

# Be green

---

Environmental policy

JANUARY 2023

---

**EUROCOMMERCIAL**



# Environmental Policy

Version date: January 2023

## Introduction

### About us

Eurocommercial Properties (Eurocommercial) is a long term investor and manager of prime retail property in Belgium, France, Italy and Sweden. The Company was founded in 1991 and is a Euronext listed company with a broad shareholder base. Our organization has a focused investment strategy entailing: prime retail property, in four wealthy markets, research led investments, retail sales transparency and professional management.

### Our ESG ambition

Eurocommercial aspires to be recognized as a sustainable investor and business partner. As a long-term investor, Eurocommercial believes building a sustainable and resilient business is the foundation for success. We approach each business decision with a long-term view and support our choices with thorough research in order to evaluate their environmental and social-economic impact.

Our ESG and business strategies are carefully aligned and involve operating more efficiently, positively engaging with local stakeholders and being an attractive and responsible employer. Our ambition is to continue to create 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
<p>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 change the mindset of all stakeholders in our communities.</p>	<p>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 centres evolve with the changing retail landscape and customer aspirations. We help our retailers invest in their teams through the Eurocommercial Retail Academy® and work together to improve the overall shopping experience in our centres. Our shopping centres are valuable for the community and have a positive social impact on the territories in which they operate.</p>	<p>Our aim is to create a workplace where our employees thrive. We offer all employees a fair and enjoyable working environment ensuring they behave ethically and sustainably. We pride ourselves on our diversity and collegial culture. Our country teams work together and share best practices. We work alongside our tenants to make retail greener and more sustainable. We want our employees to feel engaged and motivated towards our common goals.</p>

We are convinced that for our commercial activities to thrive in the long run we depend on sustaining the natural environment. To achieve our aspirations, we will employ strategies to prevent pollution and explore every opportunity to demonstrate a positive impact on the environment in all our activities and developments, as well as those of our supply chain.

We will exhibit leadership through the continual improvement of our environmental performance. We will comply with and anticipate on changing environmental legislation, regulation and other requirements as a minimum. In addition, sustainability for Eurocommercial goes beyond compliance. We will measure and report our performance against internationally recognised environmental management systems and standards and we have set aggressive reduction targets to minimize our environmental impact.

### **Roles and responsibilities**

We take responsibility for reducing the impact of our daily operations on the environment. Our ESG committee, including the board of Directors, is in charge of achieving the objectives of our strategy and work together with all members of our staff along with contractors, tenants, property managers and suppliers to achieve the best results. The ESG workgroup implements the ESG strategy in different countries and quarterly monitors and reports on energy, water and waste performance against objectives. Local teams are responsible for developing and implementing action plans on asset level, making sure objectives will be achieved.

### **Purpose**

The purpose of this Policy is to outline Eurocommercial's commitment to environmental sustainability with the aim to incorporate these principles within our daily operations and inform and educate on these principles to our key stakeholders.

### **Scope**

This Environmental Policy covers the Group's operations in all countries where we operate. It includes, but is not limited to, assessment and management of real estate investments with respect to climate change, pollution prevention, biodiversity protection, water conservation and resource scarcity.

## **Our environmental principles**

The basis of sustainable operations is having appropriate and effective policies and procedures in place and being fully transparent to all stakeholders. As a responsible owner of shopping centres, setting environmental objectives and achieve efficiencies are at the core of our business.

In support of this Environment Policy we will:

- Build resilience into the places we create and the communities we have a presence in while lowering our contribution to climate change.
- Look for ways to minimise and prevent pollution that is linked to any of our operations.
- Look after biodiversity and ecosystems through continuous management and assessment of our activities.
- Value water as a natural resource and preserving its use.
- Recognise the scarcity of resources through responsible procurement, use and management of materials.
- Advocate and pursue a holistic approach to the design, delivery and operation of high-performance green shopping centres that exceeds best practice through innovation.
- Respect and anticipate on local, national and European environmental legislation and standards including the Paris agreement.
- Inform, instruct and educate employees and suppliers on these principles and procedures.

Eurocommercial is dedicated to adhering to the requirements we have subscribed to, like industry standards, local and national laws, regulations and codes of practice. Following our internal reporting framework, that is in line with ISO 14001 requirements as well as other international standards, we closely keep track of and report our environmental performance through quarterly reporting towards management. We take the lead by continually improve our environmental performance through ongoing reviews and establish new ambitions within our ESG strategy.

Making the best sustainable practices the standard throughout our company and maintain an environment where successes are shared and adapted is our aim. We actively seek opportunities to partner up and collaborate with other leading organisations and suppliers to push better environmental outcomes.

## **Climate change**

*Objective: Operate carbon neutral by 2030*

Our changing climate is one of the biggest challenges our generation is facing. The real estate industry uses around 40% of the world's energy annually and contributes up to 30% of global annual greenhouse gas (GHS). The impact is large, and so is our opportunity to make a notable difference. Choices we make for the environment can significantly reduce our imprint on the world as well as our operational costs. That is why we will continue to join forces with our tenants to reduce our combined impact. Being green is the standard of our operations and we take all action necessary to shift the mindset of all stakeholders in our communities. Our goal is to significantly reduce greenhouse gas emissions from our activities and decrease our contribution to human-induced climate change this way. We aspire to be completely carbon neutral in 2030, a goal that applies to all our business operations and all buildings. This means our operations in all our locations are emission-free and includes all areas in which we can directly monitor and control the use of energy sources.

