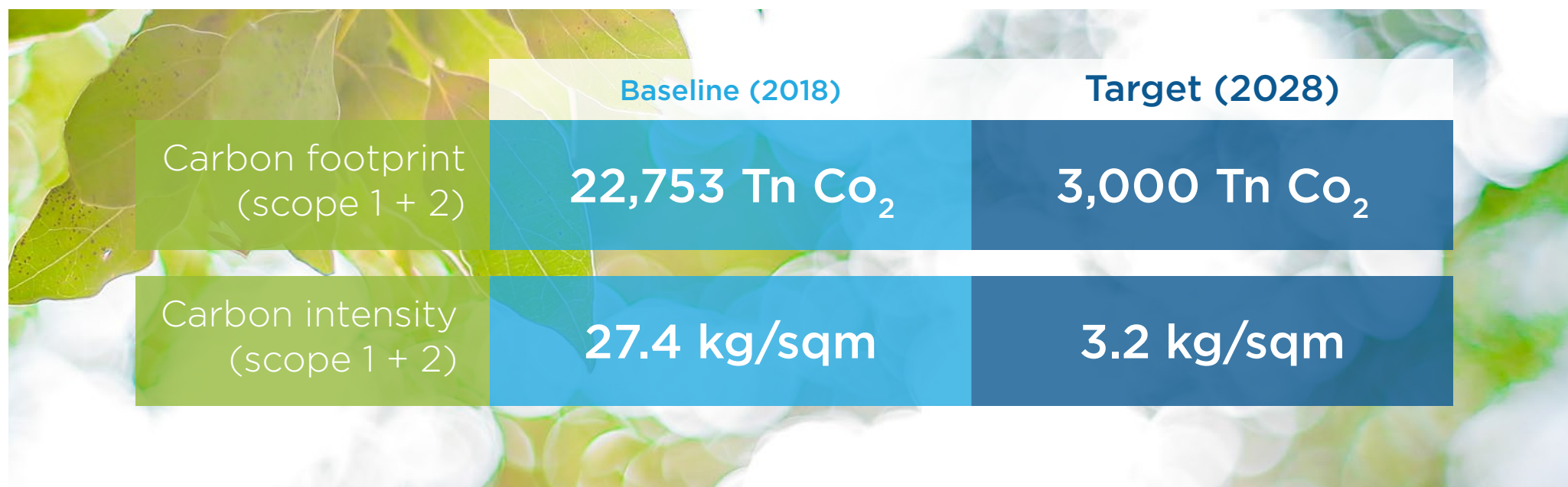
CSR plan to boost corporate contribution

Distinct track record on ESG since inception, which poises MERLIN to successfully implement our **pathway to net zero**



⁽¹⁾ % of GAV portfolio certified by LEED or BREEAM





Strategy



100%
renewable energy
procurement



On site **solar**
energy generation
(Project Sun)



