

Be green

Climate policy

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EUROCOMMERCIAL



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Introduction

About us

Eurocommercial Properties (Eurocommercial) is a long-term investor and manager of prime shopping centres in Belgium, France, Italy and Sweden with assets of over €4 billion. The Company is Euronext listed and was founded in 1991 and has a broad shareholder base. The Company has a focused property investment strategy based on rigorous economic and market research.

Our ESG ambition

Eurocommercial is of the view that building a sustainable and resilient business is the foundation for long-term success. Our ESG and business strategies are carefully aligned, and each business decision is approached with a long-term view supported by detailed research to evaluate its environmental and socio-economic impact. Our objective is to continue to create and operate sustainable centres with a clear vision and full transparency towards our stakeholders.

Our approach is articulated around three strategic pillars:

Be Green	Be Engaged	Be Responsible
Real estate contributes up to 30% of global annual greenhouse gas (GHG) emissions and consumes around 40% of the world's energy annually, providing us with the opportunity to make a real difference. Changes we make can significantly reduce both our imprint and operational costs. We work on improving our understanding of climate change and its effects on our real estate portfolio, joining forces with our tenants to reduce our combined impact. Being green is the basis of our operations as we work to synchronize the mindset of all stakeholders in our communities.	We believe that engaging with our tenants, retailers and local communities is essential for success. We are in constant dialogue with our customers and tenants, and we listen to their feedback and ensure that our shopping centres evolve with the changing retail landscape and customer aspirations. We help our retailers invest in their teams through the Eurocommercial Retail Academy®, working together to improve the overall shopping experience in our centres which form an integral part of their communities, making a positive social, economic and environmental impact.	Our aim is to create a workplace in which our employees can thrive and develop professionally, providing broad corporate and property experience and education supported by carefully targeted training programmes. We provide employees with a fair and enjoyable platform ensuring they work professionally, ethically and sustainably. We pride ourselves on our diversity and collegiate culture with our country teams working together and sharing best practices. We want our employees to feel engaged and motivated towards our common goals.

The long-term success of our commercial activities will depend on sustaining the natural environment. To achieve our aspirations, we employ strategies and technologies to provide efficient energy and waste management and prevent pollution.

We will comply with current and future environmental legislation, regulations and other requirements. In addition, we will measure and report our performance against internationally recognised environmental management systems and standards and have set aggressive reduction targets in energy consumption and pollution in order to minimise our environmental impact.

Purpose

The objective of this Climate Policy is to articulate ECP's dedication to mitigating climate change and enhancing adaptive measures. The Policy aims to integrate these principles into the organization's daily activities and business practices, ensuring transparent communication in line with stakeholders' expectations.

Scope

This Climate Policy encompasses the Group's activities across all the countries it operates in. It specifically addresses the assessment and management of the organization's real estate in response to the evolving climate, emphasizing a comprehensive approach to climate-related considerations.

Governance – climate change

We structured the Company's ESG governance in January 2021 and set up an ESG Committee and an ESG Working Group (see for more details our ESG Governance Charter). The ESG Committee is responsible for the Company's ESG strategy and includes all members of the Board of Management and the Group Director Legal, and informs the Supervisory Board. The ESG Committee oversees the implementation of the strategic framework, evaluates if the ESG performance of the organisation is in line with its long-term targets and ensures ESG is embedded throughout the different teams and countries. The ESG Committee

has final responsibility on all topics related to the ESG programme including climate change mitigation and building adaptation. The ESG Working Group is responsible for implementing the ESG strategy and implementing initiatives in the local countries and sharing information and best practices.

The ESG Working Group is composed of the Group Director Legal (chairman), a diverse group of employees responsible in their respective countries for implementing the ESG strategy and steering initiatives. The Chair of the ESG Committee informs the Supervisory Board (at least) twice a year regarding ESG issues on key ESG topics (vision, strategy, initiatives taken) and ESG performance (performance against targets, benchmarking scores etc.).

