



ESG Policy
Castellana Properties

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Introduction and scope

Castellana Properties SOCIMI S.A. (hereinafter referred to as Castellana Properties, or the Company) is a publicly traded investment corporation based in Spain and Portugal. The scope of this policy encompasses all its activities, focusing on the acquisition, management, refurbishment, and divestment of real estate assets dedicated to shopping centres and retail parks, along with the entities in which Castellana Properties has stakes.

The Company's strong commitment to the environment and the well-being of the communities in which it operates positions sustainability as a foundational pillar of its strategy. The Company recognises the importance of driving sustainable and transformative practices.

Castellana Properties aligns itself with the evolving requirements of sustainable development by adhering to emerging European regulations and trends in environmental, social, and governance (ESG) practices. It has transitioned its Sustainability Policy into a fully integrated ESG Policy, reflecting its achievements and new ambitions. This policy extends beyond compliance, aiming to create a legacy of positive impact for both communities and the environment.

Castellana Properties fully acknowledges its crucial role in the transition towards a more sustainable economy. Therefore, the Company consistently strengthens the resilience of both its organisation and its assets by systematically integrating sustainable practices across all aspects of its operations.

Through a collaborative approach involving all stakeholders, based on transparency and dialogue, and integrating investors, banks, operators, customers, employees, suppliers, and the local community, the Company aims to enhance collective impact on the environment and society, by embedding the ESG Policy across all the activity areas.

This ESG Policy operates in conjunction with Castellana Properties' current policies and will be supported by mechanisms to formalise and integrate its sustainable objectives, as defined by its ESG strategy for FY25/27, into the company's management and business model.

Castellana Properties aligns its operations with the principles and objectives set on the Sustainable Development Goals (SDGs) of the United Nations and the Paris Agreement. Additionally, it commits to upholding the OECD's principles, the Charter of Human Rights developed by the United Nations, and the standards outlined by the International Labour Organization (ILO).

Principles, commitments, objectives, and strategies for action

Castellana Properties has pledged to contribute to eleven of the United Nations Sustainable Development Goals (SDGs), encompassing Human Rights, labour legislation, environmental protection, and the fight against corruption, among others, thereby leading the way towards a more sustainable future.

These commitments are embodied in the ESG Policy and the Strategic Plan, which sets ambitious environmental, social, and governance objectives to minimise the environmental impact of its operations, engaging all stakeholders of the company.

Castellana's FY25/27 ESG strategy is driven by seven key objectives, organised into twelve strategic lines to support the achievement of the SDGs. These objectives are underpinned by concrete actions, presenting a holistic roadmap with short, medium, and long-term goals. The company's sustainable value creation is assured through clearly defined indicators for monitoring and progress assessment.

Castellana Properties' objectives have been shaped by a materiality analysis, taking into account the priorities of various stakeholders, emerging sustainability trends, and the challenges posed by increasingly stringent regulatory requirements.

1. Contributing to the fight against climate change

Castellana Properties acknowledges its responsibility regarding the environmental impact of the real estate sector and takes action to quantify and reduce its greenhouse gas emissions across its entire value chain. The company is committed to supporting climate regulations by developing a transition plan and adopting urgent targets to combat climate change and its effects.

Strategic Line: Carbon footprint reduction

1.1. Carbon Footprint Reduction

- Strive to achieve NET ZERO by 2050 through the decarbonisation of the company's direct operations and the commitment of the value chain, by developing a Strategic Decarbonisation Plan and setting quantified reduction targets for the short, medium, and long term.
- Regularly assess the asset portfolio using the CRREM tool to assess GHG emissions in relation to the Paris Agreement decarbonisation curve, ensuring alignment with future requirements.
- Periodically measure the carbon footprint in accordance with ISO 14.064 standards, extending the scope of calculations, conducting audits to ensure transparency, and registering results with a recognised entity.
- Gradually reduce the use of fossil fuel, encouraging the complete electrification of its facilities.
- Encourage the use of renewable energy among operators and within common areas of Shopping Centres, by expanding the application of Guarantees of Origin and boosting on-site photovoltaic energy generation.
- Ensure the installation and maintenance of electric vehicle charging points in all assets with parking facilities.

Strategic Line: Assets energy efficiency

1.2. Energy efficiency of assets

- Reduce energy consumption across its assets by implementing measures to optimise system efficiency, ensuring continuous operability, and reviewing the Integrated Environmental and Energy Management System.
- Implement and maintain performance monitoring and control systems, such as BMS and Submetering, across all shopping centres, enhancing system interconnectivity (Smart Building).
- Improve the ratings achieved in the Energy Performance Certificates.