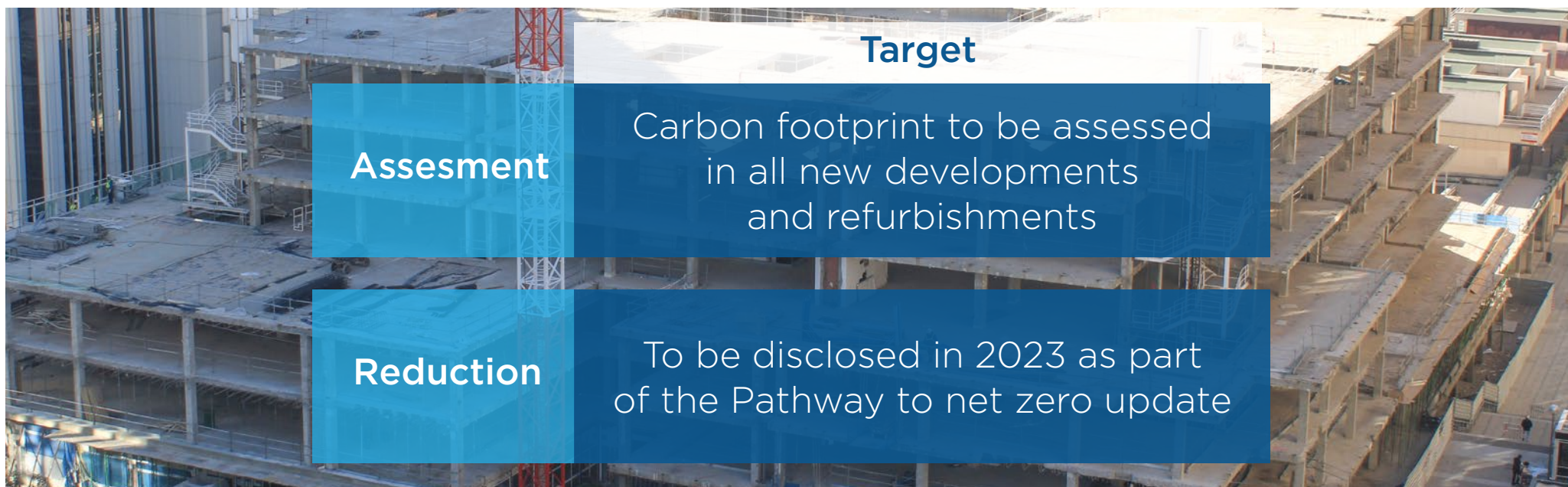
Renewal of
heating and
cooling
systems



Energy
efficiency
optimization
(LED, BMS)



Energy **saving**
measures
(MAES)



Strategy



Calculation of carbon footprint in **all new developments**



Bidding process for construction **incorporating sustainability scoring**, incentivizing **circular economy initiatives**



Use of **low carbon materials**

**MERLIN will
offset unavoidable
carbon emissions
with the following
strategy**

Own initiatives undertaken
and implemented by
MERLIN's sustainability team

Certified by
science-based experts

Focus on
nature-based
solutions

Positive impact on local
and/or underdeveloped
communities

Predominantly in
Spain and Portugal

Our pathway broadens its scope to **include targets covering tenant-controlled space** as well as **mobility emissions (scope 3)**



	Target
Report scope 3 estimate	2022
Engagement with top tenants to share real data	2022
Green clauses	100% new contracts or renewals

MERLIN will be the first company to reduce lease price (50 bps) if net zero operations are duly credited and certified by tenants

Project Sun Phase I

33 assets
across all asset categories

Total Investment
€ 30.4m

Capacity
installed
39.8 Mwp



Procurement

Baseline (2018)
0%

Target (2030)
100%⁽¹⁾



On site generation

Baseline (2018)
0%

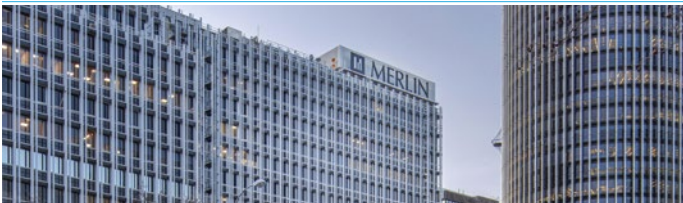


Target (2030)
100%⁽²⁾

⁽¹⁾ In assets where we have 100% operational control

⁽²⁾ In assets suitable for PV installations

Operational control

MERLIN has the **operational control on 85 assets**, which means that it has the ability to introduce and implement operating and/or environmental policies and measures

2020	#Assets	GLA total (sqm)	% Asset category GLA total
	61	1,034,129	77.8%
	10	478,762	39.2%
	14	428,299	80.9%
	85	1,941,191	63.0%

Like-for-Like portfolio

► Full year of operation to be like-for-like

► Net leases, data centers and new developments excluded

⁽¹⁾ The area where MERLIN has operational control within each asset

Our pathway
aims at being
validated by **SBTi**



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

External
verification of
**ESG annual
report**



Sustainability
goals in
compensation
plan (15%)



EPRA sBPR
compliance



EPRA
sBPR
GOLD

Disclosing
climate-related
risks as per TCFD
recommendations



Scorings

Real Estate



Climate change

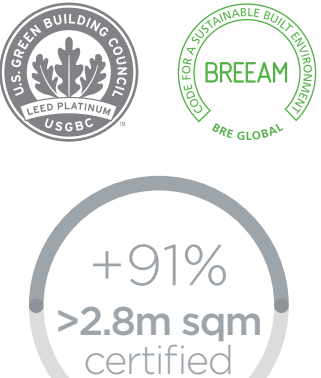


General



Certifications

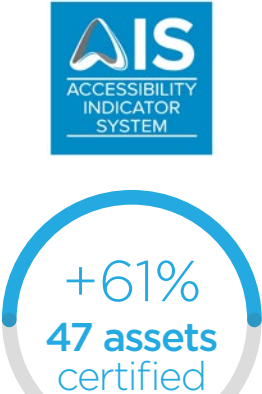
Sustainability



Quality



Accessibility





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