Eurocommercial's management is focused on climate change and has an aligned, pan-European approach to managing climate risks, opportunities, and activities, supervised by the ESG Committee and working with our local countries through the ESG Working Group.

ESG governance structure



Strategy

Eurocommercial assesses potential physical and transition risks related to climate change through a collaborative process that involves input from both local teams, corporate headquarters, and third-party (technical) advisors. We utilize local expertise, engage and educate our teams, report the process and results, and secure support and resources from senior management to effectively manage risks related to climate change. Eurocommercial conducted an initial study to understand the physical risks from climate change to our assets by reviewing information from relevant websites and databases.

Our climate risk assessment includes evaluating transition risks. Input was solicited from local teams and senior management to determine the potential likelihood and impact of each risk on our

organization. Based on the results, management will assess current business plans and determine if additional steps are needed to safeguard our assets and minimize negative effects.

Structured approach to climate change risk

Step	Action	
1. Risk Identification	Identify and educate	<ul style="list-style-type: none"> • Identify possible transition and physical risks and opportunities • Educate teams through workshops and or training and share best practices on climate change strategy and implementation • Monitor compliance with EU and national legislation on climate change issues
	Assess impact	<ul style="list-style-type: none"> • Get input from countries and corporate level to evaluate the impact of transition risks • Understand asset level physical risks through BREEAM certification process • Organise workshop to discuss outcomes of risks identified across the portfolio
2. Perform risk assessment	Review measures	<p>Asset level:</p> <ul style="list-style-type: none"> • Pre-selection of the possible adaptive actions to be taken • Gather insight for actions taken to minimise climate change risks <p>Corporate / country level:</p> <ul style="list-style-type: none"> • Review mitigating actions to be taken (e.g. insurance, policies in place etc.) • Identify resources needed to be allocated to take adaptive measures
	Prioritise and implement	<p>Board of Management:</p> <ul style="list-style-type: none"> • Evaluate risk assessment outcomes • Prioritise actions to be taken to mitigate and/or accept risks • Allocate resources needed to minimise risks at asset level • Describe / update management approach for each material physical and transition risks
3. Decision making and Implementation	Evaluate and report	<p>Board of Management:</p> <ul style="list-style-type: none"> • Evaluate the climate change risk assessment process • Report annually to Audit Committee the climate change risks assessment outcomes • Disclose where we are on our climate change roadmap and report annually the outcomes of the climate change risk assessment to investors (TCFD)

Risk assessment

Eurocommercial Properties takes possible risks and opportunities of a changing climate seriously. To ensure that its shopping centres are resilient and prepared for the future, a climate change risk assessment has been initiated in 2023, incorporating physical and transition risks that could be impacting the operations. For our climate change strategy, we will utilize the Representative Concentration Pathway (RCP) 4.5, which is a scenario of long-term, global emissions described by the Intergovernmental Panel on Climate Change (IPCC). Climate scenario analysis helps companies to identify and prepare for the impacts that climate change will have on their business models by providing a structured exploration of different possible futures to identify the most relevant risks and opportunities.

Physical risks

Physical climate risk assessments have been executed by partnering with specialists to identify physical risks and set up procedures in order to mitigate the effects of climate change. Third party experts have performed on-site assessments using climate models. The assessment includes both acute risks like tornadoes, landslides, wildfires, and floods, as well as chronic risks such as sea level rise and changes in precipitation patterns. The outcomes of these assessments include recommended actions to mitigate potential impacts on our properties and the surrounding communities. Eurocommercial will further assess the financial implications of material climate change risks and develop action plans to reduce the potential impact.

Going forward, all properties will be re-certified with BREEAM, a green building certification scheme that incorporates climate change adaptation criteria. Eurocommercial aims to certify 100% of its portfolio with BREEAM, ensuring that all properties are assessed for potential climate change risks. The adaptation criteria within BREEAM will recognize and encourage measures to mitigate the impact of extreme weather events resulting from climate change throughout the building's lifespan.

