



# MERLIN

---

PROPERTIES

Sustainability Policy - MERLIN PROPERTIES, SOCIMI, S.A.

February 2022

## Contents of the policy

<b>1. Introduction</b> .....	<b>3</b>
<b>2. Scope of application</b> .....	<b>3</b>
<b>3. Sustainable governance structure</b> .....	<b>3</b>
<b>4. Sustainability principles</b> .....	<b>4</b>
<b>Active management of climate change</b> .....	<b>4</b>
<b>Maximizing user wellbeing</b> .....	<b>4</b>
<b>Generating positive impacts in cities</b> .....	<b>4</b>
<b>5. Targets</b> .....	<b>5</b>
<b>6. Guiding principles of MERLIN Properties</b> .....	<b>5</b>
Responsible governance and ethical behavior .....	<b>5</b>
<b>7. Validity, monitoring and update</b> .....	<b>5</b>

## 1. Introduction

Since inception, MERLIN Properties, SOCIMI, S.A. (hereinafter, “MERLIN Properties” or “MERLIN”) has integrated sustainability into its activities and its decision-making processes, conscious of its importance not only in terms of stakeholder relations but also of financial performance.

The company has taken firm steps forward, evidencing the practical implementation of its commitments and its growing maturity in the field of sustainability.

This progress has created a need for the company to review its initial commitments in order to continue actively promoting environmental, social and ethical matters.

In this context, the Board of Directors of MERLIN Properties has approved this Sustainability policy (the “Policy”).

This policy forms part of the Corporate Governance System of MERLIN Properties and its group of companies (the “Group”) and reflects the firm commitment by MERLIN Properties to ensuring the sustainability of its activities.

This policy stands alongside other corporate policies and systems of MERLIN, such as:

- The Environmental policy approved in the context of the management system implemented and certified according to the ISO 14001 standard.
- The other policies, codes and procedures forming part of the Corporate Governance System, which implement the principles governing the actions of the Group and the conduct of its professionals. Its content is inspired by and based on a commitment to best practices in corporate governance, business ethics and social responsibility in all areas of activity.
- The people management policies and procedures, which seek to attract, retain and further the talent of our personnel, offer competitive compensation packages, and guarantee employee health and wellbeing.

## 2. Scope of application

The MERLIN sustainability policy covers the activities pursued by the Group of acquiring, selling, developing, renovating and operating urban real estate for lease in Spain and Portugal.

This Policy applies to the employees, executives and directors of all Group companies, including investees over which the Group exercises effective control, within the limits set out in the applicable legislation. At investees over which the Group does not exercise effective control, MERLIN’s representatives, within the scope of their possibilities, shall propose principles and guidelines consistent with those established in this Policy.

This policy shall apply to all MERLIN collaborators to the extent their collaboration is necessary to achieve the objectives set out herein.

## 3. Sustainable governance structure

For MERLIN Properties, the success of this cross-cutting policy depends on establishing clear responsibilities throughout the entire organization, both in terms of supervision and implementation.

The body responsible for sustainability matters is the **Board of Directors**, as the supreme decision-making body of the Group. It has created the **Sustainability, Ethics and Innovation Committee**, as a permanent internal body, of an informative and advisory nature, without executive functions, with powers to advise, report and make proposals on sustainability matters.

The Sustainability, Ethics and Innovation Committee is tasked with promoting sustainable practices, overseeing market reporting on sustainability matters, advising the Board of Directors on the preparation, monitoring and follow-up of the sustainability strategy, and collaborating with the other Board committees in all matters falling within its remit.

In turn, the **management team** of MERLIN Properties is responsible for transferring and integrating the guidelines and commitments set out in this policy to the decision-making processes and day-to-day management of the company’s activities. The management team is also responsible for allocating resources at each asset in order to comply with the commitments entered into under this policy.

## 4. Sustainability principles

MERLIN Properties understands sustainability to be a way of leveraging value creation in the field in which the company operates, mainly through its assets. The principles governing MERLIN's sustainability roadmap are as follows:



### Active management of climate change

Due to the strategic nature of climate change for the company, MERLIN Properties is committed to proactive management of both climate change risks and its ability to contribute to the decarbonization of the economy, in light of the important role the sector has to play in achieving this goal. Active climate change management takes two forms at the company:

- **Reducing the organization's carbon footprint:** active climate change management of the negative impacts of the company is structured around three pillars: optimal energy consumption, by incorporating more efficient systems and equipment; maximizing the use of renewable energies; and monitoring and reducing the carbon footprint of its supply chain, and particularly of its tenants and contractors.
- **Identifying and managing climate change risks and opportunities,** from a strategic perspective, as well as the associated impacts on the company, so that they can be integrated into investment decisions and the business strategy, defining and implementing action plans to increase the resilience of its assets.