Operating carbon neutral means we will switch to renewable energy procurement, and generate on-site renewable energy where possible. We frequent analyse and report the carbon impact of our portfolio to the ESG committee and we report our carbon impact to our stakeholders in the annual report. Our actions and targets are in line with the United Nations Sustainable Development Goals (UNSDG) and show that we fully support and contribute to these development goals as local and responsible shopping centre owners. Improving the energy efficiency of buildings is the most effective way to minimise greenhouse gas emissions. Eurocommercial carries out (re) development projects according to international environmental certification processes in order to minimise construction-related environmental impacts (e.g. BREEAM or other relevant green certification schemes).

## **Building adaptation**

Our changing climate impacts real estate property in Europe and extreme weather influences pose a threat, not only for our buildings but for the surrounding communities that can lead to lower retail turnover in our centres. The weather impacts shopping behaviour and in the possible event of extreme temperatures, consumers stay at home. Extreme weather conditions also put higher demands on our equipment, for cooling and heating for example. This impacts the operational costs and the commercial value of our properties. In the future, the adaptability of buildings to climate change will become an increasingly important requirement. Eurocommercial has therefore developed a strategy for limiting risks and increasing the adaptability of our buildings that is monitored by the BREEAM guidelines.

## **Flood risk**

Climate change is expected to increase the risk of flooding in some regions. We use BREEAM as a tool to identify floor risk with reference to government defined flood zones. If shopping areas are within areas considered to be at high risk from flooding, we will take action to mitigate the impact on our buildings to these flood events.

## **Climate change risk assessments**

Through the BREEAM certification process, we conduct risk assessments to identify and evaluate the impact of extreme weather conditions. We carefully map challenges we are facing now and that might become more prominent in the future. These risk assessments often cover hazard identification and assessments, as well as

risk estimation, evaluation and management. These assessments allow us to anticipate and prepare carefully for future impacts and take appropriate action to face expected obstacles.

### **Energy management**

Our Environmental Management System (EMS) has identified energy efficiency measures that we continuously implement throughout our portfolio. Our EMS structure supports local teams to implement uniform measures including internal data collection and setting clear reduction targets that are reported regularly to management. Twice a year we organise a workshop where ESG representatives from each country exchange knowledge and experience across our portfolio.

Data we collect helps us better understand and manage the environmental performance of each centre. Every asset has its own energy reduction action plan which is part of the annual business plan. Local teams develop these action plans and ensure their implementation.

We analyse energy consumption data through smart metering and pro-active energy management significantly impacts the reduction of electricity, gas, district heating and cooling consumption. We collect and analyse energy data and quarterly report to the ESG committee and once a year in the annual report.

### **Renewable energy**

Part of our objective to operate carbon neutral is to continue investing in renewable energy. Solar panels on the roof of our shopping centres or parking areas are a major part of this. We analyse our investments in on-site solar panels for our entire portfolio and evaluate the acquisition of renewable energy regularly, allowing us to minimise our carbon footprint.

### **Waste and resource management**

*Objective: Zero waste to landfill by 2030*

In the future, we want all our business operations and buildings we produce and/or operate to generate zero waste to landfill. We continue to reduce the generation of waste and recover resources for recycling and reuse within all waste streams. We aim to manage waste efficiently so we strive to increase recycling and reduce waste going to landfill directly. This means investing in cost-effective waste services for our tenants and encourage them to have programmes to handle waste efficiently.

We actively seek to cooperate with waste management companies and local authorities to meet our target by 2030. Our waste management policy aspires to separate waste flows and collect them as efficiently as possible and reduce the carbon emissions and transport costs at the same time.

Cooperation with tenants and waste management providers is a key aspect of ensuring a high recycling rate at our shopping centres. We provide clear guidelines, online training and hands-on advice that strives to make recycling simple and motivating for all parties involved. We collect and analyse waste data quarterly and report back to the ESG committee. Our yearly report includes waste data and we develop and implement action plans for every asset.

### **Building certifications**

*Objective: BREEAM certifications in place for all shopping centres by 2025*

We aspire all buildings and communities we produce and/or operate are independently rated as achieving green building status and individually evaluated as attaining best practice green building status. This aspiration enables us to meet a complete range of environmental criteria that includes waste, energy, water, pollution prevention, indoor environment quality, materials, land use & ecology, management and transport. Eurocommercial uses the

certification tool BREEAM and its 'In Use' and 'New Construction' frameworks to standardise and improve the sustainable quality of buildings and their management.

These frameworks contain crucial themes such as accessibility, health and safety, tenant satisfaction, maintenance, biodiversity, waste management and energy and water efficiency. Our staff carries out certification processes at Eurocommercial in order to get to better understand our shopping centres and to operate them in the best possible way. The certification process supports our local teams to advance and increase their understanding of the objectives and create a consistent approach to managers across the portfolio developing policy and procedures to reduce our environmental impact. We continuously promote and pursue a holistic approach to the design, delivery and operation of green buildings and green areas that exceed best practice through innovation. Our environmental policy will be a group-wide standard for certifying our properties.

