

# Green lease

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Group policy

DECEMBER 2020

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**EUROCOMMERCIAL**



# Green Lease

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## Background

Our objective is to continue to create sustainable centres with a clear vision and full transparency towards our stakeholders and we believe that the future of our commercial activities depends on sustaining our natural environment. To achieve our objectives, we use a range of strategies to prevent pollution and we explore every opportunity to make a positive impact on the environment. We expect our business partners to share the responsibility in meeting these objectives.

## Purpose and scope

Eurocommercial Properties (the landlord) intend including 'Green Lease' documentation in their lease agreements in order to exchange ESG (Environmental, Social and Governance) ambitions with its tenants to gradually reduce the environmental footprint of our shopping centre portfolio and reduce utility and operational costs. This 'Green Lease' is designed to identify and monitor activities, products and services that have a social or environmental impact. The Green Lease is the foundation for all lease agreements in the countries where we operate: Belgium, France, Italy and Sweden and is adjusted in accordance with local legislation and standards.

## General

Green Lease documentation is an important step towards creating sustainable centres to the mutual benefit of the landlord and tenants. Through a regular exchange of information and constructive cooperation, environmental and social standards are continuously improved. With that objective, the landlord and tenants adhere to the following ESG principles:

- Ensure the shopping centre is compliant with National and European regulations and local environmental legislation.
- Both parties will exchange information relating to their environmental ambitions and environment-related activities.
- Decrease the use of natural resources such as electricity, gas and water, and reduce the production of waste, consumption of paper and single-use products such as plastic and packaging.
- Share information, set targets, implement action programmes and procedures and track performance.
- Create awareness and educate employees and visitors about environmental and social impacts.
- encourage the use of sustainable transport modes for employees and visitors.
- Implement responsible procurement procedures.

This Green Lease documentation is a supplement to Eurocommercial's standard lease agreement. The parties agree that the document is therefore legally binding during the lease term. Tenants that have a sustainability strategy that exceeds the objectives set out in this Green Lease, may include their own provisions with the landlord's prior agreement.

## Energy and lighting

Eurocommercial Properties has the target to operate carbon neutral by 2030. To achieve this objective all shopping centres should become more efficient and tenants are recommended to:

- Switch off all appliances and equipment not in use outside opening hours (excluding safety measures). Tenants should observe that standby modes still consume energy.
- Reduce the lighting level when the unit is closed for visitors, for example during cleaning.
- Ensure that cooling and heating systems are programmed as efficiently as possible and are switched off outside opening hours.
- Monitor energy usage and ensure employees are aware of consumption levels and data.
- Educate and train employees about minimising energy use e.g., through switching off lights etc.
- Implement efficiency measures in new fit-outs or during interior upgrades.
- Perform regular checks of installations and control systems and carry out regular maintenance to ensure that installations operate as efficiently as possible.
- Calculate carbon dioxide emissions on the premises annually.
- Purchase renewable or climate-neutral energy where possible.

Tenants are recommended to use energy-efficient installations through:

- The use of appliances with an energy A label or higher.
- The use of occupancy and daylight sensors and timers that automatically switch off lights where possible such as in kitchens, toilet facilities and storage areas.
- Installing efficient LED lighting during fitting upgrades.

The landlord's installations where possible should include:

- Energy operated systems and equipment selected following a life cycle cost analysis.
- Building components which improve the building's energy efficiency and selected following a life cycle cost analysis.
- The procurement or production of renewable or climate-neutral energy where possible and feasible.
- The annual calculation by the landlord of the building's carbon dioxide emission.

## Water reduction

Tenants are committed to reducing water consumption by installing water-efficient appliances:

- In case of the replacement and upgrading of taps, the tenant should install efficient taps that switch off automatically using sensors or push buttons and always ensure that taps have a low flow rate (4.5L per minute or lower).
- When toilet facilities are replaced or upgraded, tenants should install toilets that are water-efficient (<4.5L per flush; dual flush 6L – 3L).
- When urinals are replaced or upgraded, the tenant should install waterless urinals or urinals with a low flush flow (<1.5L per hour or <1.5L per flush).

The landlord will:

- Perform regular assessments and checks of water usage equipment and monitor water consumption to check for leaks.
- Invest in and install technologies to re-use water (example: harvesting rainwater) where technically possible and financially feasible.
- When water usage equipment is replaced, the landlord will install:
  - Efficient taps (<4.5L per minute or lower) and/or taps that switch off automatically.
  - Water-efficient toilets (<4.5L per flush; dual flush 6L – 3L).
  - Waterless urinals or urinals with a low flush flow (<1.5L per hour or <1.5L per flush).