Strategic Line: Adaptation to climate risks

1.3. Climate change adaptation

- Integrate ESG and Climate-Related risks into the financial management of assets to secure long-term sustainability and resilience.
- Prepare and regularly update the Climate-Related risk report, aligning with key ESG trends and regulations, while incorporating the financial implications of Climate-Related impacts and opportunities, in line with TCFD recommendations.
- Ensure compliance with the European Taxonomy criteria across the entire asset portfolio by investing in eligible activities that enhance the company's sustainability.
- Implement adaptation measures to mitigate the impacts, risks, and opportunities of climate change, including, among other initiatives, the promotion of renewable energy supply.
- Conduct "Due Diligence" processes for both new acquisitions and the existing portfolio, as well as across the value chain, to identify and manage potential sustainability-related risks, supporting the continuous improvement of stakeholders.

2. Reducing climate risks through the protection of natural resources

Castellana Properties promotes measures to protect natural resources, thereby reducing the effects of climate change and mitigating the associated physical and financial risks. Commitments are integrated to ensure sustainable resource management, responsible consumption and production practices and the preservation of ecosystems, while advancing towards a circular economy model.

Strategic Line: Reduction of water consumption

2.1. Protection of water resources

- Analyse and manage the risks, impacts, and opportunities related to water sources and oceans, evaluating the impact of assets located in areas of high-water stress and implementing actions to enhance these environments.
- Implement measures for the sustainable use of water, reducing the asset's water consumption promoting the reuse of greywater and rainwater, with particular focus on areas experiencing high water stress.
- Expand the coverage and scope of water consumption data collection to strengthen control over sustainable water management practices.

Strategic Line: Transition towards a circular economy model

2.2. Transition towards a circular economy

- Promote a comprehensive waste management plan to reduce the daily environmental impact of centres, encouraging recycling and implementing performance indicators to enhance recovery rates over the short, medium, and long term.
- Develop asset management strategies aimed at achieving the Zero Waste certificate, striving to minimise waste generation at the source, and maximising the recovery of remaining materials wherever feasible.
- Implement a short-term sustainable procurement plan, encompassing facility maintenance and goods and equipment procurement, further reducing the consumption of virgin materials and requiring certified timber to prevent deforestation.

Strategic Line: Biodiversity promotion

2.3. Protection and promotion of biodiversity

- Protect local biodiversity in existing natural habitats and encourage its development, enhancing the area's natural capital and fostering user well-being.
- Quantify and improve Biodiversity Net Gain by integrating species that reduce irrigation water requirements, while promoting local flora and fauna species.
- Analyse biodiversity impacts to minimise them, identifying activities with adverse effects, avoiding the trade of species listed in the CITES agreement, and conducting audits to prevent potential impacts in sensitive areas.
- Develop a biodiversity strategy to quantify positive impacts and assess performance.

3. To differentiate from the competition

In response to a dynamic socio-economic reality, Castellana Properties has driven corporate-level goals to strategically position its assets ahead of the competitors. These commitments will enable the company to showcase its achievements and ensure continuous improvement.

Strategic Line: Continuous improvement of ESG Certifications and Ratings

3.1. Continuous improvement and transparent ESG performance communication

- Participate in relevant ESG certifications, rates, and benchmarks, implementing the necessary actions to achieve competitive ratings, and align with emerging sustainability trends.
- Maintain the ratings achieved in GRESB and CDP evaluations by adapting the portfolio and corporate structure to periodic updates in the reporting frameworks.
- Provide transparent annual reporting in accordance with international reference frameworks such as GRI / EPRA, and align with TCFD recommendations and the EU Taxonomy, maintaining the results achieved and adapting to potential manual revisions.
- Maintain and improve the trust index in the Great Place to Work certification by strengthening organisational culture and team commitment.

3.2. Reduce environmental and social impact on assets

- Maintain the internal system to secure the certification of all assets under ISO 50.001 and 14.001.
- Ensure all assets have sustainable certifications, such as BREEAM In-Use, improving the high scores achieved during recertification for both shopping centres and retail parks.
- Work on various initiatives in close collaboration with research groups, to explore solutions that reduce environmental impacts and promote the well-being of individuals.

4. Creating a positive impact on the local community

Castellana Properties recognises its potential to create a meaningful positive impact through its operations, both on the environment and on individuals. The company is committed to undertaking initiatives aimed at improving local communities, while mitigating specific potential social risks in each geographic area in which it operates. To this end, the company has developed a Strategic Social Value Framework, identifying key material social impacts and defining three priority areas with specific goals, all of which are addressed through a cross-disciplinary management approach.

Strategic Line: Development of initiatives and actions that generate a positive impact on the Local Community

4.1. Development of the local economy

- Drive the growth of the local economy by supporting and promoting proximity-based suppliers, showcasing local entrepreneurship and businesses, and fostering social cohesion and community well-being.
- Promote fair and prosperous employment within local communities by prioritising local hiring and ensuring diversity and inclusion within the workforce.
- Provide and enhance services that deliver added value to communities, improving visitors' life quality and strengthening the social fabric.