### **Water conservation**

We continue reducing our water consumption by using and re-using water more efficiently in our activities and developments. This will not only lower our impact on the environment but also reduce the operational costs of the shopping centres. Most water is used for cleaning the centres, restroom facilities, water plants and vegetation and cooling- and fire protection systems and tenant consumptions. Water consumption levels per property are reported quarterly by all countries to the ESG committee. Tenants are the main consumers of water in our centres and we seek to collaborate with them to reduce consumption and waste. We develop and implement action plans on asset level and all BREEAM standards include criteria that drive water-efficient specifications and processes, including the reduction of water wastage and address water scarcity in many different ways.

### **Connectivity and accessibility**

Connections to public transport are not only an essential part of our ESG strategy but for our overall business strategy. It is essential to the communities we are part of and for the environment surrounding us. We want to encourage visitors and employees to use public transport to commute to our shopping centres and we therefore integrated our assets in local public transport networks. We use extensions and ground-up retail development activities as opportunities to work with local municipalities to improve the integration of public transport and accessibility of our centres. We believe that we need to play our role in decreasing private cars usage and that is why, if any of our centre in the future will be located at a distance of over 1 km from public transport, we will provide electrical shuttle buses to connect our sites to the closest station or city centre. We also provide affordable and environmentally friendly transport options for our visitors such as parking for electric vehicles, charging stations, and dedicated parking areas for low-emission cars, car-sharing, bicycle parking and other facilities. Our centres are easily accessible by foot or for people with disabilities.

### **Green infrastructure and biodiversity**

Being green also means having a positive impact on local ecology, biodiversity and ecosystems. We invest in facilities that enhance the ecosystems that our shopping centres are a part of and support rather than burden local flora and fauna. Using the BREEAM certification process, an independent ecologist assesses local ecological value and advises Eurocommercial on its action plans. We do not operate in World Heritage areas and IUCN Category I-IV protected areas. We strive to contribute to local biodiversity for all of our shopping centres. This entails investing in green roofs, beehives, bird boxes, insect hotels and educational projects. Apart from supporting local biodiversity, green roofs enables water retention, air purification, insulation and heat regulation.

### **Responsible procurement**

Eurocommercial works with trusted partner and requires its suppliers, as well as employees and other parties we work with, to commit to Eurocommercial's Supplier Code of Conduct or have similar or higher ethical standards and act accordingly. We outsource services we provide at our shopping centres to specialised external parties,

such as cleaning, security and maintenance. To impose our conditions concerning responsible use of materials and risk management on service providers we use a supplier code. Our overarching Supplier Code of Conduct sets the Environmental, Social and Governance standards for all suppliers. The Supplier Code of Conduct outlines the importance of reducing our environmental impact. We will jointly keep searching for improved efficiencies in the use of energy and choose low consumption and renewable energy options. We prefer working with local business in order to positively impact local employment and reduce transportation and packaging. We select building materials and maintenance products with the highest care and use those with sustainability labels and certificates. The Supplier Code of Conduct can be viewed on our corporate website.

### **Green lease agreements**

Eurocommercial will include 'Green Lease' clauses into all new lease agreements, which formalizes and set the positive collaboration between us as landlord and our tenants. The aim of this collaboration is to exchange ESG (Environmental, Social and Governance) ambitions with tenants and to gradually reduce the environmental footprint of the real estate portfolio, keep our shopping centres attractive and lower utility costs. Main focus areas of the Green Lease agreement are: data sharing, lowering energy and water consumptions, stimulate the use of renewable energy, improve waste management and recycling, support building certification procedures and ensuring our centres remain healthy and attractive for future generations. The Green Lease standard of Eurocommercial is published on our corporate website.

### **Resilience**

As a real estate investor, we are also very much aware of the social-economic functions our shopping areas provide for the local communities they are a part of. Our centres have the competency to increase the vitality and viability of the areas we operate in. Staying resilient for future changing customer demands reinforces the essential role of our centres. We implement relevant concepts that we believe are crucial for the long-term success of our shopping areas. An integral part of this strategy includes providing the right tenant mix, upgrade food courts, incorporate attractive (anchor) stores and high-quality property management and tailored marketing programs.

Our building structures also provide flexibility, shopping centres are designed in a way that unit sizes can be adjusted. Our occupancy rates and resilience to changing customer demands are high as a result of our focused strategy of acquiring retail property in prime locations, continuous improvements and excellent tenant relationships.

We strategically prepare our shopping centres for climate change. That way we can anticipate and prepare for hazardous events, trends or disturbances related to the climate and respond to them accordingly. Another result of this strategy and adding high quality green areas to our centres is having healthier shopping areas that are resilient to heat and more attractive places to shop, work and live in. We use an asset level certification method: BREEAM to assess the resilience of our buildings to climate change, identify main areas for improving its resilience and implementing best practices to improve the resilience of the shopping areas.