### Maximizing user wellbeing

MERLIN Properties treats the wellbeing and health of its tenants as a priority, placing particular importance on air quality, lighting and, above all, accessibility, going above and beyond legal requirements.

MERLIN sees the lease of its spaces as an opportunity to offer a value added, quality service, by optimizing the experience of tenants and users. The company puts this philosophy into practice fundamentally through the use of technology and digitalization; by creating communities between business park users and shopping mall tenants and offering flexibility to tenants and users across all of its portfolios.

User mobility is another cornerstone of this philosophy. As a starting point, the company gives priority to assets with good public transport links, particularly in its office portfolio. MERLIN makes its greatest sustainable mobility efforts in this portfolio, through initiatives such as the provision of shuttle services, promoting the use of car-sharing services, or encouraging the use of electric bicycles for travel between public transport hubs and offices.

Additionally, MERLIN promotes the installation of electric vehicle charging stations in its strategic asset portfolios (offices, logistics assets and shopping malls).

Lastly, MERLIN fosters active communication and collaboration with its tenants as the key to ensuring its assets meet their needs and serve them in the best possible way.



### Generating positive impacts in cities

MERLIN Properties takes a two-fold approach to its commitment to creating positive impacts through its assets:

- **Minimizing negative impacts,** by focusing on operating efficiency from a global perspective, beyond mere energy consumption.

MERLIN seeks to improve the **circularity** of its assets throughout their entire life cycle, by optimizing the use of materials, minimizing waste and better managing the waste generated, as well as working jointly with all value chain participants, particularly suppliers and tenants. This is especially important in the shopping malls portfolio, where the company focuses on working with food court tenants to reduce food waste.

MERLIN is also mindful of the importance of streamlining and reducing **water** consumption at its assets, installing water-saving devices at consumption points, taking advantage of alternative water sources and maximizing the efficiency of irrigation systems installed in the landscaped areas of its different portfolios.

Lastly, MERLIN analyzes and minimizes any potential negative impacts on **biodiversity** throughout the entire life cycle of its assets, ensuring its protection remains front and center, particularly in developments and repositionings. As a starting point, the company's strategy prioritizes assets located in urban settings and this, in itself, avoids any adverse effects on areas with protected or endangered status in light of their ecological value, as well as deforestation.

- **Reinforcing positive impacts:** MERLIN's assets create opportunities for improvement for the cities in which they are located, mainly in terms of **job creation**, the **procurement and engagement of products and services**, particularly in asset developments and repositionings, **tax contributions**, and the **fostering of initiatives** that promote cohesion and inclusion by: improving public spaces and regenerating the urban environment, training, promoting culture and local development, raising awareness of sustainability matters, and community outreach.  
Sustainability projects and initiatives are geared towards supporting the United Nations Sustainable Development Goals (SDG), thereby helping to tackle the growing challenges faced by society.

## 5. Targets

Through the practical application of the above principles to our decision-making processes and activities, the company aspires to achieve its main sustainability targets.

### 1 Active management of climate change

Active climate change management will help us **develop and operate sustainable assets and minimize the carbon footprint of the entire value chain**, enabling MERLIN to comprehensively manage all emissions deriving from its activities.

### 2 Wellbeing of end users

By placing wellbeing at the heart of its asset management strategy, MERLIN **will optimize the user experience, create quality spaces for its tenants** and contribute to the **sustainably mobility** of all users.

### 3 Positive impact in cities

As part of its commitment to generate positive impacts in cities, MERLIN will **reduce resource consumption** by increasing operating efficiency, **improve the cities** it operates in and use its assets to **foster cohesion and inclusion**.

## 6. Guiding principles of MERLIN Properties

The guiding principles on which this policy is based are:

### Responsible governance and ethical behavior

In pursuing its activities, MERLIN undertakes to comply with the highest standards, safeguards and principles of transparency in the management and decision-making processes of the company, ensuring the ethical performance and integrity of its operations.

### Stakeholder transparency

MERLIN considers it a priority to provide complete, correct and accurate information on the performance of the company and its activities, and to have sufficient channels to ensure active communication with its stakeholders and meet their main demands and expectations.

### Independent external validation of commitments

MERLIN seeks to reconfirm its commitments by obtaining external endorsement, which guarantees the effective mainstreaming of sustainability issues, not only in terms of internal management but also of its assets, and lends credibility to the practical implementation of commitments in the decision-making processes and activities of the company.

## 7. Validity, monitoring and update

This Sustainability Policy has been approved by the Board of Directors of MERLIN Properties. It entered into force at the time of its approval and shall remain in full force until such time as it is amended.

The Board of Directors, through its Committees and, in particular, the Sustainability, Ethics and Innovation Committee, shall oversee the correct implementation of and compliance with all of the operating principles and commitments described.

Any amendments made to the Sustainability Policy shall be applicable from the day after their notification to all persons affected by this policy.