4.2. Safe, healthy and inclusive environments

- Design assets with a focus on people's well-being, incorporating rest and recreational spaces to promote both physical and mental health.
- Implement solutions that ensure the safety and comfort of visitors and locals. Guarantee the accessibility of all assets with inclusive design principles that eliminate architectural, physical, and social barriers, achieving AIS accessibility certification for shopping centres.
- Foster inclusion and diversity through initiatives that raise awareness and provide visibility for vulnerable groups within the community.

4.3. Support communities throughout all life stages

- Provide support across every stage of life by implementing measures focused on education and childhood development, professional training and career growth, as well as family and social support systems.
- Develop initiatives that promote the physical and cognitive development, designing spaces and events for families to enjoy and relax, contributing to a balanced and healthy community.
- Foster active engagement with the community, increasing social awareness and encouraging civic participation by creating connected spaces that strengthen social cohesion and individual well-being of individuals.

5. Promoting well-being among employees

Castellana Properties is committed to implementing various strategies and actions to maintain a positive workplace atmosphere by rolling out initiatives aimed at employee well-being. These efforts are designed to support personal and professional development, thereby fostering team commitment and well-being.

Strategic Line: Deploying actions to improve employee Well-Being

5.1. Enhancing employee well-being

- Conduct regular analyses and studies to assess the well-being of teams, with the aim of defining strategies and actions to enhance it.
- Promote well-being initiatives, such as encouraging healthy habits, providing social benefits, offering access to private healthcare, or organising events.
- Actively facilitate work-life balance through employee assistance programs, and incorporate psychological support or legal advice, among other services.
- Update and promote actions included in the Engagement Plan, boosting the attraction and development of internal talent, motivating teams, and improving internal communication.

5.2. Encourage the team's professional and personal development

- Implement an updated Training Plan tailored to employees' interests beyond professional goals.
- Design specific programs aligned with the team's DNA to enhance professional skills, promoting growth and development within the company.
- Offer out-of-office training days through team-building sessions or social volunteering activities, aimed at strengthening personal bonds and encouraging holistic learning in all areas.

5.3. Guarantee Health and Safety in the workplace

- Adhere to labour laws and human rights regulations at both national and international levels, ensuring safe and hygienic working conditions.
- Perform regular workplace inspections to identify potential health and safety risks for employees.
- Design workspaces that encourage relaxation and team cohesion while enhancing ergonomics and accessibility.

5.4. Integrate diversity, equity, and inclusion into the business model

- Establish DEI objectives for the short, medium, and long term, that reflect the evolving dynamics of teams and their environments.
- Promote equitable and inclusive treatment across the workforce, ensuring fair remuneration based on competencies and contributions, while integrating diversity into operations and designing inclusive workspaces.
- Conduct transparent and equitable recruitment processes based on the equal opportunity and non-discrimination principles.
- Advocate for diversity within teams to enhance creativity, innovation, and enrich the organisational culture.
- Prevent any form of harassment based on sex, ideology, race, ethnicity, sexual orientation, and/or religion, whether physical, psychological, or moral, as well as any other intimidating behaviour.

6. Development of a responsible Value Chain

Understanding that sustainable value creation involves engaging stakeholders throughout the value chain, Castellana Properties actively engages with them, extending ESG responsibility and fostering collaboration, support, and mutual assistance.

The growing awareness of sustainability among users and the increasing focus of investors on short, medium, and long-term risks drive the company's commitment to establishing a responsible value chain.

Strategic Line: Establish a social framework that promotes the engagement and well-being of tenants and asset visitors.

6.1. Improve customer, consumer and end-user satisfaction and loyalty

- Conduct regular satisfaction surveys for visitors, tenants, and employees to establish a two-way communication channel, aligning corporate strategies with the actual needs.
- Continuously analyse market dynamics to adapt asset offerings to meet emerging customer demands and preferences.

6.2. Reduction of pollutant emissions in assets

- Monitor and manage indoor air quality while preventing the discharge of relevant pollutants into water or soil.
- Adhere to and comply with the concentration limits and conditions established by applicable Regulations and Directives, ensuring the creation of safe spaces for people.

6.3. Positive global impact on the Value Chain

- Promote strong partnerships with stakeholders by establishing long-term collaboration agreements that incorporate sustainability principles to reduce overall impact along the value chain.
- Adhere to the recommendations outlined in the Castellana Properties Design Manual to avoid exceeding material concentration limits, during the rehabilitation or renovation of existing spaces.
- Roll out engagement initiatives across the value chain, involving all stakeholders in managing the company's impact.
- Maintain an active whistleblowing channel to detect inappropriate behaviour or breaches of legal and internal policies. Accessible via the website, this channel complies with data protection and privacy regulations for whistleblowers.
- Provide annual and transparent reporting of financial and non-financial performance, in line with the latest applicable standards, trends, and regulations.

