

How to Create an Award-Winning ESG Program

NIRI Los Angeles, March 25, 2021

ESG is About Financial Risk and Opportunity

- Environmental, social and governance (ESG) is an analytical framework used to assess the correlation between non-financial factors and the long-term financial sustainability of companies
- Investors and asset managers increasingly view ESG as part of their fiduciary duty to protect and enhance the value of their client's investments
- Companies employ ESG strategies to mitigate risk and uncover opportunities to improve long-term value creation
- Research indicates ESG factors can be linked to a company’s long-term financial performance

> ***“...the link between off-balance-sheet risk factors and a company’s financial performance has become exceedingly clear over the past decade”***
>
> William Blair 2019

> ***“BlackRock as a whole considers ESG risk with the same rigor that it analyzes traditional measures such as credit and liquidity risk”***
>
> Larry Fink, CEO BlackRock 2020

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Growing Expectations

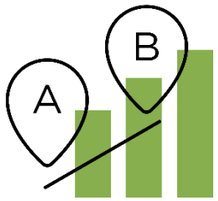
Investors, asset managers, proxy advisors and stakeholders are all looking to the Board of Directors for oversight of E and S factors



Meaningful analysis of material ESG factors



Structures for governance and oversight in place



Robust, consistent data on key goals and metrics over time



ESG risks and opportunities disclosed in reporting and engagements

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Common ESG Standards, Frameworks and Ratings



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MACERICH (NYSE: MAC)

OUR ESG APPROACH

- ENVIRONMENTAL
- SOCIAL
- GOVERNANCE

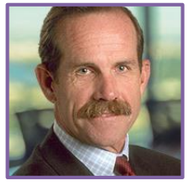
Best-in-Class Team

SHAREHOLDER FRIENDLY BOARD AND GOVERNANCE CHANGES

- Independent Chairman of the Board
- Eight out of ten directors are independent and have an average board tenure of under 6 years
- Six out of ten directors elected since 2015, four new directors in the past year
- Diverse Board with three female directors
- Broad experience including retail, real estate, finance, technology, operations and risk management
- Proxy Access
- ***The company permanently opted out of protections offered by the Maryland Unsolicited Takeover Act (MUTA) in April 2019***



Steven R. Hash
Independent Chairman



Thomas E. O'Hern
CEO & Director



Edward Coppola
President & Director



Peggy Alford
Independent Director



John H. Alschuler
Independent Director



Eric K. Brandt
Independent Director



Daniel J. Hirsch
Independent Director



Diana M. Laing
Independent Director



Steven L. Soboroff
Independent Director



Andrea Stephen
Independent Director

Macerich - Our ESG Approach

ENVIRONMENT

- Operational Excellence & Efficiency
- Investing in Our Future
- Renewable Procurement
- Solid Waste Reduction
- Water Reduction & Efficiency
- Stakeholder Engagement – Tenants, Vendors & Contractors, Customers, Communities, Employees, Investors, JV Partners
- Fundamental Integration – Procurement Standards, Green Cleaning, EV Charging

SOCIAL

- Environmental Health & Safety
- Supporting Our Retailers
- Philanthropy & Donation Drives
- Civic Engagement & Responsibility
- Diversity & Inclusion
- Human Capital
  - Recruitment & Hiring
  - Development & Training
  - Employee Engagement & Resource Groups
  - Benefits
  - Health & Wellness

GOVERNANCE

- Board Diversity
- Political Contributions
- Federal Forum and Exclusive State Law Forum Bylaws Provisions
- Board Refreshment (Age and Term Limits)
- Independent Director Classification
- Poison Pills
- Advance Notice Provisions

PROGRAM TO DATE

$100M
Invested in efficiency, renewable generation since 2008

18M
kWh of solar energy produced across 15 properties

267
EV charging stations across 31 properties

48M
kWh clean energy produced annually

350M
Gallons of water conserved since 2014

19
Fuel cells across 6 properties

$28M
Annual operational savings from energy efficiencies

46%
Waste diversion rate from landfill

5
Battery storage sites support 10MW grid relief (NY, CA, AZ)

180,000
Lamps and fixtures retrofitted to LED (99% of fixtures)

7MW
Amount of grid relief Kings Plaza can deliver to Brooklyn community on demand

Common E – E – S – G Factors

Relevance to long-term financial sustainability varies by sector and industry – leverage standards and engagement for input



- ***Climate change***
- Greenhouse gas emissions (GHG)
- Resource depletion
- Waste and pollution



- ***Diversity, equity & inclusion***
- Talent development
- Pay equity
- ***Health and safety***



- Customer welfare, access & affordability
- Data security and privacy
- Supply chain and human rights



- Oversight of ESG
- Compensation alignment
- Bribery and corruption
- ***Board diversity and structure***

"…shareholder value is increasingly being driven by issues such as climate change, labor practices, and consumer product safety,"
Cyrus Taraporevala, CEO State Street Global Advisors (2020)

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Evolution of ESG Strategy & Disclosure

How progress is made and measured

ESG Development Spectrum

Qualitative → Metrics → Metrics vs. Goals Overtime

Key Frameworks To Start With

SASB (Sustainability Accounting Standards Board)

SUSTAINABLE DEVELOPMENT GOALS

GRI Empowering Sustainable Decisions

Additional Disclosure to Consider

CDP

TCFD Task Force on Climate-Related Financial Disclosures

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