## Waste recycling and management

Eurocommercial Properties has the objective to improve waste management in all its shopping centres with the target to generate zero waste to landfill by 2030. To achieve this objective, tenants are encouraged and expected to implement the following waste efficiency best practices:

- Implement waste management policies as described in the internal regulations of the shopping centre for waste reduction and recycling.
- Recycle toner cartridges, fluorescent light bulbs, batteries and similar materials.
- Prioritise contractors with acceptable policies on waste management, recycling supplies and the re-use of materials, where possible.

- Educate and train employees to implement local waste management and recycling.

The landlord will:

- Provide central storage spaces and facilities to collect recyclable waste.
- Ensure that facilities for waste separation are appropriate and follow the internal regulations, as a minimum: paper, plastics/foil, glass, metal, electrical waste and hazardous waste.
- Provide clear and distinctive signage on containers for separated waste, together with signage of the types of waste that can be stored in individual containers.
- Arrange regular inspections of the condition and capacity of the containers and provide regular cleaning of the waste collection spaces and facilities.

### **Sustainable transportation**

Tenants should encourage employees to use alternative modes of transport such as carpooling, public transport, bicycles or electric vehicles. The landlord will support tenants through the installation of alternative transport facilities where possible such as charging stations for electric vehicles, bicycle racks and the provision of showers and changing facilities for cyclists.

### **Building certifications**

The landlord aims to keep the shopping centres attractive and modern over for the long-term and will use building schemes to assess their environmental and technical quality. The international sustainable building standard 'BREEAM' will be used to assess and improve the sustainability of the shopping centres. The target is to have BREEAM certificates in place for all shopping centres by 2025. During the lease terms, the landlord may obtain certifications, labels or accreditations including BREEAM, Green Building, LEED, Energy Performance Certificates, ISO14001 and/or other sustainability labels. Tenants agree to cooperate with the landlord in the process of obtaining such certifications by ensuring that the building is in line with local regulations and implementing environmental efficiency measures.

### **Health and wellbeing**

Eurocommercial Properties aims to maintain a comfortable indoor climate that has a positive impact on productivity, health and wellbeing. To ensure that shopping centres remain comfortable, the landlord and tenant undertake to meet the following objectives:

- To perform and document a review of the most recently performed energy declaration including any recommendations for improvements and reported obligatory ventilation checks (OVC) and radon emission tests, if performed.
- To replace polluting equipment with environmentally friendly products, particularly the use of non-polluting cleaning products, certified by ecological standards.
- To avoid the use of materials and furniture containing a high level of Volatile Organic Compounds (VOC).
- To measure and test the indoor environmental quality at any time, for example, VOC measurements and indoor air quality tests.
- The tenant will ensure that toxic and dangerous substances are stored separately and secured against leakage. Hazardous and toxic substances should be regularly inspected to prevent potential leaks.

### **Fit-out and design for premises**

- When fitting out their unit, a tenant shall design and execute the project taking into account the technical and environmental objectives as set out in the Green Lease. The tenant will need the landlord's prior approval and will keep the landlord fully informed.
- The parties shall make environmentally responsible decisions when selecting materials to be used on the premises.
- The parties shall systematically choose eco-labelled building materials on the projects.
- The tenant shall consider any environmental impact when carrying out building works, maintenance and in the general operation of the premises.

**Monitoring**

The landlord has, or will, install smart metering systems to monitor energy and water consumption. The tenant will set energy and water reduction targets, initiate action plans for reducing consumption and regularly monitor and evaluate actual consumption. Corrective measures will be taken when targets are not reached.

**Information sharing**

The tenant and landlord will share energy data (electricity, heating, hot water and air-conditioning) and water consumption data of both the leased and common areas as well as information about waste collection and recycling. Data will be used to track the environmental impact on the centre and to develop and implement programmes to reduce consumption. The tenant and landlord will keep each other informed on a regular basis, at least annually.

Both parties agree that data might be reported publicly to investors and other stakeholders, data will always be reported anonymously, in line with GDPR rules.

**Sustainability committee**

The landlord will set up and lead a sustainability committee on which tenants and technical advisers can participate. The committee will meet at least once a year and their main function is to:

- Evaluate actual consumption and the environmental impact on the shopping centre.
- Investigate new technologies and innovations that could benefit the shopping centre.
- Participate in the organisation of action programmes and energy, water and waste reduction initiatives (e.g. Night Walks).
- Communicate and create awareness about social and environmental responsibilities towards other tenants and visitors.