Transition risks

Several climate change risks have been assessed which are related to transition risks, focusing on policy and legal, technology, and reputation aspects evaluating their potential financial impact on the organization. These transition risks may occur and have an impact on our organization as it moves towards a lower-carbon economy. The outcome of the first assessment provided insights for future decision-making regarding short-term (0-5 years), medium-term (5-10 years), and long-term (over 10 years) risks. Ongoing monitoring and risk assessment will guide the Company's response and property management strategy.

Climate change mitigation target: Operate carbon neutral

Our target to operate carbon neutral by 2030 is fundamental to becoming a green company and contribute towards a low carbon economy. Being carbon neutral means our operations in all our locations will not produce any carbon, so that our direct impact is emission-free. This includes all areas in which we can directly influence the use of energy sources through efficient energy management that provides for switching to renewable energy, generated onsite where possible. Eurocommercial will collaborate with its key stakeholders to reduce the environmental impact of our assets, including scope 3 emissions coming from our tenants. We have established green lease agreements that are incorporated with every new signed lease, set up on-site green committees, to discuss local initiatives and share best practices. Each country has developed its own strategy to collect the environmental impact of our tenants, depending on the unique local circumstances. The aim is to monitor all energy consumptions that contribute to the building's carbon footprint, to better understand the combined efforts needed to transition our portfolio to operate carbon neutral.

To monitor the progress made against our long-term targets, the Group utilizes the Carbon Risk Real Estate Monitor (CRREM) to develop decarbonization plans for all our assets. These plans are based on transparent, science-backed methods that align with the Paris Climate Goals of limiting global temperature rise to 2C, with ambition towards 1.5C. During 2023, all countries made significant efforts to determine their pathways, increased monitoring mechanisms and have developed individual asset level decarbonization pathways. The ESG Committee will monitor on an annual basis the progress and will evaluate if the Group's performance is still aligned with our long-term targets. Additionally, we will

review our carbon reduction commitment and set new targets to reduce our scope 3 carbon emissions by 2050.

Short term actions identified (0-5 years) to reduce our carbon emissions:

- Perform climate change scenario analysis
- CRREM pathways for each asset
- Introduce smart metering for all areas in the shopping centres
- Initiate methodology to calculate embodied carbon
- Set carbon reduction target (scope 3 emissions)
- Recertify properties with latest BREEAM in Use, including updated climate change
- Adaptation plans in place for all assets

Metrics and targets

Eurocommercial has set ambitious targets to reduce carbon emissions, minimize waste sent to landfill, and have green building certifications in place. This implies that the Company will operate more efficiently and generate fewer carbon emissions than they release, on an absolute basis. By reaching its goals, Eurocommercial aims to reduce its exposure to the transition to low carbon properties, meet government mandates, and have lower operational costs due to the limited use of natural resources. We use a range of metrics to assess our exposure to our identified short-term climate-related risks and opportunities. These include the following indicators that are reported in the Annual Report:

Indicator	Target	Why relevant indicator
Scope 1, 2 and 3 carbon emissions	Operate carbon neutral for scope 1 and 2 emissions by 2030. Target for scope 3 emissions to be evaluated in 2024.	Measuring our own carbon footprint reveals our progress towards carbon neutrality and how we support the transition to a low-carbon economy.
On-site renewable energy generated	Generate renewable energy at the location to lower dependence on grid energy procurement.	When possible, we will invest in generating renewable energy on-site to reduce dependence on energy market sources.
Number of assets certified with BREEAM In-Use	Have 100% of properties assessed and certified with Green Building certifications by 2025.	To operate out properties efficiently, we implement international green building certifications, lowering our environmental impact.

Disclosure on climate change management

We appreciate that stakeholders expect transparency regarding the potential climate-related risks and opportunities, and we are committed to doing our part to ensure a more sustainable future. Considering this, we are making more information available in our annual reporting on climate change risks and opportunities that our organization faces, in alignment with the TCFD's recommendations.