Strategic Line: Extending ESG responsibility to the entire value chain

6.4. Positive impact on customers

- Develop a social framework that promotes engagement and well-being among asset occupants, enabling progress quantification and performance monitoring.
- Create and design programmes, activities, and events that support individuals' overall health and well-being, encouraging healthy habits and talent development.
- Improve visitor well-being by providing spaces that foster healthy living and offering services that enhance their quality of life.

6.5. Positive impact on suppliers

- Regularly update and disseminate the company's principles through the Supplier Code of Ethics, which binds suppliers to adhere to the United Nations Charter of Human Rights and the OECD principles.
- Assess suppliers using ESG criteria by implementing a supplier approval system based on the external code of conduct.

6.6. Positive impact on tenants

- Incorporate green clauses into tenant's contracts, promoting responsible and sustainable spaces management.
- Deliver ESG-focused training and communication initiatives to tenants to minimise their environmental and social impact. Ensure fair and ethical treatment for all of them, aligning them with Castellana Properties' core philosophy.

6.7. Positive impact on investors

- Develop and maintain a robust corporate governance system, ensuring information traceability and transparent reporting of company performance.
- Integrate climate risk impacts into asset management to secure the long-term investments stability.

6.8. Positive impact on the local community and employees

- Castellana Properties is committed to creating a positive impact on both the Local Community and Employees by adhering to specific goals and actions outlined in sections "5. Generating a Positive Impact in the Local Community" and "6. Promoting well-being among employees".

7. Consolidate an internal management framework in ESG matters

Castellana Properties is firmly committed to establishing a robust internal management framework for ESG matters as an integral part of its solid corporate governance system. This ensures traceability and transparency in all its communications, implements internal controls in key processes, and safeguards data security and protection through the integration of an information security management system.

Strategic Line: Improving the corporate governance structure and the internal control system

7.1. Ethics and compliance in the business model

- Uphold ethical behaviour and comply with applicable regulations, including adherence to the principles of integrity, transparency, and accountability, ensuring respect for human rights and environmental standards, as outlined in the company's Code of Ethics and Supplier Code of Ethics.
- Ensure the implementation of internal controls to prevent conflicts of interest and mitigate risks related to money laundering or corruption in the company's operations.

7.2. Integration risk management into the governance system

- Follow the corporate risk management model based on the COSO and ERM frameworks, incorporating climate and nature-related risks. Update the identification and assessment of impacts to align with the corporate strategy with the mitigation of these risks.

7.3. Promoting data transparency and traceability

- Record information reported to stakeholders using the ICFR (Financial Reporting Control System) and INFRCS (Non-Financial Reporting Control System) systems.
- Periodically update the Crime Prevention Model to align with evolving business needs, ensuring the implementation of internal controls and mechanisms to prevent unlawful conduct.
- Conduct regular internal audits across various areas to ensure the effectiveness of management processes, internal controls, and the organisation's corporate governance system.

7.4. Ensuring information security and data protection

- Safeguard user and employee data privacy through the Information Security Management System (ISMS).
- Raise awareness among all teams about the importance of incorporating cybersecurity criteria into everyday decisions and actions.

7.5. Maintaining sustainable asset operations

- Adjust and monitor assets’ operational procedures to reduce its environmental impact, maintaining a balance between indoor comfort and sustainability.
- Conduct regular internal audits of assets to ensure proper preventive and corrective maintenance of facilities and spaces, maintaining an up to date technical-legal register of completed interventions.

Responsibilities and management

The ESG Committee of Castellana Properties is the highest internal body responsible for ensuring compliance with the ESG Policy. It comprises the Management Committee and the ESG team. When necessary, it escalates ESG-related matters to the Board of Directors, which holds ultimate responsibility for monitoring ESG risks and the effects of climate change, implementing adaptation and mitigation solutions to minimise resulting impacts, overseeing and ensuring compliance with ESG objectives.

Implementation, Updating, and Disclosure

This policy aims to reflect the commitments arising from the development of Castellana Properties’ new ESG strategic lines, which will guide the company’s future performance. To ensure proper implementation and mitigate potential risks of "Greenwashing" in its communications, a sustainability performance maturity assessment will be carried out. This will enable the company to redefine goals where schedules are not met or raise ambitions in areas where targets are exceeded, aiming to go beyond mere regulatory compliance.

This policy, alongside any others derived from it, will be made available to all company stakeholders via its website. Additionally, an annual review process will be conducted, with updates every three years if required. Reviews will also take place if there are significant changes in the in the perimeter of the company.

VERSION	APPROVAL DATE	APPROVED
V1.0	November 2021	Board of Directors
V2.0	March 2025	Board of Directors